

**AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021



AFFINITY MULTI ACADEMY TRUST

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AFFINITY MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mitchell Burden (resigned 16 February 2021) Jeremy Pallant (resigned 16 February 2021) Peter Wood Robin Hall (appointed 16 February 2021) Sandra Willatt (appointed 16 February 2021)
Trustees	Lynne Pritchard, Chair Laura Mills, Vice Chair (resigned 25 January 2021) Sally Chestnutt Robert King Rita Drinkwater (appointed 31 October 2020) Lorraine Daniels (appointed 1 September 2021) Sheila Edwards (appointed 1 September 2021) Anne Hancock (appointed 1 September 2021)
Company registered number	08117759
Company name	Affinity Multi Academy Trust
Principal and registered office	Meadowgate Lane Wisbech PE13 2JH
Chief Executive Officer	Michelle Flanz
Senior Management Team	Michelle Flanz, Headteacher Lisa Gill, Deputy Headteacher Andrea Scott, Finance Officer Karen Barber, Middle Management Matthew Eldridge, Middle Management Matthew Gill, Middle Management
Independent Auditors	Price Bailey LLP Causeway House 1 Dane Street Bishop's Stortford CM23 3BT
Bankers	Lloyds Bank Plc 3 North Brink Wisbech PE131JT
Solicitors	LGSS Law Limited Priory House Monks Walk Chicksands Shefford SG17 5TQ

AFFINITY MULTI ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Affinity Multi Academy Trust ("the Charitable Company" or "the Trust") for the year 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 one Academy school for pupils aged 3 to 19 years serving a catchment area in Fenland, Cambridgeshire. It has a pupil capacity of 158 and had a roll of 170 in the 2018 school census. In September 2021 it had 178 pupils. The Academy opened on 1 April 2017.

Structure, Governance and Management Constitution

The 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. The Trustees of Affinity Multi Academy Trust are also the Directors of the Charitable Company for the purposes of company law. Within this report the terms Trustee and Director are interchangeable.

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance and Personnel Committee (FPC). The Academy has a Local Governing Body (LGB) who supports the Trust's FPC in the monitoring of their Academy within agreed budgets. Within this Report, the term Trustee refers to a member of the Board of Trustees and the term Governor to a member of an LGB. Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' and Officers' Indemnities

The Trust has secured insurance cover through Zurich. The policy protects Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £5,000,000. It is not possible to quantify the Trustees, Governors and Officers indemnity element from the overall cost of the Trust policy.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement. Trustees are appointed for a fixed term. The previous Executive Headteacher is an ex officio member of the Board of Trustees however at the current time the new Headteacher (and Chief Executive Officer) has not been elected to the Board. Parent Trustees and the staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for eight Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides internal training led by Trust and School staff and also links with a number of local training providers.

All new Trustees and Governors have an induction programme, according to their need, which includes introductory sessions, mentoring, formal training courses, and a tour of their School. This process will involve a meeting with the Chair of Trustees or Chair of the LGB as necessary, selected students and staff. All Trustees and Governors are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees and Governors with particular emphasis on the committee work that they will undertake.

AFFINITY MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees meets on at least six occasions per year and is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust by the use of those budgets and making major decisions about the direction of the Trust, capital expenditure, senior staff appointments and executive pay.

The Governors within their LGB's which meet on at least six occasions each year are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits. Governors are members of one or two sub-committees, the terms of reference for which are reviewed annually, who report to the Board of Trustees.

The Academy Senior Leadership Teams (SLT's) control the Academy at an executive level implementing policies and reporting to their LGB. The SLT is responsible for the day to day operation of the Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending in accordance with the agreed spending limits within financial regulations and agreed budgets and for the appointment of staff, below senior leadership level i.e. Deputy and above, following vetting and safeguarding recruitment processes.

The Executive Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Trust. The Executive Headteacher manages the Trust on a daily basis supported by a Senior Management Team comprising a Deputy Headteacher and three Heads of School who look across the Trust and aligns local SLT and LGB activity to the strategic aims of the Trust as a whole. The Trust Senior Management Team meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Board of Trustees as required for approval.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies. All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

Trade Union Facility Time

During the year one employee of the Trust, on a 100% full time equivalent contract, acted as a union official. The employee spent six hours (equating to less than 1%) of their time on union facility. The total cost of facility time is £573 for the year.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees and LGB's being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a Trustee or a Governor may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee or Governor may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust did not cooperate with any related party during the academic year in pursuit of its charitable activities and does not have a formal sponsor.

AFFINITY MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and Activities

Objects and Aims

The principal object and aim of the Trust is the operation of a family of Academies to provide free education and care for pupils of different abilities between the ages of 3 and 19. Specifically to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

Objectives, Strategies and Activities

During the year the Trust has worked towards these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- developing resilient, resourceful students;
- adapting and applying skills for flexible life-long learning;
- improving the effectiveness of School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended; and
- conducting the Trust's business in accordance with the highest standards of integrity.

Our success in fulfilling our aims can be measured by:

- Outstanding Ofsted inspection February 2020

Public Benefit

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

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their School.

Specific achievements were as follows:

- Outstanding Ofsted inspection February 2020
- All year 14 students achieved expected passes within vocational subjects.
- 4 staff completed their foundation degrees.
- Completion of CIF bid work replacing roof on older section of the building.
- KS4 & 5 students still completed accredited courses during lockdown.

Key Performance Indicators (KPI)

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

Financial

As funding is based on pupil numbers this is a KPI. Pupil numbers for 2020/21 were 178 against a budget of 170.

A further KPI is staffing costs as a percentage of total recurring income. For 2020/21 this was 76% against set parameters of 83%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures all approved by them.

AFFINITY MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Financial (Continued)

The Finance Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board

Non-Financial

Meadowgate was found to be outstanding by Ofsted in February 2020. We are oversubscribed annually. All Academy leavers accepted a place at college of their choice or a placed in supportive living,

Going Concern

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

In making this statement the Board of Trustees have taken into due consideration the effects upon the Trust of the COVID-19 pandemic, the partial closure of the School during the period and the changes in practices introduced from the 2020 Autumn term.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2021 the Trust received £4,291,675 (2020: £4,046,668) of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent a total of £4,634,473 (2020: £4,565,296) including capital projects. The Trust brought forward from 19/20, £239,875 of restricted funds and £34,248 of unrestricted. The carry forward for 20/21 is £423,829 of restricted funds and £66,968 of unrestricted.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £4,987,000 (2020: £3,400,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £66,968 (2020: £34,248). This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2021 was £490,797 (2020: £274,123).

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £556,607 (2020: £334,846). A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure.

AFFINITY MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Investment Policy

An Investment Policy was approved by the Board of Trustees in April 2017.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust and the individual Schools are exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance Committee meeting. The principal risks facing the Trust are outlined below; those facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Trust has considerable reliance on continued Government funding through the ESFA and whilst there has been a small injection of additional funding this will not be enough to counteract the rise of the minimum wage, teachers pensions contribution rise and any other additional costs that the Government may choose to introduce;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Schools is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the school is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - the Trustees have appointed Directors to carry out a programme of internal scrutiny which includes independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low;

AFFINITY MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

- COVID-19 – the disruption to the School during the 2020/21 academic year brought a reduction in external income and a number of additional costs, not all of which were recoverable from Government. Autumn term 2021 opened with new restrictions around class sizes and social distancing among other things. The risk of a School having to close due to localised infections has been mitigated by extensive risk assessment planning and amended working practices; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Trust is the annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust only held small fundraising events during the year including quiz nights and discos. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events. All fundraising undertaken during the year was monitored by the Trustees.

Plans for Future Periods

The Trust has plans to grow the School by applying for a CIF bid to expand the site. There is currently only one school in the Trust and no immediate plans for new schools to join the Trust however the Trustees may consider this in the future.

Funds Held as Custodian Trustee on Behalf of Others

The Trust acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds.

Provision of Information to Auditors

Insofar as the Trustees are aware there is no relevant audit information of which the Charitable Company's Auditors are unaware, and the Trustees have taken all the 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

Auditors

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 01 Dec 2021 and signed on its behalf by:



.....
Lynne Pritchard (Dec 15, 2021, 8:07pm)
Chair of Trustees

AFFINITY MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Affinity Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Lynne Pritchard, Chair	5	6
Laura Mills, Vice Chair	2	6
Sally Chestnutt	6	6
Robert King	3	6
Rita Drinkwater	3	6

A full self-evaluation and skills audit of the Board took place. New Articles were written with legal advice and support. Being a single Academy Trust it was decided that the Local Governing Body would be abolished and bigger Board of Trustees formed. The aim was to ensure increased capacity for the Board and its work across the Sub Committees. The impact is much improved Committees that are gaining a greater understanding of the Academy's working processes and are more able to hold leaders to account.

Following the review the decision to increase the number of Trustees was taken.

The Finance and General Purposes Committee is a sub-committee of the Board of Trustees. Its purpose is to:

- To ensure sound management of the Trust's finances and resources.
- To ensure the Academy has strategic plans in place to deliver effective teaching and learning within its budgets.
- To make appropriate comments and recommendations on financial matters to the Board of Trustees on a regular basis.
- To adhere to the current Academies Financial Handbook.
- Monitor and check Safeguarding Annual Report to the County.
- Pupil attainment.
- Monitor staff appraisal and approve pay increases arising from the appraisal process.

AFFINITY MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The key challenge in the year related to understanding the ESFA funding statements.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Laura Mills, resigned 25/01/2021	1	4
Sally Chestnutt	4	4
Robert King	4	4
Rita Drinkwater, appointed 31/10/2020	4	4

Review of value for money

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

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

- Implemented COVID health and safety measures. Established on-site lateral flow test centre.
- Ensured that community education could continue by gaining funding for two new minibuses.
- Appointed mental health champion to support families across the School. Parents have already feedback on the positive impact it is having post-COVID.
- Improved ICT access for pupils by upgrading School hardware. This also supported remote learning during COVID lockdowns.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Affinity Multi Academy Trust for the year 1 September 2020 to 31 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 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.

AFFINITY MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the 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 decided to buy-in an internal audit service from Cambridgeshire ICT service to audit GDPR practice.

We also established an Audit Committee. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- Risk Register and Asset Register
- Review of financial regulations and checks to ensure they were being followed

On a quarterly basis, the Internal Auditor reports to the Board of Trustees through the Audit Committee and Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities and annually prepares an Annual Summary Report to the Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

The Internal Auditor delivered their schedule of work as planned and there were no material control issues were arising as a result of the Internal Auditor's work.

Review of effectiveness

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

- the work of the Internal Auditor;
- the work of the External Auditors;
- the work of the Executive Managers within the Trust who have responsibility for the development and maintenance of the internal control framework;
- the financial management and governance self-assessment process or the school resource management self-assessment tool

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

Approved by order of the members of the Board of Trustees on behalf by:

01 Dec 2021

and signed on their



.....
Lynne Pritchard
Chair of Trustees



.....
Michelle Flanz
Accounting Officer

AFFINITY MULTI ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Affinity Multi Academy Trust I have considered my responsibility to notify Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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

Michelle Flanz

.....M Flanz (Dec 16, 2021, 8:37am).....

Michelle Flanz
Accounting Officer

Date: 16 Dec 2021

AFFINITY MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2021

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of 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;
- 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 01 Dec 2021 and signed on its behalf by:


Lynne Pritchard
Chair of Trustees

L Pritchard (Dec 15, 2021, 8:07pm)

AFFINITY MULTI ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AFFINITY MULTI ACADEMY TRUST

Opinion

We have audited the financial statements of Affinity Multi Academy Trust (the 'Trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

AFFINITY MULTI ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AFFINITY MULTI ACADEMY TRUST (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AFFINITY MULTI ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AFFINITY MULTI ACADEMY TRUST (CONTINUED)

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

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

We gained an understanding of the legal and regulatory framework applicable to the Trust and the sector in which it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements, including financial reporting and tax legislation and Academy sector regulations including GDPR, employment law, health and safety and safeguarding.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of any large or unusual transactions to determine whether they were significant to our assessment.
- We reviewed authorisation procedures and decision making processes for any unusual or one-off transactions.
- We reviewed minutes of Trustee meetings and other relevant sub-committees of the Board and agreed the financial statement disclosures to underlying supporting documentation.
- We have made enquiries of the Accounting Officer and Senior Management Team to identify laws and regulations applicable to the Trust.
- We reviewed the Risk Register and the Internal Scrutiny Reports.

Because of inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

AFFINITY MULTI ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AFFINITY MULTI ACADEMY TRUST (CONTINUED)

Use of our Report

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Causeway House

1 Dane Street

Bishop's Stortford

CM23 3BT

Date: 16 December 2021

AFFINITY MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO AFFINITY MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2018 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 Affinity Multi Academy Trust during the year 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 Affinity Multi Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Affinity Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Affinity Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Affinity Multi Academy Trust's Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Affinity Multi Academy Trust's funding agreement with the Secretary of State for Education dated 29 March 2017 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 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 Trust's income and expenditure.

AFFINITY MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO AFFINITY MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 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.

Reporting Accountant
Price Bailey LLP

Causeway House
1 Dane Street
Bishop's Stortford
CM23 3BT

Date: 16 December 2021

AFFINITY MULTI ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	-	1,566	93,944	95,510	21,402
Charitable activities	4	-	4,072,782	-	4,072,782	3,928,119
Other trading activities	5	123,322	-	-	123,322	96,511
Investments	6	61	-	-	61	636
Total income		123,383	4,074,348	93,944	4,291,675	4,046,668
Expenditure on:						
Charitable activities	7	90,663	4,254,191	289,619	4,634,473	4,565,296
Total expenditure		90,663	4,254,191	289,619	4,634,473	4,565,296
Net income/ (expenditure)		32,720	(179,843)	(195,675)	(342,798)	(518,628)
Transfers between funds	16	-	(74,203)	74,203	-	-
Net movement in funds before other recognised gains/(losses)		32,720	(254,046)	(121,472)	(342,798)	(518,628)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(1,149,000)	-	(1,149,000)	719,000
Net movement in funds		32,720	(1,403,046)	(121,472)	(1,491,798)	200,372
Reconciliation of funds:						
Total funds brought forward		34,248	(3,160,125)	12,146,513	9,020,636	8,820,264
Net movement in funds		32,720	(1,403,046)	(121,472)	(1,491,798)	200,372
Total funds carried forward		66,968	(4,563,171)	12,025,041	7,528,838	9,020,636

The notes on pages 22 to 44 form part of these financial statements.

AFFINITY MULTI ACADEMY TRUST
REGISTERED NUMBER: 08117759

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	13		12,025,041		12,139,241
Current assets					
Debtors	14	100,292		80,557	
Cash at bank and in hand		556,507		334,846	
		<u>656,799</u>		<u>415,403</u>	
Creditors: amounts falling due within one year	15	(166,002)		(134,008)	
Net current assets			490,797		281,395
Total assets less current liabilities			<u>12,515,838</u>		<u>12,420,636</u>
Defined benefit pension scheme liability	22	(4,987,000)		(3,400,000)	
Total net assets			<u><u>7,528,838</u></u>		<u><u>9,020,636</u></u>
Funds of the Trust					
Restricted funds:					
Fixed asset funds	16	12,025,041		12,146,513	
Restricted income funds	16	423,829		239,875	
Pension reserve	16	(4,987,000)		(3,400,000)	
Total restricted funds	16		7,461,870		8,986,388
Unrestricted income funds	16		66,968		34,248
Total funds			<u><u>7,528,838</u></u>		<u><u>9,020,636</u></u>

The financial statements on pages 19 to 44 were approved by the Trustees, and authorised for issue on 01 Dec 2021 and are signed on their behalf, by:



.....
 Lynne Pritchard
 Chair of Trustees

The notes on pages 22 to 44 form part of these financial statements.

AFFINITY MULTI ACADEMY TRUST

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	18	303,075	223,899
Cash flows from investing activities	19	(81,414)	10,374
Change in cash and cash equivalents in the year		221,661	234,273
Cash and cash equivalents at the beginning of the year		334,846	100,573
Cash and cash equivalents at the end of the year	20, 21	<u>556,507</u>	<u>334,846</u>

The notes on pages 22 to 44 form part of these financial statements

AFFINITY MULTI ACADEMY 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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

The Trust derives the majority of its income from local and national government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Trust can continue operating for a period of at least 12 months following the date of this report. The financial statements do not contain any adjustments that would be required if the Trust were not able to continue as a going concern.

AFFINITY MULTI ACADEMY TRUST

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **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 year it is receivable and to the extent the Trust has provided the goods or services.

1.4 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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

AFFINITY MULTI ACADEMY TRUST

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

1. Accounting policies (continued)

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Taxation

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

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.8 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% straight line
Furniture and equipment	-	15% straight line
Computer equipment	-	33% straight line

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.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

AFFINITY MULTI ACADEMY TRUST

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

1. Accounting policies (continued)

1.11 Liabilities

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

1.12 Provisions

Provisions are recognised when the 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.

1.13 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases 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 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

AFFINITY MULTI ACADEMY TRUST

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

1. Accounting policies (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit 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 Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the 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.

1.16 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

AFFINITY MULTI ACADEMY TRUST

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Trustees make 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 August 2020 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.

3. Income from donations and capital grants

	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	1,566	80,979	82,545	11,664
Government grants	-	12,965	12,965	9,738
	<u>1,566</u>	<u>93,944</u>	<u>95,510</u>	<u>21,402</u>
Total 2020	<u>11,664</u>	<u>9,738</u>	<u>21,402</u>	

In 2020, income from donations was £11,644 and income from Government grants was £9,738 all of which was unrestricted.

AFFINITY MULTI ACADEMY TRUST

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

4. Funding for the Trust's provision of education

	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 (restated) £
DfE/ESFA grants			
General Annual Grant	1,750,000	1,750,000	1,650,000
Other DfE/ESFA grants			
Other DfE / EFA grants	26,115	26,115	15,178
Pupil Premium	89,422	89,422	87,418
UFSM	7,362	7,362	6,422
PE and Sports Grant	16,680	16,680	16,740
Teachers Pay Grant	30,199	30,199	-
Teachers Pension Grant	84,442	84,442	81,971
COVID Catch Up Grant	69,550	69,550	-
	<u>2,073,770</u>	<u>2,073,770</u>	<u>1,857,729</u>
Other Government grants			
Local Authority Grants	1,987,682	1,987,682	2,060,499
	<u>1,987,682</u>	<u>1,987,682</u>	<u>2,060,499</u>
COVID-19 additional funding (DfE/ESFA)			
Catering Income	11,330	11,330	9,891
	<u>11,330</u>	<u>11,330</u>	<u>9,891</u>
	<u><u>4,072,782</u></u>	<u><u>4,072,782</u></u>	<u><u>3,928,119</u></u>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

In 2020, income from DfE/ESFA grants was £1,857,729 of which all was restricted.

In 2020, income from other government grants was £2,060,499 of which all was restricted.

In 2021, other income from the Trust's educational operations was £11,330 (2020: £9,891) which related to catering income, of which all was unrestricted.

In 2021, Catch up funding income received was £69,550 of which £69,550 of these funds was spent leaving £Nil carried forward.

AFFINITY MULTI ACADEMY TRUST

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

5. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
After School Club income	67,968	67,968	52,442
Insurance claims	55,354	55,354	39,961
Other income	-	-	4,108
	<u>123,322</u>	<u>123,322</u>	<u>96,511</u>
Total 2020	<u>96,511</u>	<u>96,511</u>	

In 2020, income from after school clubs was £52,442, income from insurance claims was £39,961 and other income was £4,108 all of which was unrestricted.

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest	61	61	636
	<u>636</u>	<u>636</u>	
Total 2020	<u>636</u>	<u>636</u>	

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Provision of Education:					
Direct costs	3,537,117	10,798	210,959	3,758,874	3,583,068
Support costs	53,061	612,838	209,700	875,599	982,228
	<u>3,590,178</u>	<u>623,636</u>	<u>420,659</u>	<u>4,634,473</u>	<u>4,565,296</u>
Total 2020	<u>3,524,099</u>	<u>613,998</u>	<u>427,199</u>	<u>4,565,296</u>	

In 2021, of total expenditure £90,663 (2020 - £51,831) was to unrestricted funds, £4,254,191 (2020 - £4,147,869) was to restricted funds and £289,619 (2020 - £365,596) was to restricted fixed asset funds.

AFFINITY MULTI ACADEMY TRUST

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

8. Charitable Activities

	2021 £	2020 £
Direct costs	3,758,874	3,583,068
Support costs	875,599	982,228
Total	<u><u>4,634,473</u></u>	<u><u>4,565,296</u></u>
	2021 £	2020 £
Analysis of support costs		
Support staff costs	53,061	244,864
Depreciation	289,619	268,646
Technology costs	30,005	25,499
Premises costs	323,219	345,352
Other support costs	166,165	55,391
Governance costs	10,920	40,521
Legal costs	2,610	1,955
	<u><u>875,599</u></u>	<u><u>982,228</u></u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	3,662	4,339
Depreciation of tangible fixed assets	289,619	268,646
Fees paid to Auditors for:		
- audit	6,150	6,010
- other services	<u><u>4,770</u></u>	<u><u>4,660</u></u>

AFFINITY MULTI ACADEMY TRUST

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

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	2,476,644	2,462,676
Social security costs	195,941	189,235
Pension costs	917,343	872,188
	<u>3,589,928</u>	<u>3,524,099</u>
Staff restructuring costs	-	2,710
Apprenticeship levy	250	850
	<u>3,590,178</u>	<u>3,527,659</u>

b. Non-statutory/non-contractual staff severance payments

Severance payments were not paid to any employees in the year compared to one employee in 2020 (2020: £2,710).

c. Staff numbers

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

	2021 No.	2020 No.
Teachers	21	22
Administration and support	89	93
Management	6	6
	<u>116</u>	<u>121</u>

d. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-
	<u>1</u>	<u>1</u>

AFFINITY MULTI ACADEMY TRUST

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

10. Staff (continued)

d. Higher paid staff (continued)

Employer pension contributions were made during the year for 2 employees whose remuneration exceeded £60,000. Total employer pension contributions in the period for these employees were £34,500 (2020: £32,300).

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £442,569 (2020 £306,318).

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £36,090).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2021 was included in the total insurance cost.

AFFINITY MULTI ACADEMY TRUST

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

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2020	40,023	12,796,800	271,429	5,380	13,113,632
Additions	-	-	135,246	40,173	175,419
At 31 August 2021	40,023	12,796,800	406,675	45,553	13,289,051
Depreciation					
At 1 September 2020	-	766,659	202,352	5,380	974,391
Charge for the year	-	224,388	58,154	7,077	289,619
At 31 August 2021	-	991,047	260,506	12,457	1,264,010
Net book value					
At 31 August 2021	40,023	11,805,753	146,169	33,096	12,025,041
At 31 August 2020	40,023	12,030,141	69,077	-	12,139,241

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2021 £	2020 £
Freehold land	40,023	40,023
Long-term leasehold land	1,616,673	1,616,673
	<u>1,656,696</u>	<u>1,656,696</u>

14. Debtors

	2021 £	2020 £
Due within one year		
Other debtors	25,932	18,265
Prepayments and accrued income	74,360	62,292
	<u>100,292</u>	<u>80,557</u>

AFFINITY MULTI ACADEMY TRUST

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

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other creditors	109,252	98,092
Accruals and deferred income	56,750	35,916
	<u>166,002</u>	<u>134,008</u>

AFFINITY MULTI ACADEMY TRUST

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

16. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds - all funds	34,248	123,383	(90,663)	-	-	66,968
Restricted general funds						
General Annual Grant (GAG)	239,875	1,750,000	(1,491,843)	(74,203)	-	423,829
Other Dfe / ESFA grants	-	157,436	(157,436)	-	-	-
Pupil premium	-	89,422	(89,422)	-	-	-
Local Authority funding	-	1,987,682	(1,987,682)	-	-	-
Trips	-	1,566	(1,566)	-	-	-
Other restricted funds	-	11,330	(11,330)	-	-	-
COVID catch up	-	69,550	(69,550)	-	-	-
UIFSM	-	7,362	(7,362)	-	-	-
Pension reserve	(3,400,000)	-	(438,000)	-	(1,149,000)	(4,987,000)
	<u>(3,160,125)</u>	<u>4,074,348</u>	<u>(4,254,191)</u>	<u>(74,203)</u>	<u>(1,149,000)</u>	<u>(4,563,171)</u>
Restricted fixed asset funds						
Fixed asset fund	12,139,241	80,979	(289,619)	94,440	-	12,025,041
Devolved capital funding	7,272	12,965	-	(20,237)	-	-
	<u>12,146,513</u>	<u>93,944</u>	<u>(289,619)</u>	<u>74,203</u>	<u>-</u>	<u>12,025,041</u>
Total Restricted funds	<u>8,986,388</u>	<u>4,168,292</u>	<u>(4,543,810)</u>	<u>-</u>	<u>(1,149,000)</u>	<u>7,461,870</u>
Total funds	<u><u>9,020,636</u></u>	<u><u>4,291,675</u></u>	<u><u>(4,634,473)</u></u>	<u><u>-</u></u>	<u><u>(1,149,000)</u></u>	<u><u>7,528,838</u></u>

AFFINITY MULTI ACADEMY TRUST

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

16. Statement of funds (continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

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

Local Authority funding

This represents various small grants from local Government bodies for the provision of specific services to pupils of the Academy.

Trip donations

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

Bursaries funding

In the 2021 year this represents funding from the ESFA to help students with education-related costs aged between 16-19.

Other restricted funds

This represents funding received towards specific purposes, including contributions towards school trips.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from a state controlled school.

Restricted fixed asset fund

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

DfE/ESFA capital grants

The represents grants received or receivable to maintain and improve its buildings and facilities.

AFFINITY MULTI ACADEMY TRUST

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

16. Statement of funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted fund	21,475	107,038	(51,831)	(42,434)	-	34,248
Restricted general funds						
General Annual Grant (GAG)	-	1,652,534	(1,412,659)	-	-	239,875
Other Dfe / ESFA grants	-	33,124	(33,124)	-	-	-
Pupil premium	-	87,418	(87,418)	-	-	-
Local Authority funding	-	2,142,470	(2,142,470)	-	-	-
Trips	21,852	11,664	(33,516)	-	-	-
Bursaries	-	2,682	(2,682)	-	-	-
Pension reserve	(3,683,000)	-	(436,000)	-	719,000	(3,400,000)
	<u>(3,661,148)</u>	<u>3,929,892</u>	<u>(4,147,869)</u>	<u>-</u>	<u>719,000</u>	<u>(3,160,125)</u>
Restricted fixed asset funds						
Fixed asset fund	12,407,887	-	(268,646)	-	-	12,139,241
Dfe/ESFA capital grants	52,050	-	(94,484)	42,434	-	-
Devolved capital funding	-	9,738	(2,466)	-	-	7,272
	<u>12,459,937</u>	<u>9,738</u>	<u>(365,596)</u>	<u>42,434</u>	<u>-</u>	<u>12,146,513</u>
Total Restricted funds	<u>8,798,789</u>	<u>3,939,630</u>	<u>(4,513,465)</u>	<u>42,434</u>	<u>719,000</u>	<u>8,986,388</u>
Total funds	<u><u>8,820,264</u></u>	<u><u>4,046,668</u></u>	<u><u>(4,565,296)</u></u>	<u><u>-</u></u>	<u><u>719,000</u></u>	<u><u>9,020,636</u></u>

AFFINITY MULTI ACADEMY TRUST

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

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	12,025,041	12,025,041
Current assets	222,050	434,749	-	656,799
Creditors due within one year	(155,082)	(10,920)	-	(166,002)
Provisions for liabilities and charges	-	(4,987,000)	-	(4,987,000)
Total	66,968	(4,563,171)	12,025,041	7,528,838

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	12,139,241	12,139,241
Current assets	168,256	239,875	7,272	415,403
Creditors due within one year	(134,008)	-	-	(134,008)
Provisions for liabilities and charges	-	(3,400,000)	-	(3,400,000)
Total	34,248	(3,160,125)	12,146,513	9,020,636

AFFINITY MULTI ACADEMY TRUST

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

18. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per Statement of Financial Activities)	(342,798)	(518,628)
Adjustments for:		
Depreciation	289,619	268,646
Capital grants from DfE and other capital income	(12,965)	(9,738)
Interest receivable	(61)	(636)
Defined benefit pension scheme cost less contributions payable	438,000	436,000
(Increase)/decrease in debtors	(19,735)	111,285
Increase/(decrease) in creditors	31,994	(63,030)
Donated Assets	(80,979)	-
Net cash provided by operating activities	303,075	223,899

19. Cash flows from investing activities

	2021 £	2020 £
Interest	61	636
Purchase of tangible fixed assets	(94,440)	-
Capital grants from DfE Group	12,965	9,738
Net cash (used in)/provided by investing activities	(81,414)	10,374

20. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	556,507	334,846

AFFINITY MULTI ACADEMY TRUST

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

21. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	334,846	221,661	556,507
	<u>334,846</u>	<u>221,661</u>	<u>556,507</u>

22. Pension commitments

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

Contributions amounting to £61,230 were payable to the schemes at 31 August 2021 (2020 - £54,061) and are included within creditors.

Teachers' Pension Scheme

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

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

AFFINITY MULTI ACADEMY TRUST

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

22. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% 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 year amounted to £252,133 (2020 - £219,804).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £345,000 (2020 - £342,000), of which employer's contributions totalled £275,000 (2020 - £270,000) and employees' contributions totalled £ 70,000 (2020 - £72,000). The agreed contribution rates for future years are 22.3% per cent for employers and 6.5% per cent for employees.

As described in note the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

AFFINITY MULTI ACADEMY TRUST

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

22. Pension commitments (continued)

Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	3.4	2.7
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7

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

	2021 Years	2020 Years
Retiring today		
Males	22.2	22.0
Females	24.4	24.0
Retiring in 20 years		
Males	23.2	22.7
Females	26.2	25.5

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(48,942)	(183,872)
Discount rate -0.1%	48,942	183,872
Mortality assumption - 1 year increase	326,280	57,460
Mortality assumption - 1 year decrease	(326,280)	(57,460)
CPI rate +0.1%	48,942	160,888
CPI rate -0.1%	(48,942)	(160,888)

Share of scheme assets

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

	2021 £	2020 £
Equities	2,124,000	1,642,000
Corporate bonds	539,000	258,000
Property	444,000	352,000
Cash and other liquid assets	63,000	94,000
Total market value of assets	3,170,000	2,346,000

The actual return on scheme assets was £500,000 (2020 - £(4,000)).

AFFINITY MULTI ACADEMY TRUST

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

22. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2021 £	2020 £
Current service cost	(652,000)	(633,000)
Interest income	43,000	42,000
Interest cost	(104,000)	(115,000)
Total amount recognised in the Statement of Financial Activities	(713,000)	(706,000)

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

	2021 £	2020 £
At 1 September	5,746,000	5,715,000
Current service cost	652,000	633,000
Interest cost	104,000	115,000
Employee contributions	70,000	72,000
Actuarial losses/(gains)	1,606,000	(765,000)
Benefits paid	(21,000)	(24,000)
At 31 August	8,157,000	5,746,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2021 £	2020 £
At 1 September	2,346,000	2,032,000
Interest income	43,000	42,000
Actuarial gains/(losses)	457,000	(46,000)
Employer contributions	275,000	270,000
Employee contributions	70,000	72,000
Benefits paid	(21,000)	(24,000)
At 31 August	3,170,000	2,346,000

AFFINITY MULTI ACADEMY TRUST

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

23. Operating lease commitments

At 31 August 2021 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	3,451	3,662
Later than 1 year and not later than 5 years	1,726	5,177
	<u>5,177</u>	<u>8,839</u>

24. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 (2020: £10) for the debts and liabilities contracted before he/she ceases to be a Member.

25. Related party transactions

Owing to the nature of the 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. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There are no other related party transactions to note.