

Registration number: 09795288

# The Cherry Tree Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2021

# The Cherry Tree Trust

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# The Cherry Tree Trust

## Reference and Administrative Details

<b>Members</b>	Dr Matthew Johnson Mr Phil Moore Mrs Leslie Culf
<b>Trustees (Directors)</b>	Mrs Sarah Rudd Mr Andrew Wild Mr Barry Dawson (resigned Nov 2020) Mr Dan Lampard (resigned Oct 21) Mr David Thomas (resigned Nov 2020) Miss Jennifer Deegan Mr S Endress (appointed July 2021) Mrs J Reynolds (appointed May 2021)
<b>Senior Management Team</b>	
Executive Headteacher	Mrs Sarah Rudd
Head of School	Mrs R Perry
Assistant Head	Mrs J Stoud
Assistant Head	Mrs S Tait
Deputy Head	Mrs E Pattenden
<b>Company Name</b>	The Cherry Tree Trust
<b>Principal and Registered Office</b>	Firbank Road Newall Green Manchester M23 2YH
<b>Company Registration Number</b>	09795288
Independent Auditor	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD
Bankers	Lloyds Bank Market Street Manchester M1 1PW
Solicitors	Browne Jacobson 5 <sup>th</sup> Floor, Tower 12 18 – 22 Bridge Street Spinning Fields Manchester M3 3BZ

# The Cherry Tree Trust

## Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1<sup>st</sup> September to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 1 primary school in Wythenshawe called Newall Green Primary School. The school's pupil capacity of 765 and had a roll of 625 in the school census on 1st October 2020.

### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Cherry Tree Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Cherry Tree Trust Academy. The company registration number is: 09795288

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

Under the Companies Act 2006 s236 the directors confirm there are no third-party indemnity provisions in operation.

### Principle activities

- The Trust will establish schools that become the heart of the community. Developing pupils by embracing the whole family and supporting parents to support their child on their educational journey.
- The admissions policy and arrangements for the school within the trust will be in accordance with the admissions law, and the DfE code of practice as they apply to maintained schools.
- There is no charge in respect to admission to the school and the school will only charge pupil where the law allows maintained schools to charge.

### Method of Recruitment and Appointment or Election of Trustees

The trustees are directors of the charitable company for the purpose of the Companies Act 2006 and trustees for the purposes of charity legalisation.

Trustees serve in office for a period 4 years

1 x CEO – serving Head Teacher

5 x Executive directors appointed by The Cherry Tree Trust Members

Local Governing Body which has a constitution of:

3 x Trust Appointed Governors

2 x Staff Governors

2 x Parent Governor

# The Cherry Tree Trust

## Trustees' Report (continued)

**Strict regulations are followed for the recruiting of new trustees to the The Cherry Tree Trust Board or Governors to the LGB.**

- Education act 2012
- School Standards and Framework Act 1998
- Criminal Justice and Court Services Act 2000
- School Governance Regulations 2007
- Circular 7/87 Annex 9 Conduct of Trustee Elections
- Governing Body Constitutional Regulations 2012

During the period under review the Board of Trustees met 4 times  
The LGB met 5 times  
The Curriculum Committee met 6 times

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

Training and induction is provided for all new Trustees and Governors. This is set out in the Trustees & Governors handbook. Where gaps in skill sets occur training to cover Legalisation, Policy, Legal & Financial matters are purchased. Annual training on Child Protection is undertaken by the Trustees & Governors.

All Trustees and Governors declare annually any Pecuniary Interests and at any meetings if any matters arise in which they have any pecuniary interest.

### **Organisational Structure:**

The Cherry Tree Trust Board of Trustees x 5

Local Governing Body (LGB) x 6

School Leadership Team

(1 x Head Teacher, 1 x Head of School, 1 x Deputy Head Teacher, 2 Assistant Head Teachers, Year Group Leads, Subject Leads & 1 Business Manager)

### **Arrangements for setting pay and remuneration of key management personnel**

The pay is set for the Head Teacher, Head of School and Leadership team following the guidelines in the Teachers Terms and Conditions.

The pay for the head teacher is determined on the 'group size' of the school and can be increased by an extra 25% through Performance Management reviews.

Governors and Trustees are not a paid position within the Trust.  
The pay range is specified in the school's Pay Policy.

### **Trade union facility time**

There are no relevant union officials within Newall Green Primary School  
No time was spent on facility time

# The Cherry Tree Trust

## Trustees' Report (continued)

However, the Cherry Tree Trust pay Manchester City Council a contribution of £2,826 so that Union activities can take place and a sustained Union representation is maintained within the City of Manchester.

### **Related Parties and other Charities and Organisations.**

NGPS is not part of a soft federation nor is it part of any other organisation which impacts on the operating policies of The Cherry Tree Trust.

### **The Objectives & Aims**

The principle activity of The Cherry Tree Trust is the operation of Newall Green Primary School to provide education to the pupils aged 3-11.

Each year the Trust outlines its objectives for the year in line with the Vision and the Mission At Newall Green Primary School, we provide an environment where children feel happy, safe and ready to learn the knowledge and skills identified within the national curriculum. We recognise every child as a unique individual and we aim for all our pupils to have the knowledge, skills and attitudes that will enable them to be successful in their future careers.

### **Motto**

***'Aiming high to reach our goals'***

We will know when we have achieved our aim as pupils will have developed the five key life skills of:

- Problem solving
- Teamwork
- Self-management (initiative, organisation, accountability)
- Self-belief (confidence, resilience, positive attitude)
- Communication

The pupils will be able to demonstrate that:

**They are 'A good Peace Mala Pal'** this is someone who:

- has a good sense of British Values,
- Is able to empathise with others,
- has compassion and respect,
- is able to show forgiveness whilst being tolerant of others,
- can be patient
- is able to show courage.
- 

**They have Aspirations to be next stage ready: our pupils will:**

- have developed and realise their career aspirations.
- have developed the skills to be successful in the work place.
- be honest, punctual, behave respectfully and represent themselves well in the community.
- have reached age-related expectations or have fulfilled their academic potential – and are ready for their next stage of learning or have made good progress toward this.
- have a positive disposition and know how to manage their own wellbeing.

# The Cherry Tree Trust

## Trustees' Report (continued)

**They have a curious nature:** our pupils will:

- be motivated to learn
- be motivated to question and appreciate the world around us.

### Aims

We have revised the curriculum in line with the new Guidance in the Ofsted handbook.

**They have a good understanding of democracy:** our pupils will:

- understand right from wrong
- take ownership of their own actions and decision making
- have a good general knowledge so that they are able to make balanced arguments
- follow rules and respect the rules of the school, work place or community

We have devised a curriculum based upon the National Curriculum which best teaches our pupils the knowledge, skills and behaviours to achieve the above, based on the school context. So, that they develop the **Skill for life:**

### Schools Context

The curriculum was reviewed in Summer 2019, to make sure that it addressed the specific requirements of the learners within the school. Manchester's Neighbourhood Profile for Baguley shows that, compared with England as a whole, the children in this locality have a significantly worse:

- Proportion of children achieving a good level of development at age 5,
- Rate of GSCE achievement.
- Unemployment and long-term unemployment rates.
- Proportion of people with 'bad' or 'very bad' general health.
- Proportion of obese children.
- Proportion of binge drinking adults.
- Proportion of healthy eating adults.

The Greater Manchester Police Data also shows that there are high levels of Anti-Social behaviour and Violent or Sexual offences within the community.

**Ofsted feedback in 2018 highlighted that** – Teachers do not routinely plan tasks across the curriculum to explicitly challenge and stretch the most able pupils to reach the higher standards.

**To address the issues listed above** and to give our children the best start in life so that, ultimately, they succeed in their future careers we have adapted our curriculum so that children are able to:

- Access high standards of education so that they are able to attain the age-related expectations academically.
- Develop a high standard of linguistic skills so that they are able to communicate effectively.
- Develop a good general knowledge so that they can make sense of the world.
- Develop their understanding so that they make the **right healthy life style decisions**.
- Develop their understanding of relationships and how they should treat others so that they become citizens who understand and respect each other.

# **The Cherry Tree Trust**

## **Trustees' Report (continued)**

### **Principles**

For children to learn, there needs to be an acceptance that a teacher has been trained to share, develop and identify knowledge which in turn equips pupils with the skills to make sense of the world and improve the world. The teacher has also been trained to teach National Curriculum subjects English, mathematics, science, design and technology, history, geography, art and design, music, physical education (PE), including swimming, computing, ancient and modern foreign languages (at Key Stage 2).

### **Pedagogy**

- High quality teaching facilitates and promotes children's learning of specific knowledge and skills that will enable the pupils to develop the five key skills for life.
- An ambitious inclusive curriculum which is coherently planned and sequenced.

### **Public Benefit**

The Cherry tree Trust are committed to providing support for families of the children with school. We:

- Provide high quality education to the children who attend our school.
- Where home learning has to take place, we provide computers and data so that on-line learning can take place.
- We employ local people where possible.
- We encourage adults to engage with learning to make them work place ready. We provide adult education courses and work place experience to support adults back into the working world.
- To help families engage in education we support parents by running parenting workshops, we help with school uniform and food vouchers. We provide information about money management, housing, medication and we offer support to break down barriers that prevent children coming to school.

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

**Equal Opportunity Policy – this can be found on the school website**  
**<https://www.newallgreen.manchester.sch.uk/>**

The trustees recognise that equal opportunities should be an integral part of good practice within the work place. The Cherry Tree Trust aims to establish equal opportunity in all areas of activity including creating a working environment in which the contribution and needs of all people are fully valued.

Equal opportunities apply to all persons connected with the trust regardless of gender, race, religion or disability.

### **Strategic Report**

#### **Achievements and Performance**

This school continues to be good inspected 9/10/18  
The leadership team has maintained the good quality of education in the school since the last inspection.

See Appendix 1.



# The Cherry Tree Trust

## Trustees' Report (continued)

### Key Performance Indicators

#### Head Lines

- The pupil number on roll for 2020 – 2021 was 651  
The 2019 SATs evidence that children in school make good progress whilst learning at Newall Green Primary School. Children who were deemed disadvantaged made the most progress when comparing the different groups of children within school.
- There was 1 permanent exclusions in 2020 - 2021.

### Going Concern

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

### Financial Review

Most of the income is obtained from the Department of Education in its general annual grant (GAG). The school also charges for school meals and receives income from school meals. There are no companies adding to the finances through lettings but income is also generated by the before and after school club.

During the year ended 31<sup>st</sup> August 2021, total expenditure of £3,892,378 was incurred (which excludes depreciation of £160,718 and FRS 102 service and interest costs of £279,000. Recurrent grant income from the ESFA, together with other incoming resources totalled £3,959,970. The in-year surplus of general reserves was £5,208. Total general reserves carried forward amount to £408,567. This is in line with the Trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure.

At the 31<sup>st</sup> August 2021 the net book value of the fixed assets amounted to £3,492,602 and movements in fixed assets are shown in note 11 of the financial statements. The cost of fixed asset additions during the year ended 31<sup>st</sup> August 2021 amounted to £120,460.

The assets are used exclusively for providing education and the associated support services to the pupils of the academy.

During this period the school contributed £271,068 to the Teachers' Pension Scheme (TPS) and £173,081 to the Greater Manchester Local Government Pension scheme (LGPS) for non-teaching school employees.

£13,464 was also paid for staff insurance & maternity insurance.

### Reserves Policy

The trustees (Finance Committee) review the reserve funding level of the Academy annually when setting the annual budget. The level is set considering Income & expenditure and the need to cover any unforeseen circumstances that may occur. This level has been set at £100,000 and will be assessed each Autumn term of the Academy.

The Trust's current level of free (unrestricted general) reserves is £408,567

The Trust's current level of restricted general reserves is £nil.

# The Cherry Tree Trust

## Trustees' Report (continued)

Total reserves at 31<sup>st</sup> August 2021 are £1,609,753, including £3,914,186 of fixed assets reserve which can only be realised by disposing of tangible fixed assets, and the deficit to the Local Government Pension Scheme (LGPS) of £2,713,000.

### Investment Policy

Where the academy has surplus cash reserves, these are reviewed and placed on deposit. The academy does not invest in the capital markets.

### Plan for future periods.

The main emphasis over the forthcoming year will remain as being the teaching and learning of pupils with The Cherry Tree Trust striving to improve the outcomes for those pupils within the trust. There have been in total since the beginning of June 2021 18 classes having to go off to isolate - some only being back just one day before they had to go off again.

This has had a huge impact upon attendance the impact being that attendance falls to 72% when considering the amount of face to face teaching that has taken place.

We have had a good response to on-line learning throughout the Covid pandemic but we do have to support our learners where there are gaps that need addressing. We take a proactive approach and have a number of 'experts' who work with us to make sure that we have outstanding teaching and learning to support child development. Lost learning opportunities through Covid mean that it is even more essential to utilise our finances to provide wider learning opportunities through trips and experiences.

**Covid is a significant event on financial performance because** we were not able to run clubs so we lost income from this source however through good financial planning – using the catch-up premium (£45,280) -we have supported vulnerable pupils with boosting opportunities, ICT support and mental health and well-being support. 50 members of staff have had to isolate when the 18 classes isolated. A further 21 staff have isolated due to family members isolating. This has an impact with the amount of boosting that can take place as children are not in school and there is a limit to how much screen time is acceptable for a child to engage with.

We are working with the Literacy and maths hubs so that we have expert support to make sure our learners are given every opportunity to succeed. Using the expertise, we are able to identify areas where children can concentrate their efforts to develop skills ensuring that gaps in learning are identified to prevent misconcepts for example we are supporting learners in EYFS & KS1 to develop their phonics skills by investing in read, write Inc.

Covid remains a challenge and part of this challenge will be making sure there is adequate ventilation throughout school. Windows that function properly are an issue and consequently we will be placing a CIF bid to address the issues we have with our windows. We have kept some money in reserve to address this issue but we do not have enough to cover the whole cost.

We also have the need to open a Resourced Provision and we will be working with Manchester City Council to do this which will allow learners who need a modified curriculum the opportunity to engage in education in a small provision suited to their learning styles.

### Principal Risks and Uncertainties

The trustees have assessed the major risks to The Cherry Tree Trust as part of The Cherry Tree Trust risk assessment. In particular those relating to the specific teaching, child protection, provision of facilities and the operational area of the Trust and its finances.

The Cherry Tree Trust has implemented a number of systems to diminish the risks that the Trust faces. Operational procedures are in place to ensure staff are appropriately vetted as part of the recruitment programme. Staff are trained in Child protection and Health & safety so that the establishment is a safe place in which children can learn and flourish.

## The Cherry Tree Trust

### Trustees' Report (continued)

Systems are in place should the establishment suffer damage of either reputation or damage to the building. Loss of data or key personnel is also planned for.

Attainment which may affect the community's perception of the school is also planned for using the school development plan. The school reports regularly to The Cherry Tree Trust trustees the Key performance Indicators so that progress to target can be established and strategic plan amended where appropriate.

Finances are closely monitored so that funding cuts etc. are planned for. The appropriate insurances are held so that the risk of financial loss is minimised.

ICT policies & secure systems are in place so that data is confidential, children can use the ICT equipment and internet safely and information is backed up to prevent loss.

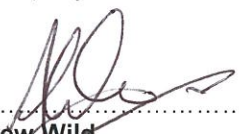
Robust internal checking procedures ensure that there is a defined division of duties to prevent fraud. Covid also has a financial effect with falling numbers in Nursery as parents are choosing to wait to start their children in Reception. In conjunction with this we have an increase in working parents who are not eligible for Pupil Premium and consequently this has meant that our income has diminished substantially. To plan for this we sort the advice from the EFA and a SRMA review took place that informed us of the areas where we could make financial savings to offset the loss of income from falling Nursery numbers and reduction in Pupil Premium funding.

#### **Auditor**

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2021 and signed on the board's behalf by:

  
.....  
**Andrew Wild**  
Trustee

**13 December 2021**

# The Cherry Tree Trust

## Governance Statement

### Scope of Responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Head, 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 The Cherry Tree Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

It has been a challenging year with Covid and for Governors it has been difficult to build a picture of school life remotely via Microsoft Teams. For this reason, we have had weekly meetings so that Governors have the opportunity to form a clear picture and have clarity of the situation to inform decision making. Parent Governors have been integral in the feedback from parents allowing the Governing Body to share information and make appropriate decisions to keep the community safe.

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Andrew Wild	4	4
Dan Lampard	4	4
Jen Deegan	4	4
Jo Reynolds (new)	2	4
Steve Endress (new)	0	4

The Board of Directors have met once this year on:  
14<sup>th</sup> December 2020

<b>Director</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Matthew Johnson	1	1
Lesley Culf	1	1
Phil Moore	1	1

# The Cherry Tree Trust

## Governance Statement (continued)

### Review of Value for Money

As accounting officer, the Chief executive 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:

- Maintaining the upkeep of the building, decorating classrooms, replacing the Nursery roof, improving storage, improving pathways, increasing access to school in line with Covid guidance.
- Developing the curriculum ensuring resources optimise learning opportunities. Training the staff on the delivery of Phonics, Reading and Writing. Developing teachers' skills in teaching speech and language interventions. Purchasing new iPad, interactive Smart TVs, Out-door learning equipment and PE equipment.
- We have worked with Manchester City Council to establish a Resources Provision where children with physical learning needs can access education through a modified curriculum specific to their needs and an Alternative Provision where those children at risk of exclusion from schools within Wythenshawe are educated whilst their EHCP and appropriate school is organised.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cherry Tree Trust for the period 1<sup>st</sup> September 2020 to 31<sup>st</sup> August 2021 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1<sup>st</sup> September 2020 to 31 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:

## The Cherry Tree Trust

### Governance Statement (continued)

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

The board of trustees has considered the need for a specific internal audit function and has decided:

To appoint Manchester City Council as our internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of internal checks on the academy trust's financial systems. On a half yearly basis, the auditor submits a report to the Headteacher and Business Manager on the findings of his audit work and this is then submitted to the Governing Body. Any actions are discussed and timescales agreed to address the actions raised.

On 12<sup>th</sup> November 2020 Dharmila Khimani from MCC Internal Audit carried out the checks listed below:

- Finance Policies
- Budget Monitoring at Trustee level
- Long Term Finance Planning
- Monthly monitoring reporting to Trustees
- Financial Reconciliations
- Expenditure

On an annual basis the auditor's report is presented to the LGB and the Board of Directors on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

#### Review of Effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the internal auditor and a plan to address weaknesses as identified and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2021 and signed on its behalf by:

  
.....  
**Andrew Wild**  
Trustee

  
.....  
**Sarah Rudd**  
Accounting Officer

## The Cherry Tree Trust

### Statement of Regularity, Propriety and Compliance

As Accounting Officer of The Cherry Tree 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 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 the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA

- **Non-financial issues**

The trust prepares management accounts every month that the school is open. In August however, there is a problem as bank statements and invoices that are delivered by post are unobtainable due to school being closed during this time. Trustees have a good overview of the finances, the income and expenditure is planned, so that financial viability is maintained. No monthly account was prepared for August as it was not physically possible to produce information that correctly shows our position at that time.

The monthly management accounts include income and expenditure account, variation to budget report, cash flows and balance sheet. For August direct debits and standing orders are paid which have been planned for and all other spending is adjusted in September when staff return to school.

In January 2022 we are employing the services of a qualified accountant who currently supports many Trusts. Part of his role will be to transfer the current system on to a more streamline paperless system so that through an electronic portal he could create an August return. This was scheduled for earlier this year, in light of the recommendations from last years accounts return, but due to Covid restrictions on visitors to school, it has been delayed until January 2022.



S Rudd  
Accounting Officer

13 December 2021

## The Cherry Tree Trust

### Statement of Trustees' Responsibilities

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

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

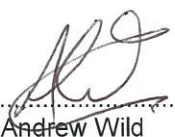
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Board of Trustees on 13 December 2021 and signed on its behalf by:

  
.....  
Mr Andrew Wild  
Trustee



## The Cherry Tree Trust

### Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust

#### Opinion

We have audited the financial statements of The Cherry Tree Trust (the 'Academy') for the year ended 31 August 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs 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 Academies Accounts Direction 2020 to 2021.

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

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 (covers the Reference and Administrative Details, the Trustees' Report and the Governance Statement)

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

## The Cherry Tree Trust

### Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust (continued)

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

We have nothing to report in this regard.

#### **Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 14], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## The Cherry Tree Trust

### Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the trust through discussions with directors and other management, and from our commercial knowledge and experience of the academies sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the trust, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the trust's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charges with governance
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, and the trust's legal advisors

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## The Cherry Tree Trust

### Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust (continued)

#### Use of our report

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

.....  
Anna Bennett (Senior Statutory Auditor)  
For and on behalf of Hallidays, Statutory Auditor

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date:.....

## **The Cherry Tree Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to The Cherry Tree Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 21 May 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 The Cherry Tree 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 The Cherry Tree Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Cherry Tree Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Cherry Tree Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the The Cherry Tree Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Cherry Tree Trust's funding agreement with the Secretary of State for Education dated 27 October 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 year from 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.

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the trust are within the trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the trust and extended the procedures required for financial statements to include regularity.

## The Cherry Tree Trust

### Independent Reporting Accountant's Assurance Report on Regularity to The Cherry Tree Trust and the Education and Skills Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the trust's delegated authorities and that the internal delegations have been approved by the Trust Board and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the trust's charitable objects.

#### Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 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.

- During the year, the academy trust prepared monthly management accounts.

August management accounts were not prepared due to the school being closed over the summer holidays. The Trust were therefore not sharing management accounts with the chair of trustees every month as required by the Academies Financial Handbook 2019.

.....  
Reporting Accountant

Hallidays  
Chartered Accountants  
and  
Registered Auditors

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date:.....

## The Cherry Tree Trust

### Statement of Financial Activities for the Year Ended 31 August 2021 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2020/21 Total £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	3,585	-	551,629	555,214
Other trading activities	4	45,686	-	-	-	45,686
Investments	5	58	-	-	-	58
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	3,910,641	-	-	3,910,641
<b>Total</b>		45,744	3,914,226	-	551,629	4,511,599
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	3,892,378	279,000	152,859	4,324,237
Net income/(expenditure)		45,744	21,848	(279,000)	398,770	187,362
Transfers between funds		(2,503)	(25,348)	-	27,851	-
<b>Other recognised gains and losses</b>						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	-	(386,000)	-	(386,000)
Net movement in funds/(deficit)		43,241	(3,500)	(665,000)	426,621	(198,638)
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2020		399,859	3,500	(2,048,000)	3,532,860	1,888,219
Total funds/(deficit) carried forward at 31 August 2021		443,100	-	(2,713,000)	3,959,481	1,689,581

## The Cherry Tree Trust

### Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)


	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £
<b>Income and endowments from:</b>						
Donations and capital grants	2	124	-	-	11,151	11,275
Other trading activities	4	43,581	-	-	-	43,581
Investments	5	227	-	-	-	227
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	3,617,943	-	-	3,617,943
<b>Total</b>		43,932	3,617,943	-	11,151	3,673,026
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	3,576,101	245,000	151,936	3,973,037
Net income/(expenditure)		43,932	41,842	(245,000)	(140,785)	(300,011)
Transfers between funds		-	(42,350)	-	42,350	-
<b>Other recognised gains and losses</b>						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	-	(19,000)	-	(19,000)
Net movement in funds/(deficit)		43,932	(508)	(264,000)	(98,435)	(319,011)
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2019		355,927	4,008	(1,784,000)	3,631,295	2,207,230
Total funds/(deficit) carried forward at 31 August 2020		399,859	3,500	(2,048,000)	3,532,860	1,888,219



**The Cherry Tree Trust**  
**(Registration number: 09795288)**  
**Balance Sheet as at 31 August 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	3,496,639	3,532,860
<b>Current assets</b>			
Debtors	12	614,708	105,175
Cash at bank and in hand		<u>440,268</u>	<u>485,884</u>
		1,054,976	591,059
Creditors: Amounts falling due within one year	13	<u>(134,394)</u>	<u>(187,700)</u>
Net current assets		<u>920,582</u>	<u>403,359</u>
Total assets less current liabilities		4,417,221	3,936,219
Creditors: Amounts falling due after more than one year	14	<u>(14,640)</u>	-
Net assets excluding pension liability		4,402,581	3,936,219
Defined benefit pension scheme liability	24	<u>(2,713,000)</u>	<u>(2,048,000)</u>
Net assets including pension liability		<u><u>1,689,581</u></u>	<u><u>1,888,219</u></u>
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>			
Restricted general fund	15	-	3,500
Restricted fixed asset fund	15	3,959,481	3,532,860
Restricted pension fund	15	<u>(2,713,000)</u>	<u>(2,048,000)</u>
		1,246,481	1,488,360
<b>Unrestricted funds</b>			
Unrestricted general fund	15	<u>443,100</u>	<u>399,859</u>
Total funds		<u><u>1,689,581</u></u>	<u><u>1,888,219</u></u>

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue on 13 December 2021 and signed on their behalf by:

  
 .....  
 Mr Andrew Wild  
 Trustee

## The Cherry Tree Trust

### Statement of Cash Flows for the year ended 31 August 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(474,569)	28,422
Cash flows from investing activities	20	414,313	(42,123)
Cash flows from financing activities		<u>14,640</u>	<u>-</u>
Change in cash and cash equivalents in the year		(45,616)	(13,701)
Cash and cash equivalents at 1 September		<u>485,884</u>	<u>499,585</u>
Cash and cash equivalents at 31 August	21	<u><u>440,268</u></u>	<u><u>485,884</u></u>

# The Cherry Tree 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.

#### **Basis of preparation**

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

#### **Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

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

#### **Grants**

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 year 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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 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 financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

##### ***Donated fixed assets***

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

##### ***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 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.

# The Cherry Tree Trust

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 1 Accounting policies (continued)

#### *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.

#### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. 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 over its expected useful lives, per the table below.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land	0.80% straight line
Leasehold buildings	2% straight line
Furniture, fittings and equipment	20% reducing balance
Computer hardware	33.33% straight line
Plant & Machinery	20% reducing balance
Motor Vehicles	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

#### **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.

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 1 Accounting policies (continued)

##### *Provisions*

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

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

##### **Leased assets**

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

##### **Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

##### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 1 Accounting policies (continued)

##### Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

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

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

##### 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.

Restricted pension funds comprise all income, costs and actuarial valuations associated with the Local Government pension scheme (LGPS).

##### Critical accounting estimates and areas of judgement

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

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 1 Accounting policies (continued)

##### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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.

#### 2 Donations and capital grants

	<b>Restricted funds £</b>	<b>Restricted fixed asset funds £</b>	<b>2020/21 Total £</b>	<b>2019/20 Total £</b>
Educational trips and visits	3,585	-	3,585	-
Capital grants	-	530,893	530,893	11,151
Other donations	-	-	-	124
Donated fixed assets	-	20,736	20,736	-
	<u>3,585</u>	<u>551,629</u>	<u>555,214</u>	<u>11,275</u>



## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £	2020/21 Total £	2019/20 Total £
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	2,603,649	2,603,649	2,593,095
Other DfE/ESFA grants	111,972	111,972	91,814
Teachers pension grant	84,621	84,621	86,060
Pupil premium	488,141	488,141	479,251
	<u>3,288,383</u>	<u>3,288,383</u>	<u>3,250,220</u>
<b>Other government grants</b>			
Local authority grants	572,293	572,293	367,723
<b>Covid-19 additional funding (DfE/ESFA)</b>			
Catch-up premium	45,280	45,280	-
Other COVID-19 funding	4,685	4,685	-
	<u>49,965</u>	<u>49,965</u>	<u>-</u>
Total grants	<u>3,910,641</u>	<u>3,910,641</u>	<u>3,617,943</u>

The academy received £45,280 of funding for catch-up premium and costs incurred in respect of this funding totalled £45,280.

#### 4 Other trading activities

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Hire of facilities	-	-	1,460
Catering income	13,528	13,528	-
Other sales	32,158	32,158	42,121
	<u>45,686</u>	<u>45,686</u>	<u>43,581</u>

#### 5 Investment income

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Short term deposits	58	58	227

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 6 Expenditure

	Non Pay Expenditure			2020/21	2019/20
	Staff costs £	Premises £	Other costs £	Total £	Total £
<b>Academy's educational operations</b>					
Direct costs	2,603,104	120,053	212,175	2,935,332	2,764,576
Allocated support costs	665,240	310,390	413,275	1,388,905	1,208,461
	<u>3,268,344</u>	<u>430,443</u>	<u>625,450</u>	<u>4,324,237</u>	<u>3,973,037</u>

#### Net income/(expenditure) for the year includes:

	2020/21 £	2019/20 £
Operating leases - other leases	50,723	58,178
Fees payable to auditor - audit	7,800	7,755
- other audit services	5,200	5,005
Depreciation	<u>160,718</u>	<u>151,936</u>

#### 7 Charitable activities

	Total 2021 £	Total 2020 £
Direct costs - educational operations	2,935,332	2,764,576
Support costs - educational operations	1,388,905	1,208,461
	<u>4,324,237</u>	<u>3,973,037</u>

	Educational operations £	2020/21 Total £	2019/20 Total £
<b>Analysis of support costs</b>			
Support staff costs	665,240	665,240	570,195
Depreciation	32,806	32,806	19,108
Technology costs	7,822	7,822	1,028
Premises costs	277,584	277,584	244,309
Other support costs	392,220	392,220	360,156
Governance costs	13,233	13,233	13,665
Total support costs	<u>1,388,905</u>	<u>1,388,905</u>	<u>1,208,461</u>

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 8 Staff

##### Staff costs

	2020/21 £	2019/20 £
<b>Staff costs during the year were:</b>		
Wages and salaries	2,329,750	2,260,030
Social security costs	202,398	194,976
Pension costs	687,149	604,691
	3,219,297	3,059,697
Agency staff costs	46,447	7,449
Staff restructuring costs	2,600	-
	3,268,344	3,067,146
		<b>2021 £</b>
<b>Staff restructuring costs comprise:</b>		
Severance payments		2,600

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £2,600 (2020: £Nil). Individually, the payments were:

Non-statutory payments £2,600

##### Staff numbers

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

	2020/21 No	2019/20 No
Teachers	31	32
Administration and support	78	77
Management	6	6
	115	115

##### Higher paid staff

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

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 8 Staff (continued)

	2021 No	2020 No
£60,001 - £70,000	1	-
£90,001 - £100,000	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 key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £418,661 (2020: £394,520).

#### 9 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Mrs Sarah Rudd (Accounting officer) (Headteacher):

Remuneration: £90,000 - £95,000 (2020 - £90,000 - £95,000)

Employer's pension contributions: £20,000 - £25,000 (2020 - £20,000 - £25,000)

Other related party transactions involving the trustees are set out in note 25.

#### 10 Trustees' and officers' insurance

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

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer hardware £	Total £
<b>Cost</b>				
At 1 September 2020	3,425,000	609,481	95,990	4,130,471
Additions	<u>53,005</u>	<u>16,692</u>	<u>46,941</u>	<u>116,638</u>
At 31 August 2021	<u>3,478,005</u>	<u>626,173</u>	<u>142,931</u>	<u>4,247,109</u>
<b>Depreciation</b>				
At 1 September 2020	311,769	220,780	65,062	597,611
Charge for the year	<u>64,514</u>	<u>70,702</u>	<u>17,643</u>	<u>152,859</u>
At 31 August 2021	<u>376,283</u>	<u>291,482</u>	<u>82,705</u>	<u>750,470</u>
<b>Net book value</b>				
At 31 August 2021	<u>3,101,722</u>	<u>334,691</u>	<u>60,226</u>	<u>3,496,639</u>
At 31 August 2020	<u>3,113,231</u>	<u>388,701</u>	<u>30,928</u>	<u>3,532,860</u>

#### 12 Debtors

	2021 £	2020 £
VAT recoverable	35,983	14,360
Other debtors	14,640	-
Prepayments	4,157	-
Accrued grant and other income	<u>559,928</u>	<u>90,815</u>
	<u>614,708</u>	<u>105,175</u>

#### 13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	40,838	27,277
Other creditors	-	51,233
Accruals	70,752	84,811
Deferred income	<u>22,804</u>	<u>24,379</u>
	<u>134,394</u>	<u>187,700</u>

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 13 Creditors: amounts falling due within one year (continued)

	2021 £	2020 £
<b>Deferred income</b>		
Deferred income at 1 September 2020	24,379	20,011
Resources deferred in the period	22,804	24,379
Amounts released from previous periods	<u>(24,379)</u>	<u>(20,011)</u>
Deferred income at 31 August 2021	<u>22,804</u>	<u>24,379</u>

At the balance sheet date the academy trust was holding funds received in advance for UIFSM and rates relief in respect of the academic year 2021/22.

#### 14 Creditors: amounts falling due after one year

	2021 £
Salix loans	<u>14,640</u>

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Funds

	Balance at 1 September 2020 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2021 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	3,500	2,603,649	(2,581,801)	(25,348)	-
Other DfE/ESFA grants	-	111,972	(111,972)	-	-
Teachers pension grant	-	84,621	(84,621)	-	-
Pupil premium	-	488,141	(488,141)	-	-
Coronavirus Job Retention Scheme Grant	-	45,280	(45,280)	-	-
Other COVID-19 funding	-	4,685	(4,685)	-	-
Other restricted income	-	575,878	(575,878)	-	-
	<u>3,500</u>	<u>3,914,226</u>	<u>(3,892,378)</u>	<u>(25,348)</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
Fixed assets transferred upon conversion	3,105,395	-	(132,433)	-	2,972,962
DfE/ESFA capital grants	185,280	530,893	(18,000)	-	698,173
Capital expenditure from GAG	242,185	-	(2,426)	27,851	267,610
Donated Fixed assets	-	20,736	-	-	20,736
	<u>3,532,860</u>	<u>551,629</u>	<u>(152,859)</u>	<u>27,851</u>	<u>3,959,481</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(2,048,000)</u>	<u>-</u>	<u>(279,000)</u>	<u>(386,000)</u>	<u>(2,713,000)</u>

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Funds (continued)

	Balance at 1 September 2020 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2021 £
Total restricted funds	1,488,360	4,465,855	(4,324,237)	(383,497)	1,246,481
<b>Unrestricted funds</b>	399,859	45,744	-	(2,503)	443,100
Unrestricted general funds	1,888,219	4,511,599	(4,324,237)	(386,000)	1,689,581
Total funds					



The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Funds (continued)

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

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	4,008	2,593,095	(2,551,253)	(42,350)	3,500
Other DfE/ESFA grants	-	91,814	(91,814)	-	-
Teachers pension grant	-	86,060	(86,060)	-	-
Pupil premium	-	479,251	(479,251)	-	-
Other restricted income	-	367,723	(367,723)	-	-
	4,008	3,617,943	(3,576,101)	(42,350)	3,500
<b>Restricted fixed asset funds</b>					
Fixed assets transferred upon conversion	3,238,895	-	(133,500)	-	3,105,395
DfE/ESFA capital grants	182,120	11,151	(7,991)	-	185,280
Capital expenditure from GAG	210,280	-	(10,445)	42,350	242,185
	3,631,295	11,151	(151,936)	42,350	3,532,860
<b>Restricted pension funds</b>					
Pension reserve	(1,784,000)	-	(245,000)	(19,000)	(2,048,000)
Total restricted funds	1,851,303	3,629,094	(3,973,037)	(19,000)	1,488,360

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Funds (continued)

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>					
Unrestricted general funds	355,927	43,932	-	-	399,859
Total funds	<u>2,207,230</u>	<u>3,673,026</u>	<u>(3,973,037)</u>	<u>(19,000)</u>	<u>1,888,219</u>

The academy trust is not subject to GAG carried forward limits.

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the Academy.

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

Unrestricted funds are funds which the Trustees may use in the pursuance of the Academy's objectives and are expendable at the discretion of the Trustees.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,496,639	3,496,639
Current assets	443,100	149,034	462,842	1,054,976
Current liabilities	-	(134,394)	-	(134,394)
Creditors over 1 year	-	(14,640)	-	(14,640)
Pension scheme liability	-	(2,713,000)	-	(2,713,000)
Total net assets	443,100	(2,713,000)	3,959,481	1,689,581

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,532,860	3,532,860
Current assets	399,859	191,200	-	591,059
Current liabilities	-	(187,700)	-	(187,700)
Pension scheme liability	-	(2,048,000)	-	(2,048,000)
Total net assets	399,859	(2,044,500)	3,532,860	1,888,219

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 17 Capital commitments

	2021 £
Contracted for, but not provided in the financial statements	<u>445,093</u>

#### 18 Long-term commitments, including operating leases

##### *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	18,577	49,739
Amounts due between one and five years	<u>17,209</u>	<u>22,607</u>
	<u>35,786</u>	<u>72,346</u>

#### 19 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2020/21 £	2019/20 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	187,362	(300,011)
Depreciation	152,859	151,936
Capital grants from DfE and other capital income	(530,893)	(11,151)
Interest receivable	(58)	(227)
Defined benefit pension scheme cost less contributions payable	243,000	211,000
Defined benefit pension scheme finance cost	36,000	34,000
(Increase)/decrease in debtors	(509,533)	125,466
Decrease in creditors	<u>(53,306)</u>	<u>(182,591)</u>
Net cash (used in)/provided by Operating Activities	<u>(474,569)</u>	<u>28,422</u>

#### 20 Cash flows from investing activities

	2020/21 £	2019/20 £
Dividends, interest and rents from investments	58	227
Purchase of tangible fixed assets	(116,638)	(53,501)
Capital funding received from sponsors and others	<u>530,893</u>	<u>11,151</u>
Net cash provided by/(used in) investing activities	<u>414,313</u>	<u>(42,123)</u>

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 21 Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	<u>440,268</u>	<u>485,884</u>
Total cash and cash equivalents	<u>440,268</u>	<u>485,884</u>

#### 22 Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash	485,884	(45,616)	440,268
Loans falling due after more than one year	<u>-</u>	<u>(14,640)</u>	<u>(14,640)</u>
Total	<u>485,884</u>	<u>(60,256)</u>	<u>425,628</u>

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 23 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.

#### 24 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury 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:

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 24 Pension and similar obligations (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £271,068 (2020: £249,638). 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 contribution made for the year ended 31 August 2021 was £226,000 (2020 - £187,000), of which employer's contributions totalled £172,000 (2020 - £143,000) and employees' contributions totalled £54,000 (2020 - £44,000). The agreed contribution rates for future years are 18.5 per cent for employers and banded from 5.5 to 12.5 per cent for employees.

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

#### Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	3.70	3.00
Rate of increase for pensions in payment/inflation	2.90	2.20
Discount rate for scheme liabilities	<u>1.70</u>	<u>1.70</u>

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

**The Cherry Tree Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2021  
(continued)**

**24 Pension and similar obligations (continued)**

	<b>2021</b>	<b>2020</b>
<b>Retiring today</b>		
Males retiring today	20.50	20.50
Females retiring today	23.30	23.10
<b>Retiring in 20 years</b>		
Males retiring in 20 years	21.90	22.00
Females retiring in 20 years	<u>25.30</u>	<u>25.00</u>



## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 24 Pension and similar obligations (continued)

##### Sensitivity analysis

	2021 £	2020 £
Discount rate -0.5%	125,000.00	487,000.00
Salary Increase Rate +0.5%	6,000.00	25,000.00
Pension Increase Rate +0.5%	<u>117,000.00</u>	<u>455,000.00</u>

The academy trust's share of the assets in the scheme were:

	2021 £	2020 £
Equities	2,088,000	1,570,000
Government bonds	441,000	369,000
Property	206,000	162,000
Cash and other liquid assets	<u>206,000</u>	<u>208,000</u>
Total market value of assets	<u>2,941,000</u>	<u>2,309,000</u>

The actual return on scheme assets was £473,000 (2020 - (£16,000)).

## The Cherry Tree Trust

### Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

#### 24 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	2020/21 £	2019/20 £
Current service cost	(243,000)	(211,000)
Interest income	41,000	41,000
Interest cost	<u>(77,000)</u>	<u>(75,000)</u>
Total amount recognized in the SOFA	<u>(279,000)</u>	<u>(245,000)</u>

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

	2020/21 £	2019/20 £
At start of period	4,357,000	3,991,000
Current service cost	415,000	354,000
Interest cost	77,000	75,000
Employee contributions	54,000	44,000
Actuarial (gain)/loss	818,000	(38,000)
Benefits paid	<u>(67,000)</u>	<u>(69,000)</u>
At 31 August	<u>5,654,000</u>	<u>4,357,000</u>

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

	2020/21 £	2019/20 £
At start of period	2,309,000	2,207,000
Interest income	41,000	41,000
Actuarial gain/(loss)	432,000	(57,000)
Employer contributions	172,000	143,000
Employee contributions	54,000	44,000
Benefits paid	<u>(67,000)</u>	<u>(69,000)</u>
At 31 August	<u>2,941,000</u>	<u>2,309,000</u>

#### 25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

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