

Company Registration No. 09012630 (England and Wales)

**MELROSE LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021**

MELROSE LEARNING TRUST

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MELROSE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Diocese of Durham Educational Trust
Area Dean of Stockton
The Bishop of Durham
Rev V Cuthbert
Mrs Z Carr

Trustees

Rev Canon S Bain (Resigned 1 November 2021)
Mr P Mackings (Chair)
Mrs J Doyle
Mr J J Fitt (Resigned 5 July 2021)
Mr R Ward (Accounting Officer)
Miss C McCabe (Resigned 12 January 2021)
Mrs A Ryder (Resigned 12 January 2021)
Mrs J Mogridge
Mrs T Forster (Resigned 12 January 2021)
Rev C Gibbs (Resigned 12 January 2021)
Mr P Card (Resigned 12 January 2021)
Professor S P Bradley (Appointed 12 January 2021)
K Brownless (Appointed 12 January 2021)
R J Hiles (Appointed 12 January 2021)

Senior management team

- CEO/Headteacher Mr R Ward
- Headteacher Mr A Park

Company registration number 09012630 (England and Wales)

Registered office
Redwood Drive
Wynyard
Billingham
TS22 5UB
United Kingdom

Academies operated

	Location	Principal
Wynyard Church of England Primary School	Wynyard	Mr R Ward
Esh C.E. Primary School	Esh	Mr A Park

Independent auditor

Azets Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB
United Kingdom

MELROSE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN
United Kingdom

Solicitors

Womble Bond Dickinson
St Anns Wharf
112 Quayside
Newcastle Upon Tyne
Tyne And Wear
NE1 3DX
United Kingdom

MELROSE LEARNING TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

The Trust now operates as a multi-academy trust for pupils aged 3 to 11, having converted from a single academy trust on 1st December 2020. The Trust currently has two schools, Wynyard CE Primary School with 420 on roll plus a 39 FTE nursery provision and Esh CE Primary School with 92 pupils currently on roll.

Structure, governance and management

Constitution

Melrose Learning Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Melrose Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Melrose Learning Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Trustees benefit from indemnity insurance under the Department of Education Risk Protection Arrangement, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. Any such indemnity shall not extend to any claim arising from any act of omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such indemnity shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against Trustees in their capacity as Directors of the Trust.

Method of recruitment and appointment or election of trustees

The Trustees have been appointed in accordance with Memorandum and Articles of Association as set out below.

The constitution of the Trust provides that the number of trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48 and 49, the Academy Trust shall have the following trustees:

- I. No fewer than three trustees, appointed under Article 50; i.e. appointed by members
- II. Members can appoint up to 11 trustees to the Board
- III. The CEO
- IV. The Academy Trust may also have any co-opted governor appointed under Article 59

The term of office for any trustee is four years and, subject to eligibility, may apply for re-election. This time limit does not apply to the CEO.

Policies and procedures adopted for the induction and training of trustees

A skills audit of the Trustees was conducted during the period to review the mix of skills and identify training needs. All trustees have the opportunity to undertake governor training through Durham Governor Support Services.

MELROSE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Organisational structure

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Academy Trust shall be managed by the trustees who may exercise all the powers of the Academy Trust. Strategic decisions include approval of school development plans, budget approval, appointment of auditors and approval of the Annual Report and financial statements.

The Trust Board meets six times every school year, with additional meetings of the 'Finance and General Purposes Committee' where required. During the Covid-19 pandemic, the vast majority of meetings have taken place virtually, but more recently operate on a hybrid model of a mix of home and in-person attendance.

The task of running the schools on a day-to-day basis is delegated to the CEO who is the Accounting Officer. The CEO is supported by the Trust Business Manager.

During the period to 31 August 2021, the trust management structure comprised of Trust CEO, Headteachers and Deputy Headteachers of both schools. The CEO and Trustees were responsible for the authorisation of spending within agreed budgets and the appointment of staff in line with the scheme of delegation and the academy's financial handbook.

Arrangements for setting pay and remuneration of key management personnel

The Trust have policies in place for pay and remuneration of management personnel responsible for the day-to-day running of the schools. These policies are reviewed annually. Pay is based upon the national pay scales for teachers in England and Wales. Trustees appoint senior leaders on salaries based upon school capacity and future growth.

The Trust have an appraisal policy with pay for senior leaders linked to performance. Performance management of staff, other than the CEO and headteachers, are carried out by the Headteachers with recommendations going to the Trust's Pay Review Committee. The CEO's performance management is carried out by Trustees with advice from external professionals and headteachers' performance management is carried out by CEO and LGB Chair.

Trustees other than staff members are not paid.

Related parties and other connected charities and organisations

All trustees have completed relevant business interest forms, and where any trustees should declare an interest, procedures are in place to address this, particularly within trust board meetings.

Some of the related parties include The Diocese of Durham, the Diocesan Board of Education, Stockton Deanery and the local church community.

Objectives and activities

Objects and aims

As a Trust, our aim is for all of our schools to maintain their own unique identity whilst working together to ensure the educational potential of each child is maximised and their wellbeing is fundamental to everything we do.

Melrose Learning Trust are committed to providing children with high achievement, confidence and enrichment, developed through excellent teaching, stimulating curriculums, and strong moral values.

Our aspirations as a Trust are:

- to ensure the physical and spiritual well-being of every member of the school community is maintained and enhanced
- to create learning environments where children develop a love for learning and learn how to use knowledge wisely
- to share expertise across a range of settings to enhance professional development of staff
- to ensure our schools are at the forefront of modern technology and to make the best use of the resources available to us.
- to be central to the life of their communities

MELROSE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Objectives, strategies and activities

Melrose Learning Trust was formed on 1st December 2020, initially with two schools – Wynyard CE Primary and Esh CE Primary. Our vision was to establish, and grow, a trust where schools flourish and children make rapid academic progress and develop a love of learning.

The strategies and activities for the period included the following:

- Develop a reputation for outstanding education across multiple settings;
- Ensure children and families are supported throughout the Covid-19 pandemic and a strong educational provision is in place;
- Ensure a smooth transition from SAT to MAT;
- Restructure governance across The Trust;
- Significant capital expenditure to improve facilities across The Trust;
- Strategic planning to grow The Trust, including additional free school provision;
- Fulfilling all DfE, ESFA and Ofsted requirements

Public benefit

Trustees have due regard to the guidance on public benefit as published by the Charity Commission in exercising their duty. They seek to provide schools offering excellent education, with a strong Christian ethos for the local communities they serve and this is reflected in the schools' open admission policies, reflecting that of the Local Authority within which each school is located.

Strategic report

Achievements and performance

The Trust has directed funding to secure the best possible outcomes for all pupils. This has been done by targeting the expertise of staff to children's educational needs and the procurement of high-quality resources to support teaching and learning. Continuous professional development (CPD) ensures that all staff are trained effectively to secure educational excellence. This CPD is now shared across both schools in the Trust.

Ofsted

Wynyard CE primary School was graded 'Outstanding' by Ofsted in April 2018. Esh CE Primary School was graded 'Outstanding' by Ofsted in October 2008.

SIAMs

Wynyard CE Primary School was graded 'SIAMs Outstanding' in June 2018. Esh CE Primary School was graded 'Outstanding' in October 2017.

School's Performance

Due to the Covid-19 pandemic, the usual key performance indicators were not available as no statutory testing took place.

The Trust provided support throughout the pandemic to ensure standards remained high both in-school and also when remote education was required. Some key performance indicators are as follows:

- Schools remained open throughout lockdown periods, offering quality education to 'key workers' children' and those accessing remote education from home.
- Attendance remained high throughout.
- Mental Health and Wellbeing support for staff and pupils has had an exceptionally positive impact.
- On-line learning systems are now firmly embedded in school practice and can be used as an when required.
- Funding directed towards 'catch-up' support was effectively used and interventions were of a very high quality.

MELROSE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

- Ongoing plans for 'catch up' support are in place, with senior leaders supporting in effective planning and delivery.
- A comprehensive CPD programme has been in place to enable staff to develop both during, and outside, of Covid lockdowns.
- School meals were prioritised for those who were in need.
- Health and Safety, including Covid risk assessments, were updated in line with government guidance and effective throughout.

Key performance indicators

The Trust's key measures of success during 2020-21 were:

- ensure robust systems for due diligence were in place in regards to school joining the Trust
- to successfully transition from SAT to MAT
- extend its reputation as a provider of outstanding education across multiple settings
- ensure robust systems for school improvement and school support delivered
- CPD for all stakeholders developed all, including school leaders
- to ensure the safety of all staff and children throughout the Covid-19 pandemic.

Going concern

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

Financial review

During the period to 31st August 2021, the majority of the Trust's income came from the Education Skills Funding Agency in the form of grants, the use of which is restricted to particular purposes. The grants received from ESFA during the period 1st September 2020 to 31st August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust has successfully managed the financial impact of some significant events during this financial period, in particular the move from SAT to MAT, including incorporating a second school into the Trust, and the impact of Covid-19.

MAT Conversion

The move from single-academy trust to multi-academy trust was completed on 1st December 2020, with the first school joining on 1st January 2021. The financial risks of this process were mitigated by some sound financial planning and budgeting in preparation and effective allocation of the £25k conversion grant. The trust was able to minimise any financial outlay during the process, thereby reducing financial risks.

Covid-19

Covid-19 has continued to impact day to day operations throughout this year and has, as a result, also continued to impact finances as follows:

- Additional government funding of £30,880 was received for catch-up support in school, but this was also supplemented with additional funding from the Trust to provide the levels of support required.
- Significant additional funding was allocated to operate 'bubbles'. This included additional expenditure and teaching assistants and supervisory assistants.
- Additional spending on resources, including stationery, signage, hygiene and cleaning resources.
- Reduction in planned lettings income.

The Trust made an operating surplus in the year to August 31st 2021 of £175,963. The Trust held revenue reserves of £157,362 on 31st August 2021 comprising £81,169 of restricted of reserves and £76,166 of unrestricted reserves.

Total income in the period was £2,485,623 of which £2,092,058 came from the ESFA revenue grants.

MELROSE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees of the Academy Trust have reviewed and adopted the following policies relating to Finance and Governance during 2020-21: .

- Memorandum and Articles of Association
- Scheme of Delegation
- Academy Funding Agreements
- Academy Finance Handbook
- Teachers' Pay and Appraisal
- Reserves Policy
- Anti-fraud, Bribery and Corruption Policy
- Assets and Disposal Policy
- Budget Monitoring and Setting Policy
- Central Services Policy and Appeals Policy
- Treasury Management Policy
- Charging Policy
- Freedom of Information

Reserves policy

The Trust will review reserve levels regularly throughout the period as part of budget monitoring and the minimum level of reserves for the ongoing needs of the Trust will be reviewed at least annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Trustees have decided that the minimum level of reserves should equate to four weeks' worth of budgeted expenditure both in terms of salaries and invoices.

The Trust's current level of reserves are currently £157,362. This figure has increased due to a significant rise in pupils at Wynyard CE Primary. This rise in pupil numbers was planned for as the Free School expanded towards full capacity. As a newly established Trust, we have set short term financial plans to ensure that reserves are considered at a level that is more than sufficient for the ongoing needs of the Trust. Reserves are projected to grow over the short to medium term, based upon the current size of the Trust. Ongoing reviews of the strategic risks that the Trust faces will help in informing the levels of reserves required going forward.

Our growth plan for the future ensures that robust due diligence will be carried out on schools joining the Trust to ensure reserves remain at levels as detailed in our policy. The Trust will need to review the reserves policy in line with growth.

Investment policy

The Trust does not anticipate having substantial funds available for long term investments but will hold any substantial funds, which are not required in the immediate future, on short fixed term deposits as appropriate.

Principal risks and uncertainties

The principal risks and uncertainties facing The Trust during the period ending 31st August 2021 comprised of all Covid related uncertainties, including staff and pupil illness, extended closure of schools and the additional costs related to ensuring adequate staffing is in place and that the schools are safe. The other main concern was in relation to converting from SAT to MAT and all related risks, including financial and educational risks.

During the year a number of key risks were identified and tracked on a risk register. In particular, risks associated with MAT conversion and, in particular, staffing, unforeseen costs, admissions, finances and premises. The majority of these risks were assessed as low, categorised and satisfactory systems were established to mitigate these risks. Risks associated with Covid were medium, especially those relating to lockdown periods, staffing issues and Covid outbreaks.

Going forward, the Board will keep the Trust's activities under review and monitor performance, with particular regard to any major risks which may arise with MAT growth and the continuing developments with Covid-19.

MELROSE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Financial and risk management objectives and policies

Detailed financial regulations are in place, including a Financial Handbook, a comprehensive risk register and a Business Continuity Plan. Controls were in place to minimise the risk of fraud or error. The financial regulations have been approved by the Board, which included a Trustee with significant audit and accounting experience.

Fundraising

Schools within the Trust take part in a range of fundraising activities in line with the 'Charities (Protection and Social Investments) Act 2016'. The Trust's approach is open and transparent when taking part in any fundraising activity.

The vast majority of fundraising is school led. Wynyard Church of England Primary School has a 'Friends of Wynyard' group who have their own financial procedures and hold a separate bank account.

Any additional fundraising is for national charities such as Children in Need, Sport Relief etc.

Plans for future periods

The Trust will continue its commitment to the professional development of staff and governors across all aspects of school improvement. There will be a particular focus on developing individual curriculum areas and the development of leaders at all levels, especially as the Trust grows. The Trust aims, under the leadership of the CEO, to establish a school improvement team from within the Trust to focus on school improvement, particularly with curriculum and standards. In addition, we aim to be in a position to provide school improvement services to schools outside of the Trust.

A comprehensive 'Trust Growth Plan' has been drawn up to plan for the future growth of The Trust. The plan details a clear and comprehensive set of criterion for expansion and actions to ensure these are managed and delivered effectively. Wynyard CE Primary School converted to MAT status on 1st December 2020, changing the company name to Melrose Learning Trust. Esh CE Primary joined Melrose Learning Trust on 1st January 2021. It is anticipated that additional growth will take place throughout the next few years, with more schools joining the Trust, including an additional free school.

Funds held as custodian trustee on behalf of others

The Trust has no funds held as Custodian Trustee on behalf of others.

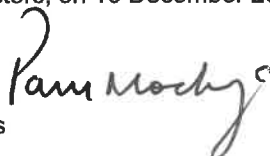
Auditor

As far as the Trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16 December 2021 and signed on its behalf by:

Mr P Mackings
Chair



MELROSE LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Melrose Learning Trust has an effective and appropriate system of control, finance and otherwise. However, such 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 CEO, 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 Melrose Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The full board of trustees has formally met three times as Melrose Learning Trust (see Table A) and, prior to the conversion, twice as Wynyard CE Primary School (see Table B). Attendance at those meetings is as follows:

Table A – Melrose Learning Trust Board Meetings January 2021 to August 2021

Trustees	Meetings attended	Out of possible
Venerable Stuart Bain	3	3
Mr Paul Mackings	3	3
Mrs Jessica Doyle	3	3
Mrs Julie Mogridge	3	3
Mr Jeremy Fitt	3	3
Mr Roger Ward	3	3
Ms Kendra Brownless	2	3
Dr Steven Bradley	3	3
Mrs Rhiannon Hiles	3	3

Table B – Wynyard CE Primary School Board Meetings September 2020 to December 2020

Trustees	Meetings attended	Out of possible
Venerable Stuart Bain	2	2
Mr Paul Mackings	0	2
Mrs Jessica Doyle	2	2
Mrs Julie Mogridge	1	2
Mr Jeremy Fitt	2	2
Mr Roger Ward	2	2
Miss Charlotte McCabe	2	2
Mrs Alexandra Ryder	1	2
Mrs Tracey Forster (Resigned 02.12.2020)	1	1
Rev Claire Gibbs (Resigned 01.01.2021)	0	1
Mr Paul Card	2	2

MELROSE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to ensure efficient and effective use of resources as well as ensuring that the school buildings are fit for purpose both short term and long term. The Finance and General Purposes Committee has formally met twice as Melrose Learning Trust (see Table A) and, prior to the conversion, once as Wynyard CE Primary School (see Table B). Attendance at those meetings is as follows:

Table A – Melrose Learning Trust F&GP Meetings January 2021 to August 2021

Trustees	Meetings attended	Out of possible
Venerable Stuart Bain	1	2
Mr Paul Mackings	2	2
Ms Kendra Brownless	2	2
Dr Steven Bradley	2	2
Mr Roger Ward	2	2
Mrs Julie Mogridge	2	2

Table B – Wynyard CE Primary School F&GP Meetings September 2020 to December 2020

Trustees	Meetings attended	Out of possible
Venerable Stuart Bain	1	1
Mr Paul Mackings	1	1
Mrs Jessica Doyle	1	1
Mr Jeremy Fitt	1	1
Mr Roger Ward	1	1
Mrs Julie Mogridge	1	1

Robust governance procedures were in place during the year, with a skills audit taking place prior to the appointment of any additional trustees.

Review of value for money

As accounting officer, the CEO has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the Trust's use of its resources has provided 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 appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- ensuring a smooth conversion from SAT to MAT;
- negotiating better deals on key services (e.g. IT provision) for schools within the MAT;
- ensuring staffing levels are in place to achieve aims and objectives;
- investing in staff training to improve both curriculum provision and ensure high outcomes;
- prudent spending on effective resources to support teaching and learning and also the unforeseen costs associated with Covid-19;

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 at Melrose Learning Trust for 1st September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

MELROSE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Capacity to handle risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1st September 2020 to 31st August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 budget 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 board to produce reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The board of trustees has considered the need for specific internal audit function and decided to appoint Clive Owen LLP as internal auditor.

School commissioned an Internal Assurance Report which took place on 20th and 21st May 2021. The aim of the report was to provide the Trust with independent assurance that:

- the financial responsibilities of the Governing Body are being properly discharged;
- resources are managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained;
- financial considerations are fully taken into account in reaching decisions;
- Trust published information (e.g. website) is fully compliant.
- Payroll, HR & staffing procedures are being followed.
- A robust system for Risk Management is in place.

School's procedures were identified as being robust and effective. The only areas identified as 'low risk' were:

- The website for Esh Church of England Primary School required further updating to be fully compliant, this was in process at the time as our new trust wide websites had only been set up very recently.
- The auditor suggested that, whilst our SCR is compliant, we should detail on the record which documents we have seen as evidence of right to work rather than just the date seen.
- The Risk Register should be updated in areas where targets have been described as 'partially met' to detail how/what actions will be taken going forward.
- The audit reviewed our Business Continuity Plan and suggested that a 'Grab Bag' was introduced containing emergency supplies in the event of a serious incident.

MELROSE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Review of effectiveness

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

- Regular and timely budget reports
- Regular board meetings and discussions regarding the budget both pre-opening and going forward
- The appointment of members of the board with significant financial experience and qualifications
- Regular Finance and General Purposes committee meetings
- Sound internal controls
- The work of internal and external auditors

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee. A plan to address any areas for concern/development and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 16 December 2021 and signed on its behalf by:



Mr P Mackings
Chair



Mr R Ward
Accounting Officer

MELROSE LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2021

As accounting officer of Melrose Learning Trust, 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.

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



Mr R Ward
Accounting Officer

16 December 2021

MELROSE LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors of Melrose Learning Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

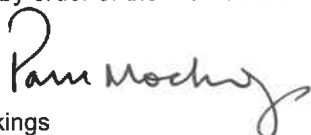
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 16 December 2021 and signed on its behalf by:



Mr P Mackings
Chair

MELROSE LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELROSE LEARNING TRUST

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of Melrose Learning Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

MELROSE LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELROSE LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

MELROSE LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELROSE LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

MELROSE LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELROSE LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

Azets Audit Services

**Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

17/12/2021
.....

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
United Kingdom
TS22 5TB

MELROSE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 11 October 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Melrose Learning Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Melrose Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Melrose Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Melrose Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Melrose Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Melrose Learning Trust's funding agreement with the Secretary of State for Education dated 24 March 2015 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

MELROSE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance reports
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

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

Azets Audit Services

Reporting Accountant
Azets Audit Services

Dated:17/12/2021

MELROSE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	3	10,000	-	19,247	29,247	25,528
Charitable activities:						
- Funding for educational operations	5	49,718	2,273,815	-	2,323,533	1,610,581
Other trading activities	4	91,309	-	-	91,309	79,017
Investments	6	32	-	-	32	143
Total		151,059	2,273,815	19,247	2,444,121	1,715,269
Expenditure on:						
Raising funds	7	78,319	315	-	78,634	25,693
Charitable activities:						
- Educational operations	9	50,613	2,262,664	189,424	2,502,701	1,783,071
- Transfer from local authority on conversion	26	(41,052)	500,000	-	458,948	-
Total	7	87,880	2,762,979	189,424	3,040,283	1,808,764
Net income/(expenditure)		63,179	(489,164)	(170,177)	(596,162)	(93,495)
Transfers between funds	18	(10,000)	(90,159)	100,159	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	20	-	(58,000)	-	(58,000)	(127,000)
Net movement in funds		53,179	(637,323)	(70,018)	(654,162)	(220,495)
Reconciliation of funds						
Total funds brought forward		22,987	(268,481)	5,707,878	5,462,384	5,682,879
Total funds carried forward		76,166	(905,804)	5,637,860	4,808,222	5,462,384

MELROSE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £
Income and endowments from:					
Donations and capital grants	3	16,000	-	9,528	25,528
Charitable activities:					
- Funding for educational operations	5	45,032	1,565,549	-	1,610,581
Other trading activities	4	79,017	-	-	79,017
Investments	6	143	-	-	143
Total		140,192	1,565,549	9,528	1,715,269
Expenditure on:					
Raising funds	7	25,513	180	-	25,693
Charitable activities:					
- Educational operations	9	59,758	1,519,969	203,344	1,783,071
Total	7	85,271	1,520,149	203,344	1,808,764
Net income/(expenditure)		54,921	45,400	(193,816)	(93,495)
Transfers between funds	18	(55,882)	(153,772)	209,654	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(127,000)	-	(127,000)
Net movement in funds		(961)	(235,372)	15,838	(220,495)
Reconciliation of funds					
Total funds brought forward		23,948	(33,109)	5,692,040	5,682,879
Total funds carried forward		22,987	(268,481)	5,707,878	5,462,384

MELROSE LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	13		4,319		6,108
Tangible assets	14		5,633,541		5,701,770
			<u>5,637,860</u>		<u>5,707,878</u>
Current assets					
Debtors	15	80,707		31,530	
Cash at bank and in hand		348,090		357,699	
		<u>428,797</u>		<u>389,229</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(271,435)		(348,723)	
Net current assets			<u>157,362</u>		<u>40,506</u>
Net assets excluding pension liability			<u>5,795,222</u>		<u>5,748,384</u>
Defined benefit pension scheme liability	20		(987,000)		(286,000)
Total net assets			<u>4,808,222</u>		<u>5,462,384</u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			5,637,860		5,707,878
- Restricted income funds			81,196		17,519
- Pension reserve			(987,000)		(286,000)
Total restricted funds			<u>4,732,056</u>		<u>5,439,397</u>
Unrestricted income funds	18		<u>76,166</u>		<u>22,987</u>
Total funds			<u>4,808,222</u>		<u>5,462,384</u>

The accounts on pages 21 to 48 were approved by the trustees and authorised for issue on 16 December 2021 and are signed on their behalf by:



Mr P Mackings
Chair

Company Number 09012630

MELROSE LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		90,518		344,755
Cash flows from investing activities					
Dividends, interest and rents from investments		32		143	
Capital grants from DfE Group		13,368		6,858	
Capital funding received from sponsors and others		2,701		2,670	
Purchase of intangible fixed assets		-		(7,155)	
Purchase of tangible fixed assets		(116,228)		(214,027)	
Proceeds from sale of tangible fixed assets		-		2,000	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(100,127)		(209,511)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents in the reporting period			(9,609)		135,244
Cash and cash equivalents at beginning of the year			357,699		222,455
			<u> </u>		<u> </u>
Cash and cash equivalents at end of the year			348,090		357,699
			<u> </u>		<u> </u>

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Conversion to an academy trust

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

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

1.4 Income

All incoming resources are recognised when the 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.

MELROSE LEARNING TRUST

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 in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

1.6 Intangible fixed assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software - 3 years

1.7 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	50 years
Assets under construction	Not depreciated
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

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.

The buildings at Wynyard Primary are occupied on a 125-year lease from the from the Department for Housing, Communities and Local Government. The value of the building has therefore been recognised as an asset. The buildings at Esh are occupied on a supplemental agreement with the Diocese and have not been capitalised.

1.8 Liabilities

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

1.9 Leased assets

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

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.10 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.11 Taxation

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

1.12 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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

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

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.13 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 Education and Skills Funding Agency/Department for Education.

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

Depreciation is calculated as to write off the cost of an asset off over its useful economic life. The accounting policies are disclosed in the accounting policy above.

Assets transferred on conversion

The trust has transferred the assets of the predecessor schools, details are included in note 26. The value of the assets transferred have been estimated by trustees and management by reference to asset registers and other information from the predecessor schools and the capitalisation and depreciation policies of the trust.

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Donated fixed assets	-	3,178	3,178	-
Capital grants	-	16,069	16,069	9,528
Other donations	10,000	-	10,000	16,000
	<u>10,000</u>	<u>19,247</u>	<u>29,247</u>	<u>25,528</u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	864	-	864	6,877
Catering income	1,173	-	1,173	1,319
Clubs	75,541	-	75,541	53,073
Other income	13,731	-	13,731	17,748
	<u>91,309</u>	<u>-</u>	<u>91,309</u>	<u>79,017</u>

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,746,261	1,746,261	1,201,493
Other DfE / ESFA grants:				
UIFSM	-	84,678	84,678	68,391
Pupil premium	-	37,567	37,567	17,067
Start up grants	-	40,000	40,000	14,500
Teachers pension grants	-	70,512	70,512	51,506
Teachers pay grants	-	21,284	21,284	14,929
PE and sports premium	-	25,818	25,818	17,760
Rates	-	14,125	14,125	8,020
Others	-	10,712	10,712	880
	-	2,050,957	2,050,957	1,394,546
Other government grants				
Local authority grants	-	176,440	176,440	168,645
Covid 19 additional funding (DfE/ESFA)				
Catchup premium	-	36,920	36,920	-
Other DfE/ESFA Covid 19 funding	-	4,181	4,181	-
Covid 19 additional funding (non-DfE/ESFA)				
Coronavirus job retention scheme grant	-	317	317	-
Other Covid 19 funding	-	5,000	5,000	2,358
	-	46,418	46,418	2,358
Other funding				
Catering income	45,474	-	45,474	40,832
Other incoming resources	4,244	-	4,244	4,200
	49,718	-	49,718	45,032
Total funding	49,718	2,273,815	2,323,533	1,610,581

The trust received £36,920 of funding for catch-up premium and costs incurred in respect of this funding totalled £36,920.

MELROSE LEARNING TRUST

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

6 Investment income	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	32	-	32	143

7 Expenditure	Staff costs £	Non-pay expenditure Premises Other £ £		Total 2021 £	Total 2020 £
Expenditure on raising funds					
- Direct costs	75,541	-	3,093	78,634	25,693
Academy's educational operations					
- Direct costs	1,347,414	-	92,763	1,440,177	1,090,466
- Allocated support costs	443,136	341,887	277,501	1,062,524	692,605
	<u>1,866,091</u>	<u>341,887</u>	<u>373,357</u>	<u>2,581,335</u>	<u>1,808,764</u>

Net income/(expenditure) for the year includes:	2021 £	2020 £
Fees payable to auditor for:		
- Audit	7,050	6,250
- Other services	2,200	3,500
Operating lease rentals	5,392	3,052
Depreciation of tangible fixed assets	189,424	200,650
Loss on disposal of fixed assets	-	2,694
Net interest on defined benefit pension liability	10,000	2,000

8 Central services

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

- leadership and curriculum support
- finance and audit
- legal and HR
- governance
- school improvement
- sports, health and wellbeing

The academy trust charges for these services at 6% of GAG funding.

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8	Central services	(Continued)			
	The amounts charged during the year were as follows:	2021	2020		
		£	£		
	Wynyard Church of England Primary School	57,900	-		
	Esh C.E. Primary School	17,908	-		
		<u>75,808</u>	<u>-</u>		
9	Charitable activities	Unrestricted	Restricted	Total	Total
		funds	funds	2021	2020
		£	£	£	£
	Direct costs				
	Educational operations	2,400	1,437,777	1,440,177	1,090,466
	Support costs				
	Educational operations	48,213	1,014,311	1,062,524	692,605
		<u>50,613</u>	<u>2,452,088</u>	<u>2,502,701</u>	<u>1,783,071</u>
				2021	2020
				£	£
	Analysis of support costs				
	Support staff costs			443,136	210,251
	Depreciation			189,424	203,344
	Technology costs			25,981	3,429
	Premises costs			152,463	117,658
	Legal costs			35,449	4,828
	Other support costs			199,506	139,240
	Governance costs			16,565	13,855
				<u>1,062,524</u>	<u>692,605</u>

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	1,256,537	879,508
Social security costs	115,832	73,844
Pension costs	414,182	252,626
Staff costs - employees	1,786,551	1,205,978
Agency staff costs	79,540	8,691
	1,866,091	1,214,669
Staff development and other staff costs	5,051	7,829
Total staff expenditure	1,871,142	1,222,498

Staff numbers

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

	2021 Number	2020 Number
Teachers	22	27
Administration and support	35	7
Management	4	2
	61	36

Higher paid staff

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

	2021 Number	2020 Number
£80,001 - £90,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £273,959 (2020: £181,457).

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

11 Trustees' remuneration and expenses

The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the period ended 31 August 2021, no expenses were reimbursed to trustees.

The value of trustees' remuneration was as follows:

R Ward (head teacher):	
Remuneration	£85,001 - £90,000 (2020: £80,001 - £85,000)
Employer's pension contributions	£20,001 - £25,000 (2020: £15,001 - £20,000)

C McCabe (staff governor until 1 January 2021):	
Remuneration	£15,001 - £20,000 (2020: £50,001 - £54,000)
Employer's pension contributions	£1 - £5,000 (2020: £10,001 - £15,000)

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

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.

13 Intangible fixed assets

	Computer Software £
Cost	
At 1 September 2020 and at 31 August 2021	7,155
Amortisation	
At 1 September 2020	1,047
Charge for year	1,789
At 31 August 2021	2,836
Carrying amount	
At 31 August 2021	4,319
At 31 August 2020	6,108

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

	Land and buildings	Assets under constructio n	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2020	5,278,937	179,446	368,338	325,775	6,152,496
Additions	-	54,763	22,833	41,810	119,406
Reclassify	234,209	(234,209)	-	-	-
At 31 August 2021	5,513,146	-	391,171	367,585	6,271,902
Depreciation					
At 1 September 2020	70,143	-	257,847	122,736	450,726
Charge for the year	43,884	-	76,633	67,118	187,635
At 31 August 2021	114,027	-	334,480	189,854	638,361
Net book value					
At 31 August 2021	5,399,119	-	56,691	177,731	5,633,541
At 31 August 2020	5,208,794	179,446	110,491	203,039	5,701,770

15 Debtors

	2021 £	2020 £
Trade debtors	101	354
VAT recoverable	40,785	4,630
Prepayments and accrued income	39,821	26,546
	80,707	31,530

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	57,642	5,520
Other taxation and social security	31,902	19,291
Other creditors	62,181	21,789
Accruals and deferred income	119,710	302,123
	271,435	348,723

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Deferred income

	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	66,167	51,516
	<u>66,167</u>	<u>51,516</u>
Deferred income at 1 September 2020	51,516	33,649
Released from previous years	(51,516)	(33,649)
Resources deferred in the year	66,167	51,516
	<u>66,167</u>	<u>51,516</u>
Deferred income at 31 August 2021	66,167	51,516

Deferred income consists of Universal Infants Free School Meals, rates relief and other income in advance of the 2021/22 academic year.

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	17,519	1,746,261	(1,592,425)	(90,159)	81,196
Start up grants	-	40,000	(40,000)	-	-
UIFSM	-	84,678	(84,678)	-	-
Pupil premium	-	37,567	(37,567)	-	-
Teachers pension grants	-	70,512	(70,512)	-	-
Teachers pay grants	-	21,284	(21,284)	-	-
PE and sports premium	-	25,818	(25,818)	-	-
Rates	-	14,125	(14,125)	-	-
Other DfE / ESFA grants	-	10,712	(10,712)	-	-
Catch up premium	-	36,920	(36,920)	-	-
Other DfE/ESFA Covid 19 funding	-	4,181	(4,181)	-	-
Coronavirus job retention scheme grant	-	317	(317)	-	-
Other Covid 19 funding	-	5,000	(5,000)	-	-
Other government grants	-	176,440	(176,440)	-	-
Pension reserve	(286,000)	(500,000)	(143,000)	(58,000)	(987,000)
	<u>(268,481)</u>	<u>1,773,815</u>	<u>(2,262,979)</u>	<u>(148,159)</u>	<u>(905,804)</u>
Restricted fixed asset funds					
DfE group capital grants	5,462,180	16,069	(161,680)	-	5,316,569
Capital expenditure from GAG and other funds	214,645	-	(15,828)	100,159	298,976
Start up grants	29,632	-	(9,877)	-	19,755
Donated assets	-	3,178	(618)	-	2,560
Other capital funding	1,421	-	(1,421)	-	-
	<u>5,707,878</u>	<u>19,247</u>	<u>(189,424)</u>	<u>100,159</u>	<u>5,637,860</u>
Total restricted funds	<u>5,439,397</u>	<u>1,793,062</u>	<u>(2,452,403)</u>	<u>(48,000)</u>	<u>4,732,056</u>
Unrestricted funds					
General funds	22,987	192,111	(128,932)	(10,000)	76,166
Total funds	<u>5,462,384</u>	<u>1,985,173</u>	<u>(2,581,335)</u>	<u>(58,000)</u>	<u>4,808,222</u>

MELROSE LEARNING TRUST

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:

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Start up funds represent funds designated by the ESFA to fund the growth of the academy trust during its start up phase.

Other ESFA grants included UIRSM, pupil premium, teachers' pay and pension grants, PE and sports premium, rates grant and Covid funding, all of which was fully utilised in the year.

Other government grants includes Local Authority funding for under written pupil places.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/ESFA capital grants represent amounts receivable during the period. GAG of £90,159 and unrestricted donations of £10,000 were spent on fixed assets. This fund also includes the funding for the new building and associated fixtures and fittings.

Unrestricted funds can be used for any purpose at the discretion of the academy.

The academy's unrestricted and general restricted funds, excluding pension fund, were £157,362 as at 31 August 2021.

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	28,842	1,201,493	(1,063,442)	(149,374)	17,519
Start up grants	33,049	14,500	(47,549)	-	-
UIFSM	-	68,391	(68,391)	-	-
Pupil premium	-	17,067	(17,067)	-	-
Teachers pension grants	-	51,506	(51,506)	-	-
Teachers pay grants	-	14,929	(14,929)	-	-
PE and sports premium	-	17,760	(17,760)	-	-
Rates	-	8,020	(8,020)	-	-
Other DfE / ESFA grants	-	880	(880)	-	-
Other government grants	-	171,003	(166,605)	(4,398)	-
Pension reserve	(95,000)	-	(64,000)	(127,000)	(286,000)
	<u>(33,109)</u>	<u>1,565,549</u>	<u>(1,520,149)</u>	<u>(280,772)</u>	<u>(268,481)</u>
Restricted fixed asset funds					
DfE group capital grants	5,637,768	9,528	(185,116)	-	5,462,180
Capital expenditure from GAG	17,926	-	(12,935)	209,654	214,645
Start up grants	29,632	-	-	-	29,632
Other capital funding	6,714	-	(5,293)	-	1,421
	<u>5,692,040</u>	<u>9,528</u>	<u>(203,344)</u>	<u>209,654</u>	<u>5,707,878</u>
Total restricted funds	<u>5,658,931</u>	<u>1,575,077</u>	<u>(1,723,493)</u>	<u>(71,118)</u>	<u>5,439,397</u>
Unrestricted funds					
General funds	<u>23,948</u>	<u>140,192</u>	<u>(85,271)</u>	<u>(55,882)</u>	<u>22,987</u>
Total funds	<u>5,682,879</u>	<u>1,715,269</u>	<u>(1,808,764)</u>	<u>(127,000)</u>	<u>5,462,384</u>

MELROSE LEARNING TRUST

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

18 Funds (Continued)

Total funds analysis by academy

	2021	2020
	£	£
Fund balances at 31 August 2021 were allocated as follows:		
Wynyard Church of England Primary School	166,389	40,506
Esh C.E. Primary School	903	-
Central services	(9,930)	-
	<u>157,362</u>	<u>40,506</u>
Total before fixed assets fund and pension reserve		
Restricted fixed asset fund	5,637,860	5,707,878
Pension reserve	(987,000)	(286,000)
	<u>4,808,222</u>	<u>5,462,384</u>
Total funds		

The central function has a deficit balances at the year end as central capacity is established. The level of MAT costs will be more than covered by contributions from the academies in the following year, with the balance returning to surplus.

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2021	Total 2020
	£	£	£	£	£	£
Wynyard Church of England Primary School	1,153,058	233,188	63,002	311,434	1,760,682	1,541,420
Esh C.E. Primary School	245,893	72,027	12,244	47,304	377,468	-
Central services	24,004	4,921	12,466	69,370	110,761	-
	<u>1,422,955</u>	<u>310,136</u>	<u>87,712</u>	<u>428,108</u>	<u>2,248,911</u>	<u>-</u>

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Intangible fixed assets	-	-	4,319	4,319
Tangible fixed assets	-	-	5,633,541	5,633,541
Current assets	76,166	352,631	-	428,797
Creditors falling due within one year	-	(271,435)	-	(271,435)
Defined benefit pension liability	-	(987,000)	-	(987,000)
Total net assets	76,166	(905,804)	5,637,860	4,808,222

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Intangible fixed assets	-	-	6,108	6,108
Tangible fixed assets	-	-	5,701,770	5,701,770
Current assets	22,987	198,947	167,295	389,229
Creditors falling due within one year	-	(181,428)	(167,295)	(348,723)
Defined benefit pension liability	-	(286,000)	-	(286,000)
Total net assets	22,987	(268,481)	5,707,878	5,462,384

20 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 Middlesbrough Borough Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £35,428 (2020: £21,726) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

20 Pension and similar obligations

(Continued)

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:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to the TPS in the period amounted to £196,981 (2020: £143,518).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.6% for employers and 5.5 - 12.5% for employees.

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

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

MELROSE LEARNING TRUST

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

20 Pension and similar obligations (Continued)

Total contributions made	2021 £	2020 £
Employer's contributions	84,000	46,000
Employees' contributions	25,000	15,000
Total contributions	<u>109,000</u>	<u>61,000</u>

Principal actuarial assumptions	2021 % Esh	2021 % Wyn	2020 % Wyn
Rate of increase in salaries	3.7	3.6	3.2
Rate of increase for pensions in payment/inflation	2.7	2.6	2.2
Discount rate for scheme liabilities	1.7	1.7	1.7
Inflation assumption (CPI)	<u>2.7</u>	<u>2.6</u>	<u>2.2</u>

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

	2021 Years Esh	2021 Years Wyn	2020 Years Wyn
Retiring today			
- Males	22.3	21.9	21.8
- Females	24.3	23.6	23.5
Retiring in 20 years			
- Males	23.3	23.3	23.2
- Females	<u>25.8</u>	<u>25.4</u>	<u>25.3</u>

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

	2021 £	2020 £
Discount rate + 0.1%	866,000	429,000
Discount rate - 0.1%	906,000	468,000
Mortality assumption + 1 year	852,000	432,000
Mortality assumption - 1 year	921,000	464,000
CPI rate + 0.1%	901,000	449,000
CPI rate - 0.1%	<u>871,000</u>	<u>447,000</u>

MELROSE LEARNING TRUST

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

20 Pension and similar obligations (Continued)

The academy trust's share of the assets in the scheme	2021 Fair value £	2020 Fair value £
Equities	439,158	123,000
Government bonds	58,745	-
Corporate bonds	65,567	-
Cash	40,248	19,000
Property	44,230	13,000
Other assets	15,052	7,000
Total market value of assets	663,000	162,000

The actual return on scheme assets was £79,000 (2020: £3,000).

Amount recognised in the statement of financial activities	2021 £	2020 £
Current service cost	217,000	108,000
Interest income	(6,000)	(2,000)
Interest cost	16,000	4,000
Total operating charge	227,000	110,000

Changes in the present value of defined benefit obligations	2021 £	2020 £
At 1 September 2020	448,000	194,000
Obligations acquired on conversion	816,000	-
Current service cost	217,000	108,000
Interest cost	16,000	4,000
Employee contributions	25,000	15,000
Actuarial loss	131,000	128,000
Benefits paid	(3,000)	(1,000)
At 31 August 2021	1,650,000	448,000

MELROSE LEARNING TRUST

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

20 Pension and similar obligations	(Continued)		
Changes in the fair value of the academy trust's share of scheme assets			
	2021		2020
	£		£
At 1 September 2020	162,000		99,000
Assets acquired on conversion	316,000		-
Interest income	6,000		2,000
Actuarial gain	73,000		1,000
Employer contributions	84,000		46,000
Employee contributions	25,000		15,000
Benefits paid	(3,000)		(1,000)
	<u>663,000</u>		<u>162,000</u>
At 31 August 2021	<u>663,000</u>		<u>162,000</u>
21 Reconciliation of net expenditure to net cash flow from operating activities			
	2021		2020
	£		£
Net expenditure for the reporting period (as per the statement of financial activities)	(596,162)		(93,495)
Adjusted for:			
Net deficit on conversion to academy	458,948		-
Capital grants from DfE and other capital income	(19,247)		(9,528)
Investment income receivable	(32)		(143)
Defined benefit pension costs less contributions payable	133,000		62,000
Defined benefit pension scheme finance cost	10,000		2,000
Depreciation of tangible fixed assets	189,424		200,650
Loss on disposal of fixed assets	-		2,694
(Increase)/decrease in debtors	(49,177)		97,272
(Decrease)/increase in creditors	(77,288)		83,305
Stocks, debtors and creditors transferred on conversion	41,052		-
	<u>90,518</u>		<u>344,755</u>
Net cash provided by operating activities	<u>90,518</u>		<u>344,755</u>
22 Analysis of changes in net funds			
	1 September 2020	Cash flows	31 August 2021
	£	£	£
Cash	357,699	(9,609)	348,090
	<u>357,699</u>	<u>(9,609)</u>	<u>348,090</u>

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

23 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 £	2020 £
Amounts due within one year	7,052	6,961
Amounts due in two and five years	10,521	13,490
	<u>17,573</u>	<u>20,451</u>

24 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.

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 10.

25 Members' liability

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

26 Conversion to an academy

On 1 January 2021, Esh CE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Melrose Learning Trust from the County Durham Local Authority for £nil consideration.

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

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

Academy	Location	Date of conversion
Esh C.E. Primary School	Esh	1 January 2021

MELROSE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

26 Conversion to an academy

(Continued)

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	funds	General	Fixed asset	2021
	£	£	£	£
LA budget funds	41,052	-	-	41,052
LGPS pension funds	-	(500,000)	-	(500,000)
	<u>41,052</u>	<u>(500,000)</u>	<u>-</u>	<u>(458,948)</u>
	<u><u>41,052</u></u>	<u><u>(500,000)</u></u>	<u><u>-</u></u>	<u><u>(458,948)</u></u>

The buildings were transferred on a supplemental agreement and the value of fixed assets transferred to the trust were deemed to be immaterial, therefore only the reserves on conversion and LGPS liability have been transferred to the trust.