

Company Registration No. 06246929 (England and Wales)

MIDDLETON ACADEMY LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

MIDDLETON ACADEMY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- David Crossland -
- Manchester Diocesan Board of Education Represented by Mrs Deborah Smith, Diocesan Director of Education
- Manchester Diocesan Board of Finance Represented by Canon Philip Blinkhorn, Chair of Diocesan Board of Finance
- Timothy Mitchell -

Trustees

John Dalziel (Resigned 31 August 2021)
Andrew Gold (Resigned 14 October 2020)
Christopher Heyes (Headteacher)
Alifa Mbawo (Resigned 28 October 2021)
Yvonne Mills (Resigned 20 March 2021)
Timothy Mitchell (Chair of trustees)
Alison Needham

Senior management team

- Headteacher Christopher Heyes
- Deputy Headteacher Andrew Chapman
- Deputy Headteacher Ruby Summerscales (appointed 1 September 2020)
- Assistant Headteacher Rebecca Box
- Assistant Headteacher Daniel Glenister (resigned 31 August 2021)
- Assistant Headteacher Ellen Green
- Assistant Headteacher Martin Ward
- Assistant Headteacher Steven Lee (appointed 7 June 2021)
- Business Manager Donna Shepherd (resigned 3 November 2021)
- Business Manager Pam Heywood (appointed 17 November 2021)

Company registration number 06246929 (England and Wales)

Registered office St Anne's Academy
Hollin Lane
Middleton
Manchester
M24 6XN

Independent auditor RSM UK Audit LLP
3 Hardman Street
Manchester
M3 3HF

Bankers

(to 28 February 2021) Bank of Scotland
PO Box 10
38 St Andrew Square
Edinburgh
EH2 2YR

(from 1 March 2021) Lloyds Bank
16 Market Place
Oldham
OL1 1JG

MIDDLETON ACADEMY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

MIDDLETON ACADEMY LIMITED

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 2021. The sole academy within the Trust, St Anne's Church of England Academy transferred to Cranmer Education Trust on 1 March 2021 for nil consideration and Middleton Academy Ltd became a dormant company. The legal transfer is supported by key stakeholders including the directors of Middleton Academy Ltd and Cranmer Education Trust, staff, parents, students, the DfE and the Local Authority.

The annual report serves the purposes of both a Trustees' report, a Strategic report and a Directors' report under company law.

Middleton Academy Limited, a charitable company, was incorporated on 14 May 2007.

Up to the date of transfer, the academy trust operated an academy for pupils aged 11 to 16 serving a catchment area in Middleton and Heywood. It had a pupil capacity of 900 and had a roll of 761 in the school census of January 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee (company number: 06246929) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees act as the trustees for the charitable activities of Middleton Academy Limited and are also the directors of the charitable company for the purposes of company law. The charitable company is known locally as St Anne's Church of England Academy.

Details of the trustees who served throughout the year except as noted and up to the date the accounts are approved are included in the reference and administrative details on page 1 together with details of the company's registered office address.

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.

Principal activities

The academy trust's principal activities up to the date of transfer were as follows:

- To maintain the services of and further develop St Anne's Church of England Academy as an educational establishment.
- Provide education for students of different abilities who are wholly or mainly drawn from the local area aged from 11 to 16 years.
- Deliver educational services within the context of Christian belief and practice and in accordance with the principles of the Church of England.
- To include and serve the local community, sharing facilities with other schools and the wider community.

Trustees' indemnities

The Trust had 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 unlimited cover.

Method of recruitment and appointment or election of trustees

Members of the charitable company are nominated by either the Secretary of State for Education or by David Crossland and the Church of England, the joint sponsors of the academy. The articles of association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the academy.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees depended on their existing experience. Where necessary induction provides training on charity, educational, legal and financial matters. All new trustees were given a tour of the academy and the chance to meet with staff and students. All trustees were provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they needed to undertake their role as trustees. Induction was conducted informally and was tailored specifically to the individual. The academy remains a member of the National Governance Association and has access to appropriate training and resources for trustees.

Organisational structure

Prior to transfer, the organisational management structure consisted of three levels: the trustees, the senior leadership team and middle leader team. The aim of the management structure was to devolve responsibility and encourage involvement in decision making at all levels.

The trustees were responsible for setting general policy, adopting an annual plan and budget, monitoring the academy using budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The senior leadership team comprised of the headteacher, two deputy headteachers, five assistant headteachers and a business manager. This team controlled the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the senior leadership team was responsible for the authorisation of spending within agreed budgets and the appointment of staff, though recruitment panels for posts in the senior leadership team always included a trustee. Some spending control was devolved to members of the senior leadership team, with limits above which the headteacher must countersign. The headteacher is the accounting officer.

This team was responsible for the day to day operation of the academy, in particular organising teaching and support staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of key management personnel, i.e. members of the academy's senior leadership team, were set out in the Senior Staff Remuneration Policy. For new posts, benchmarking exercises and research was carried out so that the salaries paid were compatible with other similar posts outside the Trust. Posts within the Trust that have similar requirements were paid at comparable rates. The Trust also ensured that salaries were in line with market requirements as far as possible so that the best staff were recruited and retained, and staff were well motivated.

Trade union facility time

No employees were registered as relevant union officials during the period. Therefore none of the total payroll cost of £2,105,000 to 28 February 2021 was spent on facility time. Also, no time was spent on paid trade union activities.

Related parties, connected charities and co-operation with other organisations

The co-sponsors of Middleton Academy Ltd have previously made equal financial contributions to the academy in terms of the Endowment Fund, the full amount of which was invested and valued at £476,918 on date of transfer - 28 February 2021.

The Diocese had representation on the academy governing board at both governing board and committee level during the period up to transfer and, as such, provided an important contribution to the success of the academy.

In relation to the business activities of the academy trust, Manchester Diocese as a member is considered to be a connected organisation of Middleton Academy Ltd. An annual subscription is paid to Manchester Diocese in order for the academy to access services and resources available to all Church of England Schools through a service level agreement. At £1,791 when renewed in April 2020, this was considered to represent value for money for the academy for services that are only available through Manchester Diocese.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

The academy's main strategy is encompassed in its Vision and Values Statement, as follows:

Vision: The best for everyone, the best from everyone. We have faith in our future.

Values:

Aspiration I believe that having high aspirations can motivate me to work hard and achieve my goals without excuses. I have high expectations in everything I do. Aspiration is valuable because it allows me to look beyond my current experiences and to understand, interpret and change the world for the better. *"For I know the plans I have for you, declares the Lord, plans to prosper and not to harm you, to give you hope and a future." Jeremiah 29:11*

Integrity I believe that living my life by high moral standards and values is important. I understand how values are grounded in faith and biblical teaching. I commit to doing the right thing in all circumstances, even if this makes things more difficult for me and when no one is watching. I take responsibility for myself and my community to help it improve for everyone. *"Whoever walks in integrity walks securely." Proverbs 10:9a*

Respect I believe that mutual respect is the most important element in a kind and cohesive community. Respect, and self-respect, means that I take things seriously. I care about myself and others and aim to do good as I go. Respect is valuable because it allows me to understand the differences in our community and to know how to behave in the best interests of that community.

"Love your neighbour as you love yourself." Matthew 22:39

Hard work I believe that through hard work I can overcome challenges as I meet them. I am resilient and want to complete every task to the best of my ability. Hard work is valuable because it enables me to be the best I can be and the best I am meant to be. It builds the foundation of experience and learning for my future. *"With God all things are possible." Matthew 19:26*

To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic and vocational qualifications;
- training opportunities for all staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of extra-curricular activities for all students to allow students to explore and enrich their learning experience; and
- a career's advisory service to help students move on to further education and training or obtain employment.

Objects and aims

The principal object and activity of the charitable company is the operation of St Anne's Church of England Academy to advance, for the public benefit, education for students of different abilities between the ages of 11 and 16. The academy increased its Year 7 Published Admission Number from 150 to 180 with effect from 1 September 2020 in order to meet local need. Governance documents which set out the objects and aims include the funding agreement and articles of association which specify, amongst other things, the basis for admitting students to the academy, the desire to promote community cohesion, and that the curriculum should be broadly based and include English, Mathematics and Science.

The charitable company has undertaken the necessary legal processes in order to transfer the governance and trusteeship of St Anne's Church of England Academy from Middleton Academy Ltd to the Cranmer Education Trust on 1 March 2021.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

Objectives, strategies and activities

The main objectives of the academy prior to transfer are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

Public benefit

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

STRATEGIC REPORT

Achievements and performance

Prior to the transfer the academy continued to strive to achieve full capacity in terms of student numbers. Total students in the period ended 28 February 2021 numbered 760 (2020 – 745).

The most recent examination results as at August 2021 were as follows:

- Student examinations at Key Stage 4 were not held nationally in 2021 due to the national Covid pandemic. In accordance with government guidance, student outcomes were determined by teacher assessed grades.
- The academy Progress 8 score in 2021 was +0.03. The percentage of students achieving a strong pass in English and Maths was 37.9% and the percentage of students achieving a standard pass in English and Maths was 62.9%. The percentage of students achieving Grade 7+ in English and Maths was 10%. The academy's Attainment 8 Score for all students was 47.71. Student outcomes for 2021 cannot be compared meaningfully to those from previous years due to the impact of Covid on the examinations process.

Significant school improvement remained a key focus for St Anne's and a targeted development programme including specialist external support providers was put in place to improve the Progress 8 score for the Class of 2021 and beyond.

The area the school serves has a level of deprivation significantly worse than the average in England. The Income Deprivation Affecting Children Index (IDACI) data places the school in the top 20% of deprived areas and the local surrounding area in the top 10% of the top 20%. There is a higher proportion of SEN and PP students when compared to national.

The academy continued to implement a more robust programme of monitoring and evaluation of the quality of education which included internal quality assurance and external verification, the evidence of which was reported regularly to trustees.

The drive to improve standards rapidly continued through the further development and implementation of a robust Academy Development Plan which was discussed regularly with trustees. The Academy Development Plan built on areas for development identified by the most recent Ofsted in November 2017, the Ofsted remote monitoring visit in February 2021, the outcomes from external school improvement support providers and the academy's own self evaluation. The staff professional development programme was reviewed and a new range of training opportunities for individual staff linked to key academy priorities and staff appraisal objectives was implemented.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

Financial objectives

The academy's financial objectives for the period to 28 February 2021 were:

- to achieve an annual operating surplus;
- to pursue alternative sources of funding, on a selective basis, consistent with the academy's core competencies, and the need for a financial contribution to the academy's overall finances;
- to generate sufficient levels of income to support the asset base of the academy;
- to further improve the academy's shorter term liquidity; and
- to fund continued capital investment.

Although the statement of financial activities shows net movement in operational funds of £206k deficit prior to depreciation, capital gains and the transfer of the academy out of the trust the Academy had £103k of available restricted reserves and £339k unrestricted reserves at 28 February 2021. This excludes the endowment, defined benefit pension and movement on the restricted fixed asset reserve.

On 1 March 2021, the academy's assets and liabilities transferred from Middleton Academy Ltd to the Cranmer Education Trust as shown in note 27.

Financial review

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. As shown in note 5 the grants received from the ESFA during the period ended 28 February 2021 of £2,502,000 (year ended 31 August 2020: £4,763,000) and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During period ended 28 February 2021, £2,778,000 (The year to August 2020: £4,992,000) of recurrent grant funding from the ESFA and other incoming resources was offset by total expenditure of £2,937,000 (The year to August 2020: £5,470,000) resulting in a deficit for the year (excluding a gain on endowment investments of £15,000 (The year to August 2020: £38,000) of £159,000.

At 28 February 2021 the net book value of fixed assets prior to transfer was £14,112,000 (August 2020: £14,148,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

Cash balances of £498,000 were transferred to Cranmer Education Trust on 1 March 2021.

Financial position

At the date of transfer the academy held fund balances at 28 February 2021 of £12,422,000 (August 2020: £12,747,000) comprising £103,000 (August 2020: £103,000) of restricted general funds, £337,000 (August 2020: £330,000) of unrestricted general funds, £477,000 (August 2020: £462,000) restricted endowment fund and a pension reserve deficit of £2,609,000 (August: £2,296,000).

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

Financial and risk management objectives and policies

Risk management

Prior to transfer, the academy trust confirms that systems were in place to identify, prioritise, manage and review its major risks on a regular basis.

The most significant risks to the academy prior to transfer are itemised on page 10 within the section entitled principal risks and uncertainties.

Risks relating to financial instruments are considered minimal however the academy as an employer has Admitted Body Status to the Greater Manchester Pension Fund, a Local Government Pension Scheme for support staff. The current long term liability relating to employer pension contributions as at 28 February 2021 was £2,609,000 (August 2020: £2,296,000). This position is monitored with the Pension Fund Administrators to manage the potential risk to the academy trust of future increased contributions.

Reserves policy

The trustees reviewed the reserve levels of the trust annually. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees previously determined that the appropriate level of free reserves should be equivalent to four weeks expenditure, approximately £450,000. The reason for this was to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's level of free reserves (total funds less the amount held in fixed assets and pension deficit funds) as at 28 February 2021 was £442,000 (August 2020: £465,000) of general reserves and £477,000 (August 2020: £462,000) of endowment reserves.

Investment policy

As at 28 February 2021, the academy had £477,000 of sponsorship monies held in an endowed investment fund. An investment policy is held and an investment committee met periodically to manage this investment. The board of trustees as a whole made decisions in relation to the investment strategy and specific investment plans including these monies.

Key performance indicators

Ofsted Inspection November 2017:

The academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

In its most recent inspection in November 2017, Ofsted concluded that the academy 'Requires Improvement'.

Assessment	Inspection grade
Effectiveness of leadership and management	Good
Quality of teaching, learning and assessment	Requires improvement
Personal development, behaviour and welfare	Good
Outcomes for pupils	Requires improvement
16 to 19 study programmes	Requires improvement
Overall effectiveness at previous Inspection	Requires improvement

In its most recent monitoring visit in February 2021, Ofsted commented that leaders and those responsible for governance "are taking effective action to provide education in the current circumstances. Leaders should take further action to:

- Ensure that staff successfully help pupils who are the weakest readers to build the basic knowledge and skills that they need to read effectively."

This monitoring visit took place remotely during a period of national lockdown due to the Covid pandemic.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

SIAMS Inspection:

In its most recent SIAMS Inspection in 20 November 2018, SIAMS determined the following judgements:

Assessment	Inspection grade
Overall judgement	Good
Impact of collective worship	Excellent

The academy is also monitored through the completion and submission to the ESFA of key financial data including budget forecasts and the accounts return.

Going concern

Middleton Academy Ltd transferred its trading activities being St Anne's Academy to Cranmer Education Trust on 1 March 2021 and the company then ceased to trade. The financial statements have been prepared on a non-going concern basis. There is no impact on the reported numbers as a result of the accounts being prepared on a non-going concern basis.

Plans for future periods

St Anne's academy transferred to the Cranmer Education Trust [CET] on 1 March 2021 in order to continue improving and collaborating with the outstanding Blue Coat School which shares the same Church of England values as St Anne's. The academy will benefit from CET's leadership, central support, its Teaching School Alliance and Manchester Nexus SCITT which focus on professional development and initial teacher training. This will help St Anne's to become an outward facing school which serves the community well and becomes the school of choice locally for a Church of England education.

On joining CET-

- The academy will continue to improve the levels of performance of its students at all levels including its efforts to ensure that students secure a place in further education, employment or training once they leave Year 11. This will help to continue to improve the reputation of the academy within the local community.
- The academy will also continue to increase student numbers through a range of strategies aimed at primary school students which includes the primary transition programme. This programme develops and strengthens links with local primary schools and ensures that all primary students are fully supported during their transition to secondary education.
- The academy will continue to work within government guidelines in order to reduce the risk of transmission of Covid in school, whilst delivering a full curriculum to students in all year groups. The academy has developed a quality online learning programme and this will be reinstated if required to meet student needs. All Covid related processes will continue to be reviewed regularly and developed as required to meet local needs and respond to changing government requirements.

An application to dissolve the company Middleton Academy Limited will be made following the completion of these accounts.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

Principal risks and uncertainties

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

The trust board in the 6 month period has undertaken a comprehensive review of the risks to which the academy is exposed and identified systems and procedures, including specific preventable actions to mitigate any potential impact on the academy. The internal controls have also been monitored by CET during their due diligence process and their effectiveness reviewed.

A risk register up to transfer was maintained at the academy level which was reviewed at least annually by the assets committee and more frequently where necessary. The risk register identified the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks were prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that were likely to affect the academy. Not all the factors were within the academy's control.

1. **Government funding:**

The academy has relied considerably on continued government funding through the ESFA and a significant proportion of the funding is based on pupil numbers. During the period, 92% of the academy's revenue was ultimately public funded. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- By deriving funding through a number of direct and indirect contractual arrangements.
- By actions taken to maximise pupil numbers.
- By ensuring the academy is rigorous in delivering high quality education and training.
- By maintaining and managing key relationships with the ESFA.

2. **Maintain adequate funding of pension liabilities:**

Pension schemes - The employees of the academy trust are members of two defined pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The academy 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 prior to transfer on 28 February 2021. The TPS has been accounted for as a defined contribution scheme. Due to the nature of the two schemes, there was an underlying risk to the academy trust relating to the uncertainty of the future funding requirements of each scheme, the results of which would have impacted on the contribution rates for future employer contributions to each scheme.

3. **COVID related Health and Safety and financial risks as at 28 February 2021:**

COVID transmission issues and reduced quality assurance (QA) ability, use of resources and management of internal controls 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, students and parent/carers communications increased. Also fraud awareness, 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.

MIDDLETON ACADEMY LIMITED

TRUSTEES' REPORT (CONTINUED)

Fundraising

In line with the academy's Christian ethos, the academy encouraged students to consider the needs of others and raise funds for charities at both a national and local level. This included nationally recognised charities such as Macmillan and Children in Need as well as more locally based registered charities which resonate personally with the academy community, such as We Love Mcr. Requests for charity fundraising ideas sometimes came direct from students.

The academy also aimed to raise funds to support educational provision through lettings however during the period to 28 February 2021 lettings did not restart due to the high rate of Covid infection within Greater Manchester and subsequent national lockdown restrictions but this situation remained under regular review to restart when it was considered safe to do so. Following transfer to CET a new lettings management company was employed to effectively manage out of hours lettings.

All donations were entirely optional and no complaints were received during the period regarding academy fundraising initiatives. Monies raised were recorded and details were shared with parents, carers, trustees and other academy stakeholders through letters, newsletters and the academy website. The academy did not use the services of any commercial participators or professional fundraisers.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office up to the dissolution of the company.

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 is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 28 January 2022 and signed on its behalf by:



Timothy Mitchell
Chair of trustees

MIDDLETON ACADEMY LIMITED

GOVERNANCE STATEMENT

Scope of responsibility

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Middleton Academy Limited and the Secretary of State for Education. This agreement was in place until 28 February 2021, to the date of the transfer of activities to another trust. The headteacher as accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met three times during the period ended 28 February 2021. These meetings were held remotely via Microsoft Teams due to the national pandemic. Attendance during the 6 month period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Timothy Mitchell (Sponsor, Chair)	3	3
Chris Heyes (Headteacher)	3	3
John Dalziel (Community)	2	3
Alison Needham (Community)	3	3
Alifa Mbawo (Parent)	2	3
Yvonne Mills (Parent)	3	3
Andrew Gold (Community)	0	1

The assets committee was a sub-committee of the main board of trustees. Its purpose was to ensure sound management of the academy's finances, resources and health and safety, including proper planning, monitoring and probity. During the period to 28 February 2021, all business relating to the assets committee was discussed at trust board meetings. There was no review of board effectiveness or quality of data as the board and governance reviews were focussed on the transfer of activities.

Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and 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 board of trustees where value for money can be improved, including the use of benchmarking data where available. The following examples demonstrate how the accounting officer for the academy trust has delivered improved value for money during the period to 28 February 2021:

MIDDLETON ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

1. Strategic use of resources to support and evaluate strategies to improve educational standards:
 - a. Focussed assessment of all students at entry and at all Key Stages to assess added value.
 - b. Comprehensive student tracking systems to monitor levels of progress throughout the curriculum.
 - c. Extensive use of internal and external data analysis to support improvement.
 - d. Strategic working groups to develop and improve educational standards, teaching and learning, attendance and behaviour, faith and community involvement and pastoral care for all our students.
 - e. Staff development through robust appraisal in conjunction with a targeted professional development programme.
 - f. The further development of an 'open classroom door' culture amongst staff to support professional development through sharing of best practice.
 - g. Regular lesson observations of all teaching staff.
2. Targeted improvement measures to support our students and improve attainment:
 - a. A robust attendance tracking and monitoring system including rewards and data analysis continues to improve attendance and reduce persistent absenteeism.
 - b. Intervention groups to support student progress and help students catch up on missed learning during lockdown operate throughout the curriculum, focussing particularly on English, Maths and Science.
 - c. The academy's varied curriculum offer is regularly reviewed to ensure that it meets both the needs of the academy students and the wider national agenda.
 - d. Provision of high quality pastoral care to support vulnerable students and their families.
3. Significant cost saving measures:
 - a. The academy continues to review staffing requirements in order to make savings where appropriate. Staff recruitment has been delayed until Autumn 2021 in order to save costs.
 - b. The Academy will continue its drive to maximise cost savings and efficiencies in order to make optimal use of resources at its disposal including public funding in 2021/22 and beyond.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Middleton Academy Limited for the period 01 September 2020 to 28 February 2021 the date of transfer of St Anne's to CET.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust was exposed up to the date of transfer together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 01 September 2020 to 28 February 2021 the date of transfer of St Anne's to CET. This process was regularly reviewed by the board of trustees.

MIDDLETON ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the assets 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; and
- identification and management of risks.

The board of trustees considered the need for a specific internal audit function and decided not to appoint a third party organisation to provide internal scrutiny for the short period prior to transfer of St Anne's to CET. Instead during the period to 28 February 2021, the academy trust continued to receive support in financial and internal control matters from the Cranmer Education Trust.

Review of effectiveness

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

- the work of CET;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 28 January 2022 and signed on its behalf by:



Christopher Heyes
Headteacher



Timothy Mitchell
Chair of trustees

MIDDLETON ACADEMY LIMITED

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Middleton Academy Limited, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

Except for the inadvertent use of endowment funds, as explained in note 18 to the financial statements, I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to 28 February 2021. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



Christopher Heyes
Accounting Officer

28 January 2022

MIDDLETON ACADEMY LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Middleton Academy Limited 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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 28 January 2022 and signed on its behalf by:



Timothy Mitchell
Chair of trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLETON ACADEMY LIMITED

Opinion

We have audited the financial statements of Middleton Academy Limited (the "charitable company") for the year ended 31 August 2021 which comprise the Statement of Financial Activities, including the 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 2020 to 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2020 to 2021 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.

Emphasis of matter - Use of endowment fund

As set out in note 18, historic withdrawals in the year ended 31 August 2020 were made from the Academy's Endowment funds totalling £487,250. The Trustees inadvertently withdrew such sums from the endowment funds (which include both income and capital gains) by adopting a total return approach to investments without having the relevant investment power in place. Although the original gift remains intact, the trustees acknowledge that this is a breach of charity law which they only remedied by adopting a total return approach to investment in relation to the Endowment, under powers granted under s104A(2) of the Charities Act 2011 immediately prior to discontinuing all activities.

Emphasis of matter - non-going concern

We draw attention to the going concern accounting policy within note 1 to the financial statements, which explains that the company's trade, assets and liabilities were transferred to another entity on 28 February 2021. Consequently, the company ceased to trade, and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. No adjustments arose as a result of applying the non-going concern basis of preparation. Our report is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees' are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 MIDDLETON ACADEMY LIMITED (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 16, the trustees (who act as 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLETON ACADEMY LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Education and Skills Funding Agency's Academies Financial Handbook and Annual Accounts Direction. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and evaluating relevant advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), Keeping Children Safe in Education under the Education Act 2002, the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

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.

John Guest

John Guest (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

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31/01/22

MIDDLETON ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds £'000s	Restricted General Funds £'000s	Restricted Fixed Asset Funds £'000s	Endowment Funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Income and endowments from:							
Donations and capital grants	4	26	-	160	-	186	20
Charitable activities:							
- Funding for educational operations	5	-	2,550	-	-	2,550	4,832
Other trading activities	6	41	1	-	-	42	138
Investments	7	-	-	-	-	-	2
Total		<u>67</u>	<u>2,551</u>	<u>160</u>	<u>-</u>	<u>2,778</u>	<u>4,992</u>
Expenditure on:							
Charitable activities:							
- Educational operations	9	60	2,653	222	-	2,935	5,470
Charitable expenditure - transfer of existing academy out of the trust	27	337	(2,504)	14,112	477	12,422	-
Total	8	<u>397</u>	<u>149</u>	<u>14,334</u>	<u>477</u>	<u>15,357</u>	<u>5,470</u>
Gains on endowment investments		-	-	-	15	15	38
Net income/(expenditure)		<u>(330)</u>	<u>2,402</u>	<u>(14,174)</u>	<u>(462)</u>	<u>(12,564)</u>	<u>(440)</u>
Transfers between funds	18	-	(26)	26	-	-	-
Other recognised gains/(losses)							
Actuarial losses on defined benefit pension schemes	24	-	(183)	-	-	(183)	(68)
Net movement in funds		<u>(330)</u>	<u>2,193</u>	<u>(14,148)</u>	<u>(462)</u>	<u>(12,747)</u>	<u>(508)</u>
Reconciliation of funds							
Total funds brought forward		<u>330</u>	<u>(2,193)</u>	<u>14,148</u>	<u>462</u>	<u>12,747</u>	<u>13,255</u>
Total funds carried forward		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,747</u>

All activities of the trust ceased on 28 February 2021, due to the transfer activity into Cranmer Education Trust on 1 March 2021, and therefore can be categorised as discontinued operations.

MIDDLETON ACADEMY LIMITED**BALANCE SHEET****AS AT 31 AUGUST 2021**

	Notes	2021		2020	
		£'000s	£'000s	£'000s	£'000s
Fixed assets					
Tangible assets	13		-		14,148
Current assets					
Debtors	14	-		187	
Investments	15	-		462	
Cash at bank and in hand		-		639	
				1,288	
Current liabilities					
Creditors: amounts falling due within one year	16	-		(393)	
Net current assets			-		895
Net assets excluding pension liability			-		15,043
Defined benefit pension scheme liability	24		-		(2,296)
Total net assets			-		12,747
Funds of the academy trust:					
Restricted funds	18				
- Restricted fixed asset funds			-		14,148
- Restricted income funds			-		103
- Pension reserve			-		(2,296)
- Endowment funds			-		462
Total restricted funds			-		12,417
Unrestricted income funds	18		-		330
Total funds			-		12,747

The financial statements on pages 20 to 45 were approved by the board of trustees and authorised for issue on 28 January 2022 and are signed on their behalf by:



Timothy Mitchell
Chair of trustees

MIDDLETON ACADEMY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000s	2020 £'000s
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(115)	212
Cash flows from investing activities			
Dividends, interest and rents from investments		-	2
Capital grants from DfE Group		-	17
Capital funding received from sponsors and others		160	-
Purchase of tangible fixed assets		(186)	(195)
Purchase of investments		-	122
Cash transferred on transfer to Cranmer Education Trust		(498)	-
Net cash used in investing activities		(524)	(54)
Net (decrease)/increase in cash and cash equivalents in the reporting period		(639)	158
Cash and cash equivalents at beginning of the year		639	481
Cash and cash equivalents at end of the year		-	639
Relating to:			
Bank and cash balances		-	636
Short term deposits		-	3

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

General information

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

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

Basis of preparation

The financial statements of the academy trust 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Going concern

On 28 February 2021 the company transferred its trading activities, assets and liabilities at their carrying value for £Nil consideration to the Cranmer Education Trust and the company has ceased to trade. The financial statements have been prepared on a non-going concern basis. There is no impact on the reported numbers as a result of the accounts being prepared on a non-going concern basis.

Income

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

Grants

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

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

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.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated fixed assets

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

Endowment income

Endowment income is recognised in the period it is received.

Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Transfer of assets to existing academies

The transfer of the school out of the academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out in note 27 and below.

The net assets that relate to the school transferred out have been de-recognised under the appropriate balance sheet categories at the carrying value at the date of transfer with a corresponding amount recognised in Charitable activities – transfer from the academy trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Tangible fixed assets and depreciation

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land 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%
Sports facilities	5%
Computer equipment	33%
Fixtures, fittings and equipment	5%
Motor vehicles	25%

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

Liabilities

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

Leased assets

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

Investments

Investments are stated at market value.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Financial instruments

The academy trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

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

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

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions 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.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised as other comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

Fund accounting

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

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

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

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy does not have control over the charitable application of the funds. The funds received and balances held are disclosed in note 26.

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 trustees have determined that no accounting estimates and assumptions are critical to the academy trust's financial statements.

Critical areas of judgement

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

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

3 Statement of financial activities - comparative year information

Year ended 31 August 2020	Unrestricted Funds £'000s	Restricted General Funds £'000s	Restricted Fixed asset Funds £'000s	Endowment Funds £'000s	Total 2020 £'000s
Income and endowments from:					
Donations and capital grants	3	-	17	-	20
Charitable activities:					
- Funding for educational operations	-	4,832	-	-	4,832
Other trading activities	138	-	-	-	138
Investments	2	-	-	-	2
Total	143	4,832	17	-	4,992
Expenditure on:					
Charitable activities:					
- Educational operations	98	4,955	417	-	5,470
Total	98	4,955	417	-	5,470
Gains on endowment investments	-	-	-	38	38
Net income/(expenditure)	45	(123)	(400)	38	(440)
Transfers between funds	-	(56)	178	(122)	-
Other recognised gains/ (losses)					
Actuarial losses on defined benefit pension schemes	-	(68)	-	-	(68)
Net movement in funds	45	(247)	(222)	(84)	(508)

4 Donations and capital grants

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Capital grants	-	160	160	17
Other donations	26	-	26	3
	26	160	186	20

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

5 Funding for the academy trust's educational operations

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
DfE / ESFA grants				
General annual grant (GAG)	-	2,197	2,197	4,108
Other DfE / ESFA grants:				
- Pupil premium	-	128	128	369
- Teachers' pension and pay grants	-	107	107	161
- Others	-	70	70	125
	-----	-----	-----	-----
	-	2,502	2,502	4,763
	=====	=====	=====	=====
Other government grants				
Local authority grants	-	38	38	69
	-----	-----	-----	-----
COVID-19 additional funding (DfE / ESFA)				
Catch-up premium		10	10	-
	-----	-----	-----	-----
	-	2,550	2,550	4,832
	=====	=====	=====	=====

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium and teachers' pension and pay grants are no longer reported within the Other DfE/ESFA grants/Other DfE group grants line item, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy 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 separately above. The funding received for coronavirus exceptional support covers £10,450 of catch-up premium costs. These costs are included in notes 8 and 9 below as appropriate.

The academy trust received £38,000 from the local authority in the year, £34,000 of which was SEN funding and £4,000 was pupil premium.

There were no unfulfilled conditions or other contingencies relating to the grants received during the year.

6 Other trading activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Hire of facilities	-	-	-	16
Catering income	27	-	27	87
School trip income	-	-	-	3
Other income	14	1	15	32
	-----	-----	-----	-----
	41	1	42	138
	=====	=====	=====	=====

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Investment income

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Other investment income	-	-	-	2
	=====	=====	=====	=====

8 Expenditure

	Staff costs £'000s	Non Pay Expenditure		Total 2021 £'000s	Total 2020 £'000s
		Premises £'000s	Other £'000s		
Academy's educational operations					
- Direct costs	1,697	209	148	2,054	3,838
- Allocated support costs	450	160	271	881	1,632
	=====	=====	=====	=====	=====
	2,147	369	419	2,935	5,470
	=====	=====	=====	=====	=====

Net income/(expenditure) for the year includes:

	2021 £'000s	2020 £'000s
Operating lease rentals	5	-
Depreciation of tangible fixed assets	222	417
Net interest on defined benefit pension liability	20	37
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	15	15
- Other services	3	3
	=====	=====

Included within expenditure are the following transactions:

	2021 £'000s
Unrecoverable debts - total	16
- Items over £5,000: Lettings company used to manage lettings went into liquidation	16
	=====

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Charitable activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Direct costs				
Educational operations	16	2,038	2,054	3,838
Support costs				
Educational operations	44	837	881	1,632
	60	2,875	2,935	5,470
	60	2,875	2,935	5,470

	2021 £'000s	2020 £'000s
Analysis of support costs		
Support staff costs	450	981
Depreciation	13	42
Technology costs	65	67
Premises costs	147	241
Legal costs	16	8
Other support costs	156	277
Governance costs	34	16
	881	1,632
	881	1,632

10 Staff

Staff costs

Staff costs during the year were:

	2021 £'000s	2020 £'000s
Wages and salaries	1,532	2,958
Social security costs	155	300
Pension costs	418	791
	2,105	4,049
Staff costs - employees	2,105	4,049
Agency staff costs	42	96
Staff restructuring costs	-	97
	2,147	4,242
Total staff expenditure	2,147	4,242

Staff restructuring costs comprise:

Redundancy payments	-	97
	-	97

Included in staff restructuring costs are redundancy costs totalling £Nil (2020: £97,301).

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff (Continued)

Staff numbers

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

	2021	2020
	Number	Number
Teachers	43	42
Administration and support	46	51
Management	8	7
	<u>97</u>	<u>100</u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 during the period 1 September 2020 to 28 February 2021 was:

	2021	2020
	Number	Number
£60,001 - £70,000	2	4
£70,001 - £80,000	2	2
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u>6</u>	<u>7</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust during the period 1 September 2020-28 February 2021 was £362,951 (2020 full year comparative: £697,550).

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits for the period 1 September 2020 - 28 February 2021 was as follows:

C Heyes (Head Teacher and Trustee):
Remuneration: £47,456 (2020: £90,144)
Employer's pension contributions: £11,238 (2020: £21,346)

E Schofield (Staff Trustee):
Remuneration: £11,932 (2020: £4,060)
Employer's pension contributions: £2,219 (2020: £690)
(resigned in year)

Y Mills (Staff Trustee):
Remuneration: £11,739 (2020: £22,372)
Employer's pension contributions: £2,175 (2020: £3,934)

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

During the year expenditure of £Nil (2020: £Nil) was reimbursed to trustees.

12 Trustees and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

13 Tangible fixed assets

	Leasehold land and buildings £'000s	Sports facilities £'000s	Computer equipment £'000s	Fixtures, fittings and equipment £'000s	Motor vehicles £'000s	Total £'000s
Cost						
At 1 September 2020	16,585	580	860	832	96	18,953
Transfer	(16,585)	(580)	(886)	(992)	(7)	(19,050)
Additions	-	-	26	160	-	186
Disposals	-	-	-	-	(89)	(89)
At 31 August 2021	-	-	-	-	-	-
Depreciation						
At 1 September 2020	3,318	355	694	342	96	4,805
Transfer	(3,484)	(365)	(726)	(356)	(7)	(4,938)
On disposals	-	-	-	-	(89)	(89)
Charge for the year	166	10	32	14	-	222
At 31 August 2021	-	-	-	-	-	-
Net book value						
At 31 August 2021	-	-	-	-	-	-
At 31 August 2020	13,267	225	166	490	-	14,148

14 Debtors

	2021 £'000s	2020 £'000s
VAT recoverable	-	40
Other debtors	-	23
Prepayments and accrued income	-	124
	-	187

15 Current asset investments

At the year end the investments were carried at a market value of £Nil (2020: £462,000). During the year, investments costing £Nil (2020: £122,000) were disposed. The investment portfolio appreciated in value by £15,000 (2020: £38,000 appreciated). An amount of £477,000 was transferred to Cranmer Education Trust on 1 March 2021.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

16 Creditors: amounts falling due within one year

	2021 £'000s	2020 £'000s
Trade creditors	-	86
Other taxation and social security	-	67
Other creditors	-	140
Accruals and deferred income	-	100
	<u>-</u>	<u>393</u>
	<u>-</u>	<u>393</u>

17 Deferred income

	2021 £'000s	2020 £'000s
Deferred income is included within:	<u>-</u>	<u>6</u>
Deferred income at 1 September 2020	-	6
Released from previous years	-	(6)
Deferred income at 31 August 2021	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

	Balance at 1 September 2020 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2021 £'000s
Restricted general funds					
General Annual Grant (GAG)	-	2,197	(2,171)	(26)	-
Other DfE / ESFA grants:					
- Pupil premium	-	128	(128)	-	-
- Teachers' pension and pay grants	-	107	(107)	-	-
- Others	103	70	(173)	-	-
Catch-up premium	-	10	(10)	-	-
Other government grants	-	38	(38)	-	-
Other restricted funds	-	1	(1)	-	-
Pension reserve	(2,296)	-	2,479	(183)	-
	<u>(2,193)</u>	<u>2,551</u>	<u>(149)</u>	<u>(209)</u>	<u>-</u>
Restricted fixed asset funds					
DfE group capital grants	300	160	(460)	-	-
Capital expenditure from GAG	737	-	(763)	26	-
Donated capital assets	13,111	-	(13,111)	-	-
	<u>14,148</u>	<u>160</u>	<u>(14,334)</u>	<u>26</u>	<u>-</u>
Restricted endowment fund	462	-	(477)	15	-
	<u>12,417</u>	<u>2,711</u>	<u>(14,960)</u>	<u>(168)</u>	<u>-</u>
Total restricted funds					
Unrestricted funds					
General funds	330	67	(397)	-	-
	<u>12,747</u>	<u>2,778</u>	<u>(15,357)</u>	<u>(168)</u>	<u>-</u>
Total funds					

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds (Continued)

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

Restricted general funds are those that have been designated by the grant provider in meeting the objectives of the academy and are restricted to both the day to day running of the academy and capital expenditure. £26k has been transferred to the restricted fixed asset funds in the period.

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

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward.

Restricted endowment funds may be used to fund essential one-off projects as approved by the board of trustees. There was a gain on investments of £15k in the period.

Over a number of years, historic withdrawals were made from the Academy's Endowment funds totalling £487,250. The Trustees inadvertently withdrew such sums from the endowment funds (which include both income and capital gains) by adopting a total return approach to investments without having the relevant investment power in place. Although the original gift remains intact, the trustees acknowledge that this is a breach of charity law which they only remedied by adopting a total return approach to investment in relation to the Endowment, under powers granted under s104A(2) of the Charities Act 2011 immediately prior to discontinuing all activities with no further withdrawals since the matter was identified in year ended 31 August 2020.

The Trust's funds were transferred to Cranmer Education Trust on 1 March 2021 as shown in the SOFA and below:

Funds transferred	£'000
Unrestricted funds	337
Pension	(2,609)
Restricted general funds	105
Restricted fixed assets	14,112
Endowment funds	<u>477</u>
	<u>12,422</u>

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds (Continued)

Funds prior year

	Balance at 1 September 2019 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2020 £'000s
Restricted general funds					
General Annual Grant (GAG)	-	4,108	(4,091)	(17)	-
Other DfE / ESFA grants:					
- Pupil premium	-	369	(369)	-	-
- Teachers' pension and pay grants	-	161	(161)	-	-
- Others	39	125	(22)	(39)	103
Other government grants	-	69	(69)	-	-
Pension reserve	(1,985)	-	(243)	(68)	(2,296)
	<u>(1,946)</u>	<u>4,832</u>	<u>(4,955)</u>	<u>(124)</u>	<u>(2,193)</u>
Restricted fixed asset funds					
Transfer on conversion	10	-	(10)	-	-
DfE group capital grants	305	17	(61)	39	300
Capital expenditure from GAG	623	-	(25)	139	737
Donated capital assets	13,432	-	(321)	-	13,111
	<u>14,370</u>	<u>17</u>	<u>(417)</u>	<u>178</u>	<u>14,148</u>
Restricted endowment fund	<u>546</u>	<u>-</u>	<u>-</u>	<u>(84)</u>	<u>462</u>
Total restricted funds	<u>12,970</u>	<u>4,849</u>	<u>(5,372)</u>	<u>(30)</u>	<u>12,417</u>
Unrestricted funds					
General funds	<u>285</u>	<u>143</u>	<u>(98)</u>	<u>-</u>	<u>330</u>
Total funds	<u>13,255</u>	<u>4,992</u>	<u>(5,470)</u>	<u>(30)</u>	<u>12,747</u>

19 Analysis of net assets between funds

	Unrestricted Funds £'000s	Restricted General Funds £'000s	Restricted Fixed Asset Funds £'000s	Endowment Funds £'000s	Total Funds £'000s
Fund balances at 31 August 2021 are represented by:					
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Analysis of net assets between funds (Continued)

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Endowment Funds £'000s	Total Funds £'000s
Fund balances at 31 August 2020 are represented by:					
Tangible fixed assets	-	-	14,148	-	14,148
Current assets	330	496	-	462	1,288
Creditors falling due within one year	-	(393)	-	-	(393)
Defined benefit pension asset	-	(2,296)	-	-	(2,296)
Total net assets	<u>330</u>	<u>(2,193)</u>	<u>14,148</u>	<u>462</u>	<u>12,747</u>

20 Long-term commitments, including operating leases

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

	2021 £'000s	2020 £'000s
Amounts due within one year	-	9
Amounts due between one and five years	-	32
	<u>-</u>	<u>41</u>

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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

	2021 £'000s	2020 £'000s
Net expenditure for the reporting period (as per the statement of financial activities) pre-gains on endowment investments	(12,579)	(478)
Adjusted for:		
Net deficit on transfer of academy out of the trust	12,422	-
Capital grants from DfE and other capital income	(160)	(17)
Interest receivable	-	(2)
Pension costs less contributions payable	110	206
Pension scheme finance costs	20	37
Depreciation of tangible fixed assets	222	417
Movements in working capital:		
Decrease/(increase) in debtors	185	(69)
(Decrease)/increase in creditors	(391)	118
Working capital transferred on conversion	56	-
Net cash (used in)/provided by operating activities	(115)	212

22 Analysis of changes in net funds

	1 September 2020 £'000s	Cash flows £'000s	31 August 2021 £'000s
Cash	636	(636)	-
Cash equivalents	3	(3)	-
	<u>639</u>	<u>(639)</u>	<u>-</u>

23 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.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

24 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the 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 2019.

Contributions amounting to £Nil were payable to the schemes at 31 August 2021 (2020: £65,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out below the information available on the scheme.

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
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% (including a 0.08% administration levy) of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). 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 £232,728 (year to 2020: £459,378).

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.

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

24 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.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the transfer out to Cranmer Education Trust who were already members of the scheme and new employees who were eligible to and did join the Scheme whose cumulative retirement benefit was transferred from the Academy Trust in the year. The obligation in respect of employees who transferred represents their cumulative service to the date of transfer.

During the year St Anne's Academy left the academy trust. The LGPS obligation in respect of employees who were members of the scheme and transferred as part of the transfer out of St Anne's Academy was de-recognised when St Anne's Academy left the academy trust and formed part of the loss recognised in the SoFA when St Anne's Academy left the academy trust as set out in note 27.

Total contributions made	2021 £'000s	2020 £'000s
Employer's contributions	76	127
Employees' contributions	26	46
	<hr/>	<hr/>
Total contributions	102	173
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 28 February 2021 by a qualified independent actuary.

	2021 %	2020 %
Rate of increase in salaries	3.5	3.0
Rate of increase for pensions in payment/inflation	2.8	2.2
Discount rate for scheme liabilities	2.0	1.7
	<hr/>	<hr/>

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

	2021 Years	2020 Years
Retiring today		
- Males	20.5	20.5
- Females	23.1	23.1
Retiring in 20 years		
- Males	22.0	22.0
- Females	25.0	25.0
	<hr/> <hr/>	<hr/> <hr/>

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

24 Pension and similar obligations (Continued)

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

	2021	2020
	£'000	£'000
Discount rate -0.5%	1,004	920
CPI rate +0.5%	893	817
Salary increase rate +0.5%	90	87
	<u> </u>	<u> </u>

These figures are stated at 28 February 2021 before the transfer of the pension scheme assets and liabilities to Cranmer Education Trust on 1 March 2021.

The academy trust's share of the assets in the scheme	2021	2020
	Fair value	Fair value
	£'000s	£'000s
Equities	4,004	3,582
Bonds	733	843
Cash	508	474
Property	395	369
	<u> </u>	<u> </u>
Total fair value of assets	5,640	5,268
	<u> </u>	<u> </u>

The actual return on scheme assets was £314,000 (2020: £202,000).

Amount recognised in the statement of financial activities	2021	2020
	£'000s	£'000s
Current service cost	186	333
Net interest cost	20	37
	<u> </u>	<u> </u>
Total operating charge	206	370
	<u> </u>	<u> </u>

Changes in the present value of defined benefit obligations	2021
	£'000s
At 1 September 2020	7,564
Current service cost	186
Interest cost	64
Employee contributions	26
Actuarial loss	453
Benefits paid	(44)
	<u> </u>
At 28 February 2021	8,249
	<u> </u>

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

24 Pension and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2021 £'000s
At 1 September 2020	5,268
Interest income	44
Return on plan assets (excluding net interest on the net defined pension liability)	270
Employer contributions	76
Employee contributions	26
Benefits paid	(44)
	<hr/>
At 28 February 2021	5,640
	<hr/> <hr/>

On 1 March 2021, an obligation of £2,609,000 was transferred into the Cranmer Education Trust.

25 Related party transactions

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

A Service Level Agreement was purchased from the Manchester Diocese, which is also a sponsor. The agreement allows access to services and resources. The agreement is only available from the Diocese and cost £Nil (2020: £1,791). No balance was outstanding at 28 February 2021 in respect of this related party. There was no profit or mark up made by the related party on this transaction.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

26 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the year the trust received £Nil (2020: £5,689) of vulnerable bursary and disbursed £Nil (2020: £1,845) to the relevant students from the fund. The balance remaining at 31 August 2020 was £6,942 which was clawed back by the DfE during the period. All balances were £Nil at 31 August 2021 due to the transfer to Cranmer Education Trust. The trust has no interest in these transactions.

27 Transfer of existing academies out of the academy trust

Middleton Academy Limited transferred all assets and liabilities into Cranmer Education Trust effective 1 March 2021 for £Nil consideration. Amounts transferred are shown below:

MIDDLETON ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

27 Transfer of existing academies out of the academy trust (Continued)

	2021
	£'000s
Net assets transferred	
Cash and cash equivalents	498
Freehold land and buildings	13,101
Other tangible fixed assets	1,011
Debtors	14
Investments	477
Creditors	(70)
Pension scheme	(2,609)
	<hr/>
Total net assets	12,422
	<hr/> <hr/>

The net assets transferred to Cranmer Education Trust are split as follows: unrestricted funds of £337,000, restricted funds of £11,608,000 and endowment funds of £477,000.

The assets and liabilities transferred were transferred at their carrying value and de-recognised from the balance sheet with a corresponding net amount recognised as net loss in the Statement of Financial Activities.

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 17 July 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, to obtain limited assurance about whether the expenditure disbursed and income received by Middleton Academy Limited during the period 1 September 2020 to 28 February 2021 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, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 28 February 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matters arising

Historic withdrawals in the year ended 31 August 2020 were made from the Academy's Endowment funds totalling £487,250. The Trustees inadvertently withdrew such sums from the endowment funds (which include both income and capital gains) by adopting a total return approach to investments without having the relevant investment power in place. Although the original gift remains intact, the trustees acknowledge that this is a breach of charity law which they only remedied by adopting a total return approach to investment in relation to the Endowment, under powers granted under s104A(2) of the Charities Act 2011 immediately prior to discontinuing all activities. Further details are included in note 18 of the financial statements.

Basis for conclusion

The framework that has been applied is set out in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts. We are independent of Middleton Academy Limited 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 Middleton Academy Limited's accounting officer and trustees

The accounting officer is responsible, under the requirements of Middleton Academy Limited's funding agreement with the Secretary of State for Education dated 1 September 2020 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received are 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 Middleton Academy Limited 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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

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 2020 to 28 February 2021 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 MIDDLETON ACADEMY LIMITED 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 2020 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 the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

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 Middleton Academy Limited and the ESFA in accordance with the terms of our engagement letter dated 17 July 2020. Our work has been undertaken so that we might state to the Middleton Academy Limited 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 Middleton Academy Limited 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: 31 January 2022
