

**Company Registration No. 08149829 (England and Wales)**

**EAST MIDLANDS ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

# EAST MIDLANDS ACADEMY TRUST

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# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### Trustees

K Crompton (Chair of Trustees)  
J Harris (Resigned 25-09-2020)  
A Morjaria (Appointed 17-07-2020)  
A Salam  
S Morales  
A Davis  
F Wheeler  
D Houghton (Appointed 17-07-2020)  
L Jones  
M Johanson

### Members

K Crompton  
J Harris  
F Wheeler  
J Martin

### Senior Management Team

*Chief Executive Officer &  
Accounting Officer*

J Coleman

*Chief Financial Officer*

P Wheeler

### Company registration number

08149829 (England and Wales)

### Registered office

55 Barrack Road  
Northampton  
NN1 1AA

### HeadTeacher

*Callum Brown  
Jonathan Cursley/Ruth Ryan  
Lorna Beard  
Sue Neighbour  
Elizabeth Dormor  
Tim Marston/Joanne Trevenna  
Zoe McIntyre*

### Location

Milton Keynes  
Milton Keynes  
Northampton  
Northampton  
Oundle  
Northampton  
Northampton

### Academies operated

*Orchard Academy  
Shepherdswell Academy  
Castle Academy  
Head of School - Hardingstone Academy  
Prince William School  
Northampton International Academy  
Executive Head Teacher Stimpson  
Avenue and Hardingstone Academies*

### Independent auditor

Mazars LLP  
6 Dominus Way  
Meridian Business Park  
Leicester  
LE19 1RP

### Bankers

Lloyds Bank Plc  
Fenlands House  
Vicarage Farm Road  
Peterborough  
PE1 5UH

### Solicitors

Winckworth Sherwood  
Minerva House  
5 Montague Close  
London SE1 9BB

Stone King LLP  
Boundary House  
91 Charterhouse Street  
London EC1M 6HR

# **EAST MIDLANDS ACADEMY TRUST**

## **TRUSTEES' REPORT**

The Trustees of East Midlands Academy Trust ('The Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020.

The annual report serves the purpose of a trustees' report and directors' report under company law.

The Trust operates five primaries, one secondary and one all-through school across the East Midlands. Its academies have a combined pupil capacity of 4,810 and a roll of 4,117 as of 21st July 2020.

### **OBJECTIVES AND ACTIVITIES**

The Trust was incorporated on 19 July 2012 as a Trust and a company limited by guarantee, with the purpose of establishing, maintaining, managing and developing academies and free schools as world class centres of excellence. The trust changed its name in July 2018 following separation from its former sponsor to become a stand-alone academy trust.

The Trust has continued to develop with ever closer collaboration between schools and sharing of resources and innovation to ensure best practice is developed throughout our school communities. The central trust team supports schools with Financial Management, Information and Communications Technology (ICT) and Human Resources (HR) together with Estate Management, Procurement, Governance and Marketing ensuring effective use of resources throughout the community. The academic board on which all head teachers participate helps develop pedagogy and curriculum offering across the school community.

The Trust still maintains a view that a strategy of sustainable growth in the number of academies is important. The Trust continues to seek opportunities for expansion within the East Midlands.

### **Primary Academies**

In 2019-20, the Trust had five primary schools: Orchard and Shepherdswell in Milton Keynes and Hardingstone, Castle and Stimpson Avenue in the centre of Northampton. When they joined the Trust, all three Northampton academies had been judged by Ofsted as 'requiring special measures'. All primary schools are now judged to be 'good' with the exception of Stimpson Avenue.

In July 2019, Stimpson Avenue Academy was re-inspected by Ofsted. Whilst the judgement remained as requiring improvement, the inspectors' recognised green shoots of improvement but required improvements to be made quicker. The trust has subsequently restructured the leadership of the school and local advisory board to accelerate the pace of change within the school. During 2019-20 a programme of improvement and renewal was undertaken at Stimpson Avenue where £500,000 was invested in improving the condition of the school building which is celebrating 125 years together will investment in ICT, books and resources to transform the learning environment for students and staff.

### **Secondary Academy**

Prince William School in Oundle, Northamptonshire, is a secondary school with a sixth form, which joined the Trust in 2015. A new Science block was opened in the year with further refurbishment and new theatre and sports facilities planned as part of the development agreement in place with Northamptonshire County Council at the time of conversion. The school was inspected by Ofsted in February 2020 and was judged as Good. This was a significant achievement for the school and all the staff involved, as the school had been categorised as requires improvement over the preceding 10 years.

### **All Through Academy**

In 2016 the Trust opened a new all through (4-19) free school, Northampton International Academy, in the centre of Northampton. The new building was opened on 1 September 2018. In July 2019 the Northampton International Academy received its first Ofsted inspection and was judged as Good. In September 2019 the school opened three new key stages with pupils moving to key stage 2 from early years, and from key stage 3 into their key stage 4 options. The sixth form opened with 125 new A level student. From September 2020 the school will have opened all year groups in the secondary phase of education.

# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### **Main Activities 2019-2020**

In the year 2019-2020, the Trust educated 4,117 pupils (3,524 in 2018-19) and provided support for over 500 members of staff in the academies.

The Coronavirus pandemic impacted on our schools during the year. Most of the schools remained open during the lockdown to support the children of key workers and the vulnerable. The trust also made significant efforts to support our communities. This included the voluntary activities operated by Castle Academy with the food bank, and by delivering food parcels across the trust to free school meal families. These were replaced in July with the government national vouchers scheme after delivering 35,000 meals to our communities.

The trust provided support to the schools during the lock down and for the reopening to key student groups of reception, year 1 and 6 and in year 10 and 12 in June. The configuration of the classrooms was changed and completely new operating procedures for staff were set up along with robust risk assessments. This allowed the schools to welcome back those children and staff safely.

The trust offered a comprehensive online learning experience for those children not attending schools with investment in the ICT infrastructure to deliver lessons remotely. In total the trust spent £97K on supporting the schools with additional meal costs and cleaning and re-configuring the schools and £215K on capital upgrades to ICT and ensuring disadvantaged learners had access to online learning.

During the summer holidays the schools' procedures were re-assessed and re-configured to welcome all students back into schools in September. Staff received extensive support and training during this period to adapt to new ways of teaching and supporting our student community.

Since the year end, all students have been assessed for any gaps in knowledge from the lockdown and are being offered a programme of support through catch up sessions to ensure they are able to successfully complete their studies. We have also engaged additional pastoral support to help students overcome any mental health effects from their disrupted education.

### **Central Staff**

The central team provides key support services including Finance, HR, Payroll, Estates, systems, communications, policy, governance support, project management and marketing. This approach ensures that this multi-disciplinary team consistently works with, and supports each of the academies. The sharing of specialist staff and their professional development and performance management, ensures that we have the highest quality and aspirational talent available to the Trust for all of its functions, not just education and pedagogy.

In September 2019 the ICT and Estates functions across the trust were centralised and a Head of Shared Services appointed to manage these functions. The benefit of this centralisation is to provide resilience across the service provision where staff are able to support across schools when required, and to allow for the better deployment of resources. The centralisation of these services has enabled the trust to respond effectively to the Coronavirus pandemic and deploy ICT equipment promptly to support learners, and to ensuring the schools are safe to open for staff and students.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

East Midlands Academy Trust was incorporated on 19 July 2012 as a company limited by guarantee and an exempt charity, with the purpose of establishing, maintaining, managing and developing academies and free schools as world class centres of excellence. In line with its Articles of Association, the Trust is governed by Members who are the owners of the Trust. Trustees are the directors of the Trust under company law, and are supported by the executive under the direction of the Chief Executive Officer.

### **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. An amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### **Trustees' indemnities**

In line with normal commercial practice, the Trust holds unlimited insurance for its Trustees for their work on any single claim.

### **Method of recruitment and appointment or election of Trustees**

When new Trustees are required, the Board approves an appropriate process and criteria for recruitment based on a review of skills and capability. The articles allow for a maximum of twelve Trustees to be appointed by the members with no limit on the minimum number of trustees. The Trust continues working with Academy Ambassadors to identify additional trustees.

### **Policies and procedures adopted for the induction and training of Trustees**

Trustees are briefed regularly on educational and other Trust matters by the Senior Management Team, through briefings at Board meetings, Group meetings, other sessions, visits to the academies and individual meetings. When new Trustees join the Board, tailored induction training is arranged to provide them with a comprehensive understanding of the Trust and the wider context, the Trust's mission, vision, ethos and values, the operation network and their governance responsibilities.

### **Organisational structure**

The Trustees set general policy, approve the Strategic Plan and budget, monitor performance against the plan and budget, and take major decisions about the Trust, growth of academies and appointments of the Chief Executive, Chief Financial Officer and Head Teachers.

The Board has established three committees to support it in carrying out its functions, which are:

- Performance committee;
- Finance and HR committee;
- Audit & Risk committee.

The Board delegates a number of functions to Local Advisory Bodies (LABs). Each LAB reviews academy level policies, academy improvement plans and performance data. Recommendations can then be forwarded through the Trust Senior Management Team to the Board. The LABs carry out roles in monitoring school performance and overseeing community and parent liaison, as detailed in the Scheme of Delegation. The Trustees delegate day to day responsibility to the Senior Management Team led by the Chief Executive Officer. The running of each individual academy is delegated to its Head Teachers.

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

East Midlands Academy Trust is committed to the recruitment, retention and development of an effective workforce, who contribute to its success and growth. The Trust is committed to ensuring that members of staff, who excel in their role, should be recognised and rewarded. The Trust, therefore, recognises that the use of a range of incentives is an important strategy for motivating staff, highlighting best practice and creating a culture of exceptional achievement. The trust holds an annual awards celebration where staff are nominated for trust achievement awards. This was open to all staff and recognised exceptional performance. We continue to develop reward and recognition strategies for the trust staff.

The pay of all employees is benchmarked against an evaluation framework with a pay grading and banding structure to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles nationally.

Trustees give their time freely and are not paid for their roles on the Board other than reimbursement for out of pocket expenses in line with our policy.

# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### Trade Union Facility Time

The Trust recognises a number of key unions and operate an informal consultation process for staff to be represented by Unions and staff consultation committee. The aim is to speed up decision making and improve communication to employees at a local level whilst providing Union support on pay and important conditions.

The Trust has an obligation to report the number of employees who were relevant union officials, the time spent on union activity and the cost of the facility time under statutory instrument 2017 328 (The Trade Union Facility Time Publication Requirement's Regulations 2017).

<b>Number of Employees who were relevant Union Officials During the period</b>	<b>Full Time Equivalent Employee Number</b>
2	1

### Percentage of Time Spent on Facility Time

<b>Percentage of time - %</b>	<b>Number of Employees</b>
0	0
1-50	2
51-99	0
100+	0

### Percentage of pay bill Spent on Facility Time

Total Cost of Facility Time	£172
Total Pay bill	£15,839,390

### Paid Trade Union Activities

Time spent on paid trade union activities as a percentage of total paid facility time 0.259%

The trust supports union activity by facilitating national and regional union officials with meetings by making staff available and providing accommodation for the meetings. The trust is in the process of agreeing a new Trade Union Recognition Agreement based on a local agreement and will record the time staff spend on union and staff consultancy committee activities.

### Engagement with Employees

The trust operates an Employee forum which meets once a term. The forum is made up from a member of teaching staff and support staff from each school and is an open forum to discuss initiatives and employee concerns and to inform representatives of matters of concern to employees. This allows the employees views to be considered when decisions are being made which may affect them.

In addition to the employees' forum the trust issues regular communications to staff through the monthly staff newsletter and through engagement with recognised trade union bodies.

During the course of the year there were additional meetings with staff and their representatives to ensure concerns over returning to the classroom were considered whilst re-opening the schools following the coronavirus shut down to more pupils, and that robust individual risk assessments were in place for higher risk staff groups.

### Engagement with Suppliers

The trust holds regular meetings with key suppliers such as catering and cleaning to review contract performance and keep suppliers informed on changing activities of the trust. During the covid lockdown it was recognised that the cash flow for suppliers would be adversely affected and so the trust made every effort to pay suppliers as soon as invoices were received and approved regardless of terms. The trust supported on a case by case basis some smaller vulnerable suppliers where there was a risk of them not surviving and were necessary to the ongoing education of students.

### Related parties and co-operation with other organisations

There are no related parties involved in the Trust.

# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### Public benefit

The Trustees have referred to the Charity Commission guidance on public benefit when reviewing the Trust's objectives and aims and planning future activities and consider that the Trust's aims are demonstrably for the public benefit. We support our communities through the provision of an inclusive, high quality education and support parents and children from all backgrounds including those where English is an additional language.

### STRATEGIC REPORT

#### Achievements and performance

Pupils in East Midlands Academy Trust academies have continued to make good progress during the year. The strategy of providing school to school support, as well as appointing outstanding head teachers to work as 'Challenge Advisers' for each academy has been highly effective. This ensures a robust system of challenge and support is in place.

#### Financial review

During the year ended 31 August 2020, East Midlands Academy Trust had a total income of £23,376K and expenditure of £24,291K, after exceptional pension costs of £1,029K.

Most of the income came from the Department for Education (DfE) or local authorities as recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust reported an overall surplus on general fund activity for the year ended 31 August 2020 of £277K (2018/19: deficit £36K) after transfers but before pension fund administration costs of £1,029K. The trust budgeted a surplus of £267K in 2019-20. The trust moved to a GaG pooling model for managing its financial affairs in 2019-20. The schools' resources were budgeted using Integrated Curriculum Financial Planning (ICFP), to determine the staffing required to effectively teach the proposed curriculum. This is subject to recognised national key performance indicators to deliver a first class education. The schools receive their ring fenced funding which includes Pupil Premium and SEND funding, and the trust allocated a school grant to top up the income to match the resources required. The aim is for the schools to break even on their budget allocation. The cost for centralised estates and ICT were met from a similar grant known as the central grant. The contingencies and contributions to reserves are held in the head office.

The Trust reserves as at 31<sup>st</sup> August 2020 were £1,223K (excluding fixed assets and pension reserves). The trust has set a target of 1 month's expenditure to hold as a prudent reserve. This equates to a reserve balance of £1,950K. The trust has budgeted to achieve a surplus over the next 3 years of the plan to bring the reserves in line with the policy. The trust has budgeted a £288K surplus for 2020-21.

#### Going concern

After making appropriate enquires, the Board of Trustees has an expectation that the East Midlands Academy Trust has adequate resources to continue in operational existence for the foreseeable future. This is based on the current level of reserves held of £1,223K to cover any unforeseen future expenditure. The Trust has budgeted a year on year surplus for the next five years of £288K for 2020-21 rising to £316K in 2021-22. The cash position remains stable at £2,831K over this period. For this reason, the Trust continues to adopt the going concern basis in preparing its financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

#### Promoting the Success of the Charity to achieve its charitable objectives

East Midlands Academy Trust has a strong ethos of social responsibility ensuring that each child has the opportunity through education to improve their circumstances. The trustees have instilled in the organisation a fully inclusive education, and through the strategic plan aim to support all children from all backgrounds in its growth plans. The trust aims to operate in addition to main stream schools, alternative provision, special schools and further education to support our communities.

The trust selects those trusted business partners who demonstrate they can supply goods and services at economic prices, and who share our belief in supporting our students and communities. We employ high achieving staff to offer the best pedagogy to our students and support staff with extensive CPD programmes and peer to peer support. The trust has developed a network of specialists and Academy Improvement Partners to provide critical challenge and process improvement ensuring we continue to offer life opportunities for our students. By developing our staff and working with like-minded suppliers we are setting the platform to achieve the long term success of our charitable objectives.



# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### **Financial and risk management objectives and policies**

East Midlands Academy Trust holds cash balances and other working capital balances. The Trust manages its cash resources, including maintaining sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Other risks that the Trust is exposed to include funding decreases or pay awards to teachers that are not fully funded. These are pressures faced by all academy trusts and are mitigated through prudent budgeting.

A further risk could be a significant drop in pupil numbers. Each academy is aware of the consequence of a falling roll and is proactive in marketing for new pupils and retaining existing pupils.

### **Reserves policy**

The Trust has a reserves policy which describes the need for sufficient consolidated reserves to enable the Trust to grow in line with its Strategic Plan by ensuring there are sufficient reserves to fund that growth and combat the inevitable financial risks associated therewith, whilst avoiding the accumulation of excessive reserves from resources which should be used to improve the life chances of the pupils within the Trust's academies.

The trust board has set a policy that for the three-year financial plan 2019-20 the trust should hold revenue reserves equivalent of one month's expenditure and cash equivalent of one-month net pay. This would equate to £1.9 million for reserves and £1.2 million for cash. The financial plans for the next three years include provision to build reserves to this level. This will allow the trust to absorb cash flow peaks and troughs and give resilience to withstand unforeseen expenditure.

The position as at 31<sup>st</sup> August 2020 is a net revenue reserve of £1,223K and cash reserve of £2,831K. For 2019-20 the trust board agreed a change to GaG pooling. Therefore, all reserves will be reported under the consolidated trust position. Note 17 to the accounts shows the reserves as at 31<sup>st</sup> August 2020.

At the end of 2019-20 the Trust's total reserves are £25,751K comprising restricted reserves of £25,546K, of which £33,183K relates to the restricted fixed asset fund, a pension fund deficit of £8,654K relates to the pension reserve, £1,017K relates to unspent GAG and unrestricted reserves of £205K which meets the planned reserves as set by the policy.

The pension fund deficit whilst not having an immediate impact on cash flows and expenditure do so over the long term in the form of increased employers' contributions over a number of years. At the tri annual LGPS pension fund valuation which took place in 2019-20, employers pension fund contributions reduced in some schools and increased in others reflecting the relative health of those pension pots.

### **Investment policy**

The Treasury Policy includes the policy on investment. Consolidated cash reserves are invested through appropriate use of financial instruments with the Trust's principal bankers, so any income can be achieved with minimal risk.

### **KEY PERFORMANCE INDICATORS**

The main financial key performance indicator for 2019-20 was for the Trust to achieve a surplus of £267K on GAG and unrestricted activity. The outturn was a surplus of £277K which tied into the May based forecast. This was a significant achievement for the trust given the uncertainties surrounding coronavirus with a loss in income from lettings and additional costs of cleaning, and delivering free school meals to disadvantaged children and is a significant improvement from the previous year's deficit position.

### **Primary Assessment**

Due to the Covid-19 Pandemic there were no statutory assessments for pupils in primary schools at the end of the 2019-20 academic year.

### **GCSE & Post 16**

At Prince William School 75% of KS4 pupils achieved both English and Maths at grade 4 or above – up 3% on last year's results. Students attaining both English and Maths at grade 5 or above also rose from 52% last year to 54% this year. The average Attainment 8 score was 51.9, increased from 48.8 in 2019.

# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

At A level, 84% of Prince William pupils achieved grades A\* to C, 100% achieved an A\* to E grade and the overall average grade achieved was a B-.

### Catch-up Support

Catch-up Support Since welcoming our pupils back into school since June 2020, it is clear that the pupils have shown great resilience during the lockdown period and are eager to learn. We decided not to undertake intensive work in the summer as we feel the best long-term solution is to work across the academic year to compensate for the time out of school. We also felt a calm measured programme after a summer break would be beneficial to the wellbeing of pupils and colleagues. Catch up learning will take place over the course of the next school year and we will provide targeted support for learners who we identify as needing additional provision.

### Return to Normal Group

To support schools with the process of 'Returning to Normal' a work group was set up and chaired by Paul Wheeler. This has supported the development of strategies regarding health and safety, operations, curriculum, and contingency planning during the last few months as schools have been transitioning from lockdown provision for Keyworker and Vulnerable learners to a wider reopening.

### Fundraising

The trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the trustees through the Finance and HR committee.

### Streamlined Energy and Carbon Reporting

<b>UK Greenhouse gas emissions and energy use data for the period 1<sup>st</sup> September 2019 to 31<sup>st</sup> August 2020</b>	
Energy Consumption used to calculate emissions (kWh)	5,379,647
Energy Consumption break down (kWh)	
Gas	3,441,263
Electricity	1,925,584
• Transport Fuel	12,800
Scope 1 – Emissions in metric tonnes CO <sub>2</sub> e	
Gas Consumption	632.7
Owned Transport	1.1
<b>Total Scope 1</b>	
Scope 2 – Emissions in metric tonnes CO <sub>2</sub> e	
Purchased Electricity	448.9
Scope 3 – Emissions in metric tonnes CO <sub>2</sub> e	
Business travel in employee owned vehicles	1.07
<b>Total Gross Emissions in metric tonnes CO<sub>2</sub>e</b>	<b>1,083.8</b>
Intensity Ratio	0.26
Tonnes CO <sub>2</sub> e per pupil	

### Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG reporting protocol – Corporate standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

### Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub> per pupil, the recommended ratio for the sector.

### Measures taken to improve energy efficiency

The trust is undertaking a phased review of its energy consumption with a view to reducing the carbon footprint. A study was commissioned on Prince William school to report on measures that can be taken to improve energy efficiency on this site. Over the next 3 years each site will be reviewed and a programme put in place to reduce emissions. In addition, the trust will be investing in electric charge points for staff to support them in moving to electric vehicles.

# EAST MIDLANDS ACADEMY TRUST

## TRUSTEES' REPORT

### Plans for future periods

The East Midlands Academy Trust is in a position to grow significantly, particularly in Northamptonshire and Milton Keynes and has restructured the central team and increased capacity to take advantage of growth opportunities. The Trust believes that it needs to increase in size to remain sustainable. Our strategic plan is to increase the number of schools in the Trust to 25 by 2025. This growth will be dependent on the trust maintaining good levels of performance in our existing schools.

This trust aims to provide a fully inclusive education for all students in the communities in which we operate. The growth will include SEN schools, University Technical Colleges, Further education college and alternative provision. This together with an increase in primary and secondary schools will allow the trust to develop education pathways for all our students.

### Principal risks and uncertainties

All major risks to which the Trust is exposed are contained in a risk register that is reviewed by the Audit and Risk Group and the Board. These risks are owned by the Senior Management Team or academy Principals with policies, systems and procedures in place to manage these risks. Each academy has its own risk register, owned by the Principal and their senior leaders, and these are reviewed by the LABs, which informs the Trust's register. Both the Trust and its individual academies have business continuity plans which are updated regularly.

Trustees have assessed the major risks and uncertainties to which the Trust is exposed. The main risks and mitigation are considered to be:

<b>Risk</b>	<b>Risk Mitigation</b>
Funding and liabilities	The trust operates a pooling of resources and a purchasing strategy designed to maximise the economies of scale we benefit from. The use of monthly financial scrutiny of each school and the centre together with clear financial procedures allows for control of the financial performance.
Educational performance and results	Ongoing monitoring of the delivery and progress being made and interventions implemented as required.
Reputational risks	Ensure ongoing assessment of problems/threats with appropriate action being undertaken centrally to avoid and mitigate.
Governance and compliance (statutory and legal)	Continually recruiting, training Governors/Board Members and the appointment of a Head of Governance to ensure compliance.
Capital and maintenance	Assessment of condition of estate and medium to long term planning for improvement
Recruitment and retention	Effective and positive Marketing programme to recruit students to the academies. Appointment of a Workforce Planning and Talent Officer to aid the recruitment and retention of staff across all academies.
Learning disrupted through Covid Pandemic.	Detailed risk assessments together with revised operating procedures to ensure students and staff can return to school safely and learn effectively. Each risk assessment is tailored to the schools own environment. Ensuring technology is in place to conduct virtual learning for students through investment in technology.

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## **EAST MIDLANDS ACADEMY TRUST**

### **TRUSTEES' REPORT**

#### **EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES**

The Trust is an equal opportunities employer and actively works to address unconscious/ conscious bias to ensure discrimination of any kind is eradicated from its recruitment and employment processes.

The Trust encourages the involvement of its employees through regular staff meetings that have responsibility for the dissemination of information of particular concern to employees, and through staff surveys and staff committees for receiving their views.

#### **AUDITOR**

MAZARS LLP is the appointed auditor to the charitable company during the year.

#### **Statement as to disclosure of information to auditor**

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

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 11<sup>th</sup> December 2020 and signed on its behalf by:



K Crompton  
Chair of Trustees

# EAST MIDLANDS ACADEMY TRUST

## GOVERNANCE STATEMENT

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that East Midlands 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.

The board of trustees has delegated day to day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between East Midlands 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 trustees discharge their responsibilities through meeting as a whole board, and via the committees where much of the work of the trust is scrutinised on behalf of the board.

The coronavirus pandemic prevented the board and its committees meeting face to face. The trustees moved to meeting using MS teams during the lockdown. Subsequent meetings have been held as hybrid meetings with trustees meeting in person and via teams to ensure we follow government guidelines on controlling the virus. The same arrangements were put in place for our local advisory board meetings. This arrangement will continue into the foreseeable future.

The Board of Trustees has formally met five times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
K Crompton (Chair of Trustees)	5	5
J Harris (Resigned 25-09-2020)	5	5
A Salam	5	5
S Morales	3	5
A Davis	5	5
F Wheeler	5	5
L Jones	4	5
M Johanson	2	5
A Morjaria (Appointed 17-07-2020)	0	0
D Houghton (Appointed 17-07-2020)	0	0

The Finance and HR Group is a sub-committee of the main Board of Trustees and its role is to support the Board by overseeing financial, HR and Estates activity of the Trust along with other controls and risk management, in the context of planned growth. The Group exists to ensure probity and efficiency in the management and expenditure of the Trust's income from the DfE, in compliance with the Education & Skills Funding Agency's Academies Financial Handbook. The Group is chaired by Ayo Salam. Attendance at meetings in the year was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
A Salam (Chair of committee)	5	5
K Crompton	3	5
A Davis	4	5
S Morales	4	5
M Johanson	2	5

## EAST MIDLANDS ACADEMY TRUST

### GOVERNANCE STATEMENT

The Audit and Risk Group is a sub-committee of the main Board of Trustees, tasked with setting the Trust's risk appetite and ensuring that controls are in place to manage and mitigate risk within this. Independence is key to membership of the group, which comprises a Chair and one trustee who is not a member of the Finance and HR Group. The group is chaired by Richard Burkimsher who is Corporate Services Partner for Hawsons Chartered Accountants. The Chair, who is an independent non-trustee, attended two out of a possible three meetings during the year. Trustee attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
R Burkimsher (Independent Chair: Resigned 16/07/2020)	2	3
A Davis	2	3
F Wheeler	3	3
A Salam	3	3
M Johanson	0	3

The Standards and Performance group is a sub-committee of the main Board of Trustees. The committee manages the standards and performance of the schools in relation to pupil outcomes, well-being, exclusions and inclusion and receives school performance data collated by the School Effectiveness and Improvement team. The committee is chaired by Leigh Jones. Trustee attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
L Jones (Chair of Committee)	4	4
S Morales	4	4
J Harris	4	4
F Wheeler	3	4

#### Governance reviews

The trust has carried out a skills audit for the trust board and each of the local advisory boards during the year. In addition to these audits, the boards held a review and reflect meeting at the year end. This has resulted in governance improvement plans being developed for each board.

The trust has increased capacity and skills mix during 2019-20 with the recruitment of two new trustees who have brought additional skills and experience to the board. The trust is intending to recruit additional trustees in 2020-21 to strengthen the Board further and provide greater separation between members and trustees.

#### Review of value for money

East Midlands Academy Trust's vision is that every child deserves to be the best they can be, and any wastefulness or inefficiency will hinder the fulfilment of this vision. It is our aim to achieve the best quality and value for money to enhance the life chances of the children in our academies.

As the Trust matures and grows it is better able to benefit from economies of scale, shared resources and effective procurement, all of which contribute towards excellent value for money. During 2019-20, the trust centralised its estates and ICT functions into one shared service centre. We have been creating better value for money by consolidating suppliers and putting in place common systems across the trust to reduce the cost of supporting the education for students. In addition to this the trust appointed a procurement manager to aggregate all main areas of procurement trust wide and use effective partnerships and framework agreements to achieve best value for money.

The trust has on-boarded payroll to help reduce the cost of processing whilst providing an outstanding service to the schools and all employees

#### 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 East Midlands Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

## EAST MIDLANDS ACADEMY TRUST

### GOVERNANCE STATEMENT

#### 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 period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### 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 Group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.
- Appointment of independent internal auditors to review and monitor the control environment.

The Board of Trustees discharges its duties through the audit and Risk committee for the appointment and review of internal audit work providing the internal scrutiny of the trusts financial controls. During 2019-20 MacIntyre Hudson were appointed following a competitive tendering process to act as internal auditors for the trust. A programme of work was agreed with trustees following an assessment of the principal risks facing the trust and in line with priorities set out by trustees and the chair of Audit and Risk Committee.

This work was completed in the spring and summer terms. The reports were issued to the Risk and Audit committee in March and July 2020. The areas of review during the year included:

- Review of the trusts budget setting processes;
- Review of the risk management systems and risk assessments;
- Review of controls for identifying and reporting fraud.

The auditors made a number of recommendations that have been adopted by the trust.

#### Review of effectiveness

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

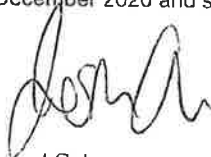
- the work of the Trust's central finance team;
- the work of the external auditor;
- the work of the internal auditor;
- the financial management;
- the work of the executive within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised of the implications of the result of the review of the system of internal control by the Audit and Risk committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 11 December 2020 and signed on its behalf by:



K Crompton  
Chair of Trustees



J Coleman  
Accounting Officer

## **EAST MIDLANDS ACADEMY TRUST**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



J Coleman  
**Accounting Officer**

11 | 12 | 2020



## EAST MIDLANDS ACADEMY TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 11<sup>th</sup> December 2020 and signed on its behalf by:



K Crompton  
Chair of Trustees



J Coleman  
Accounting Officer

## **EAST MIDLANDS ACADEMY TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST MIDLANDS ACADEMY TRUST**

#### **Opinion**

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

In our opinion, the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## **EAST MIDLANDS ACADEMY TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST MIDLANDS ACADEMY TRUST**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 17 the Trustees (who are directors 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

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

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

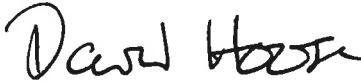
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## EAST MIDLANDS ACADEMY TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST MIDLANDS ACADEMY TRUST

#### Use of the audit report

This report is made solely to the Academy 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 Academy Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Dominus Way  
Meridian Business Park  
Leicester  
LE19 1RP

Date: 14/12/2020

## **EAST MIDLANDS ACADEMY TRUST**

### **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY**

#### **Independent Reporting Accountant's Assurance Report on Regularity to East Midlands Academy Trust and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 27 September 2020 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by East Midlands Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to East Midlands Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to East Midlands Academy Trust and the ESFA those matters we are required to state to it 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 East Midlands Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of East Midlands Academy Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of East Midlands Academy Trust's funding agreement with the Secretary of State for Education dated 25 May 2012 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes 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 Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

## EAST MIDLANDS ACADEMY TRUST

### INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY

#### Conclusion

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

Mazars LLP

Reporting Accountant  
Mazars LLP  
6 Dominus Way  
Meridian Business Park  
Leicester  
LE19 1RP

Date: 14/12/2020

**EAST MIDLANDS ACADEMY TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENTURE ACCOUNT**

**YEAR ENDED 31 AUGUST 2020**

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset £000	Total 2019/20 £000	Total 2018/19 £000
<b>Income and endowments from:</b>						
Donations and capital grants	3	31	-	711	742	2,424
<b>Charitable activities:</b>						
- Funding for the academy trust's educational operations	4	16	22,123	-	22,139	18,163
Other trading activities	5	65	429	-	494	606
Investments	6	1	-	-	1	1
<b>Total</b>		<b>113</b>	<b>22,552</b>	<b>711</b>	<b>23,376</b>	<b>21,194</b>
<b>Expenditure on:</b>						
<b>Raising funds:</b>						
-Allocated Support Costs	7	83	363	-	446	399
<b>Charitable activities:</b>						
- Educational operations	7	-	22,524	1,321	23,845	20,417
<b>Total</b>	<b>7</b>	<b>83</b>	<b>22,887</b>	<b>1,321</b>	<b>24,291</b>	<b>20,816</b>
<b>Net (Expenditure) / Income</b>		<b>30</b>	<b>(335)</b>	<b>(611)</b>	<b>(915)</b>	<b>379</b>
Transfers between funds		-	(448)	448	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(767)	-	(767)	(1,720)
Net movement in funds		30	(1,550)	162	(1,682)	(1,341)
<b>Reconciliation of funds</b>						
Total funds brought forward		175	(6,087)	33,345	27,433	28,775
Total funds carried forward		205	(7,637)	33,183	25,751	27,433

**EAST MIDLANDS ACADEMY TRUST**

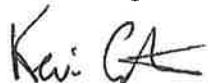
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**BALANCE SHEET**

**AS AT 31 AUGUST 2020**

	Notes	2019/20		2018/19	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	12		32,583		32,043
<b>Current assets</b>					
Debtors	13	1,163		1,234	
Cash at bank and in hand		2,831		2,590	
			3994		3,824
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(2,172)		(1,576)	
<b>Net current assets</b>			1,822		2,248
<b>Total assets less current liabilities</b>			34,405		34,291
Defined benefit pension scheme liability	23		(8,654)		(6,858)
<b>Net assets</b>			25,751		27,433
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>	16				
- Restricted fixed asset funds			33,183		33,345
- Restricted income funds			1,018		771
- Pension reserve			(8,654)		(6,858)
<b>Total restricted funds</b>			25,546		27,258
Unrestricted income funds	16		205		175
<b>Total funds</b>			25,751		27,433

The financial statements on pages 23-45 were approved by the Board of Trustees and authorised for issue on 11<sup>th</sup> December 2020 and are signed on their behalf by:



K Crompton  
Chair of Trustees



**EAST MIDLANDS ACADEMY TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	1,390	(401)
<b>Cash flows from investing activities</b>	20	(1,149)	1,146
<b>Net cash used in financing activities</b>	19	(0)	(0)
<b>Change in cash and cash equivalents in the reporting period</b>		241	745
<b>Cash and cash equivalents at 1 Sept 2019</b>		2,589	1,845
<b>Cash and cash equivalents at 31 August 2020</b>	21	2,831	2,590

# EAST MIDLANDS ACADEMY TRUST

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 1. Accounting policies

##### **General information**

East Midlands Academy Trust is a charitable company. The address of its principal place of business is given on page 3 and the nature of its operations are set out in the Trustees' Report. A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

##### **Basis of preparation**

The financial statements of the Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

##### **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 charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

##### **Income**

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

##### Grants

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

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

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.

##### Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### Donations

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

##### Other income

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

**EAST MIDLANDS ACADEMY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

Goods and services procured from connected parties are included at the price paid, and such transactions are undertaken 'at cost' in line with the provisions of the Academies Financial Handbook.

**Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

**Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities.

Depreciation is provided on all tangible fixed assets (including donated fixed assets), so as to write off the cost of assets less their residual values over their useful lives on the following bases:

L/Term Leasehold Property	2% straight line
Office equipment	33% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

**Liabilities**

Liabilities are recognised when there is an obligation at the reporting 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.

# EAST MIDLANDS ACADEMY TRUST

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2020

#### **Leased assets**

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the period of the lease.

#### **Financial instruments**

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

#### Financial assets and liabilities

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

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

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

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

#### Derecognition of financial assets and liabilities

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

#### **Taxation**

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

#### **Pension benefits**

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

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

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

# EAST MIDLANDS ACADEMY TRUST

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2020

is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education, Education and Skills Funding Agency and local authorities.

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

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

##### Critical accounting estimates and assumptions

The 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 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### Critical areas of judgement

The Trustees consider there to be two areas of judgement which are critical to the Trust's financial statements. The Trust has occupied the NIA under a licence for the past two years and does not consider it as appropriate to include the value of the building under Fixed Assets. Since the year end a 125-year lease has been signed with effect from 01 September 2020. The building will be included in Leasehold properties with the approximate value of £46.4million. The PFI contract payments are included in the accounts as an operating lease payment and this accounting treatment has been adopted as the Trust do not retain any right to use the building after the lease expires. For this the reason we do not include it in Fixed Assets.

#### 3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 £000
Donated fixed assets	-	-	-	-
Capital grants	-	711	711	2,386
Other donations	30	-	30	38
	30	711	741	2,424

The income from donations and capital grants was £741K (2018/19: £2,424K) of which £30K was unrestricted (2018/19: £38K), £0 was restricted general (2018/19: £0K) and £711K was restricted fixed assets (2018/19: £2,386K).

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**4. Funding for the Trust's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 £000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	18,243	18,243	15,674
Start-up grants	-	277	277	290
Other DfE / ESFA grants	-	2,656	2,656	1,362
	-	21,176	21,176	17,326
<b>Other government grants</b>				
Local authority grants	-	905	905	740
Other incoming resources	16	-	16	97
<b>Exceptional Government Funding</b>				
Coronavirus Job Retention	-	-	-	-
Coronavirus Exceptional Support	-	42	42	-
Other Coronavirus Funding	-	-	-	-
	16	22,123	22,139	18,163

The income from funding for educational operations was £22,089k (2018/19: £18,163k) of which £16k was unrestricted (2018/19: £97k), £22,073k was restricted general (2018/19: £18,066k) and £nil was restricted fixed assets (2018/19: £nil). The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers £42k of premises, FSM and cleaning costs. These costs are included in notes 7 and 8 below as appropriate. The academy furloughed none of its staff under the government's CJRS. The funding received of £Nil relates to staff costs in respect of 0 staff.

**5. Other trading activities**

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 £000
Hire of facilities	50	-	50	50
Catering Income	-	-	-	-
Income from other activities	15	429	444	556
	65	429	494	606

The income from other trading activities was £494k (2018/19: £606k) of which £65k was unrestricted (2018/19: £98k), £444k was restricted general (2018/19: £508k) and £nil was restricted fixed assets (2018/19: £nil).

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**6. Investment income**

	Unrestricted Funds £000	Restricted Funds £000	Total 2019/20 £000	Total 2018/19 £000
Short term deposits	1	-	1	1

The income from funding for investment income was £1k (2018/19: £1k) of which £1k was unrestricted (2018/19: £1k), £nil was restricted general (2018/19: £nil) and £nil was restricted fixed assets (2018/19: £nil).

**7. Expenditure**

	<u>Non-Pay Expenditure</u>			Total 2019/20 £000	Total 2018/19 £000
	Staff costs £000	Premises £000	Other £000		
<b>Academy's educational operations</b>					
-Raising Funds	-	-	447	447	399
- Direct costs	14,304	1,321	1,170	16,796	14,687
- Allocated support costs	3,718	2,082	1,249	7,050	5,730
<b>Total costs</b>	<b>18,022</b>	<b>3,403</b>	<b>2,865</b>	<b>24,291</b>	<b>20,816</b>

**Net income/expenditure for the period includes:**

	2019/20 £000	2018/19 £000
Operating lease rentals	58	55
Depreciation of tangible fixed assets	1,321	1,258
Net interest on defined benefit pension liability	123	123
Fees payable to Mazars LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	18	18
- Other services	2	2

**EAST MIDLANDS ACADEMY TRUST**  
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**8. Charitable activities**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2019/20 £000</b>	<b>Total 2018/19 £000</b>
Direct costs - educational operations	0	16,796	16,796	14,687
Support costs - educational operations	0	7,050	7,050	5,730
	<hr/>	<hr/>	<hr/>	<hr/>
	0	23,845	23,845	20,417

The expenditure on educational operations was £23,845 (2018/19: £20,417k) of which £0 was unrestricted (2018/19: £90k), £23,845 was restricted general (2018/19: £19,069k) and £1,321 was restricted fixed assets (2018/19: £1,258k).

**Analysis of support costs**

	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Support staff costs	3,718	4,379
Donated goods and services from sponsors	-	16
Technology costs	177	312
Premises costs	2,082	743
Legal costs - other	18	-
Other support costs	1,012	1,359
Governance costs	42	331
	<hr/>	<hr/>
	7,050	7,140



**EAST MIDLANDS ACADEMY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. Staff**

<b>Staff costs</b>	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Staff costs during the year were:		
Wages and salaries	12,705	11,167
Social security costs	1,256	1,026
Operating costs of defined benefit pension schemes	3,742	2,621
Total staff costs	17,703	14,814
Supply staff costs	185	303
Staff restructuring costs	57	133
Staff development and other staff costs	77	40
	18,022	15,290
Staff restructuring cost comprises:		
Redundancy payments	57	54
Severance Payments	0	78

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

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £0. (2018/19 £0)

**Staff numbers**

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

	<b>2019/20 Number</b>	<b>2018/19 Number</b>
Teachers	250	196
Administration and support	237	264
Management	22	22
	509	482

**Higher paid staff**

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

	<b>2019/20 Number</b>	<b>2018/19 Number</b>
£60,001 - £70,000	3	6
£70,001 - £80,000	6	2
£80,001 - £90,000	2	0
£90,001 - £100,000	1	2
£100,001 - £110,000	1	1
£110,001 - £120,000	0	0
£120,001 - £130,000	0	0
£130,001 - £140,000	0	0
£140,001 - £150,000	1	1
	14	12

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**9. Staff (Continued)**

**Key management personnel**

The key management personnel of the Trust comprise the Trustees, Heads of Schools and the Senior Management Team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £1,042,988 (2018/19: £952k).

**10. Trustees' remuneration and expenses**

None of the Trustees have been paid remuneration or have received other benefits from an employment with the Trust. The Heads of School and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Heads of School and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

No Trustee received remunerations £nil in 2019/20 (2018/19: £0).

During the year ended 31 August 2020 expenses totalling £895 (2018/19: £2,913) were reimbursed to five trustees (2018/19: seven) for travel relating to their role as trustees.

**11. 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 unlimited cover on any one claim and the cost for the year ended 31 August 2019/20 was included within the costs of the Risk Protection Arrangement.

**12. Tangible fixed assets**

	<b>L/Term Leasehold Property £000</b>	<b>Freehold Property £000</b>	<b>Office Equipment £000</b>	<b>Fixtures and Fittings £000</b>	<b>Motor Vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>						
At 1 September 2019	29,692	3,462	1,679	1,316	13	36,162
Additions	1,248	-	407	203	3	1,861
<b>At 31 August 2020</b>	<b>30,940</b>	<b>3,462</b>	<b>2,086</b>	<b>1,519</b>	<b>16</b>	<b>38,023</b>
<b>Depreciation</b>						
At 1 September 2019	2,182	252	1,011	665	9	4,118
Charge for the year	604	69	426	219	3	1,321
<b>At 31 August 2020</b>	<b>2,786</b>	<b>321</b>	<b>1,437</b>	<b>884</b>	<b>12</b>	<b>5,440</b>
<b>Net book value</b>						
At 31 August 2019	27,511	3,210	668	651	3	32,043
<b>At 31 August 2020</b>	<b>28,154</b>	<b>3,141</b>	<b>649</b>	<b>635</b>	<b>4</b>	<b>32,583</b>

The NIA Building lease was valued post year end and the valuation amounted to £42,000k.

**EAST MIDLANDS ACADEMY TRUST**  
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**13. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	32	39
VAT recoverable	245	538
Prepayments and accrued income	885	657
	<hr/>	<hr/>
	1,162	1,234
	<hr/>	<hr/>

**14. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	700	878
Other taxation and social security	283	277
Abatement of GAG	-	20
Other creditors	409	34
Accruals and deferred income (see note 16)	780	367
	<hr/>	<hr/>
	2,172	1,576
	<hr/>	<hr/>

**15. Deferred income**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Deferred income is included within:		
Creditors due within one year	223	165
	<hr/>	<hr/>
Deferred income as at 1 September 2019	165	232
Released from previous years	(165)	(232)
Amounts deferred in the year	223	165
	<hr/>	<hr/>
<b>Deferred income at 31 August 2020</b>	<b>223</b>	<b>165</b>
	<hr/>	<hr/>

Deferred Income was £223k, (2018/19: £165k) of which £141k was Universal Infant Free school meals (UIFSM) £51k was Trip Expenditure paid in advance and £31k was other deferred income.

**EAST MIDLANDS ACADEMY TRUST**  
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**16. Funds**

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
General Annual Grant	771	20,361	(19,667)	(448)	1,018
Start-up grants	-	277	(277)	-	-
Pupil Premium	-	1,009	(1,009)	-	-
Other government grants	-	905	(905)	-	-
Pension reserve	(6,858)	-	(1,029)	(767)	(8,654)
	(6,087)	22,552	(22,887)	(1,215)	(7,637)
<b>Restricted fixed asset funds</b>					
Assets purchased post conversion	3,284	711	(645)	448	2,770
Building valuation	30,061	-	(675)	-	29,386
	33,345	711	(1,321)	448	33,183
<b>Total restricted funds</b>	<b>27,258</b>	<b>23,263</b>	<b>(24,208)</b>	<b>(767)</b>	<b>25,546</b>
<b>Unrestricted funds</b>					
General funds	175	114	(83)	-	205
<b>Total funds</b>	<b>27,433</b>	<b>23,376</b>	<b>(24,291)</b>	<b>(767)</b>	<b>25,751</b>

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

- Unrestricted funds - represents funds available for the Trustees to apply for the general purposes of the Trust.
- General Annual Grant (GAG) - represents funding from the ESFA to be used for the normal running costs of the schools, including education and support costs.
- Other Government Grants - represents various grants from local and national government bodies for the provision of specific services to pupils of the Academy Trust.
- Other Restricted funds - represents various funding received for other specific purposes.
- Start Up Grants - represents funding to be used specifically for costs incurred during the conversion process.
- Pension Reserve - represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy Trust on conversion from state control.
- Restricted Fixed Asset funds - comprises fixed assets funded by government grants and other funding bodies.
- Other DfE/ESFA grants - represents other funding from the DfE/ESFA to support specific activities within the Academy Trust.
- Transfer from Revenue to Capital-represents GAG Funds used for capital expenditure.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

**EAST MIDLANDS ACADEMY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**16. Funds (Continued)**

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

**16. Funds (Continued)**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>					
General Annual Grant	902	15,674	(15,805)	-	771
Start-up grants	-	290	(290)	-	-
Pupil Premium	-	851	(851)	-	-
Other government grants	-	1,760	(1,760)	-	-
Pension reserve	(4,425)	-	(713)	(1,720)	(6,858)
	(3,523)	18,575	(19,419)	(1,720)	(6,087)
<b>Restricted fixed asset funds</b>					
Assets purchased post conversion	1,636	2,386	(738)	-	3,284
Building valuation	30,582	-	(521)	-	30,061
	32,218	2,386	(1,259)	-	33,345
<b>Total restricted funds</b>	28,695	20,960	(20,677)	(1,720)	27,258
<b>Unrestricted funds</b>					
General funds	79	234	(138)	-	175
<b>Total funds</b>	28,775	21,194	(20,815)	(1,720)	27,433

**16. Funds (Continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2020 were allocated as follows:

	Total 2020 £000	Total 2019 £000
Orchard Academy	169	169
Shepherdswell Academy	15	15
Castle Academy	555	555
Hardingstone Academy	66	66
Stimpson Avenue Academy	44	44
Prince William School	221	221
Northampton International Academy	95	95
Central services	58	(219)
Total before fixed assets fund and pension reserve	1,223	946
Restricted fixed asset fund	33,183	33,345
Pension reserve	(8,654)	(6,858)
<b>Total funds</b>	25,751	27,433

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**Total cost analysis by academy**

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Depreciation	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Orchard Academy	1,232	221	32	256	-	1,742	1,840
Shepherdswell Academy	706	70	38	123	-	937	966
Castle Academy	1,461	159	44	593	-	2,257	2,091
Hardingstone Academy	778	84	13	173	-	1,048	1,008
Stimpson Avenue Academy	1,101	172	26	278	-	1,576	1,691
Prince William School Northampton	3,886	391	60	1,008	-	5,345	5,450
International Academy	4,988	295	191	1,461	-	6,934	4,713
Central services	2	1,914	1	639	1,321	3,877	1,799
Site & IT	1	571	-	1	-	573	-
	14,154	3,876	407	4,532	1,321	24,291	19,558

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**Analysis of net assets between funds**

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	32,583	32,583
Current assets	205	3,189	600	3,994
Creditors falling due within one year	-	(2,172)	-	(2,176)
Defined benefit pension scheme liability	-	(8,654)	-	(8,654)
<b>Total net assets</b>	<b>205</b>	<b>(7,637)</b>	<b>33,183</b>	<b>25,751</b>

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	32,043	32,043
Current assets	175	2,347	1,302	3,824
Creditors falling due within one year	-	(1,576)	-	(1,576)
Defined benefit pension scheme liability	-	(6,858)	-	(6,858)
<b>Total net assets</b>	<b>175</b>	<b>(6,087)</b>	<b>33,345</b>	<b>27,433</b>

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**17. Commitments under operating leases**

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due within one year	42	35
Amounts due between one and five years	49	25
	<hr/>	<hr/>
	<b>91</b>	<b>60</b>

One of the Trust's academies, Castle Primary School, is also part of a Private Finance Initiative (PFI) arrangement for the use of its site. Under this agreement the academy is committed to a charge of £324k per annum. The charge is subject to indexation each year.

**Capital commitments at the year end**

At year end Capital commitments amounted to £397k this would be attributed to a Marketing Suite at Castle Academy, the staircase refurbishments at the NIA & the Science block refurbishments at Prince William.

**18. Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Net income for the reporting period (as per the Statement of Financial Activities)	(915)	378
<b>Adjusted for:</b>		
Capital grants from DfE/ESFA and other capital income	(711)	(2,386)
Interest receivable	(1)	(1)
Interest payable	-	-
Defined benefit pension scheme cost less contributions payable	783	542
Defined benefit pension scheme finance cost	246	172
Defined benefit pension scheme net settlement cost	-	-
Depreciation of tangible fixed assets	1,321	1,258
Profit on disposal of fixed assets	-	-
Decrease in debtors	71	68
Increase/(decrease) in creditors	596	(432)
	<hr/>	<hr/>
<b>Net cash provided by / (used in) Operating Activities</b>	<b>1,390</b>	<b>(401)</b>



**EAST MIDLANDS ACADEMY TRUST**  
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**19. Cash Flows from Financing Activities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Repayment of borrowing	-	-
Finance cost	-	-
<b>Carrying amount of financial liabilities</b>	<b>-</b>	<b>-</b>

**20. Cash Flows from investing activities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Dividends, interest and rents from investments	1	1
Capital Grants from DfE Group	711	2,386
Purchase of tangible fixed assets	(1,861)	(1,241)
Capital funding received from sponsors & others	-	-
<b>Net cash provided by / (used) in investing activities</b>	<b>(1,149)</b>	<b>1,146</b>

**21. Analysis of cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	2,831	2,589
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>2,831</b>	<b>2,589</b>

**22. Members' liability**

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

**23. Pension and similar obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS to the period ended 31 March 2016.

Contributions amounting to £309k (2019: £0) were payable to the schemes at 31 August 2020 and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent

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and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### **Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

#### **Scheme Changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,978k (2019: £1,186,510)

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**Local Government Pension Scheme**

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

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.

<b>Total contributions made</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Employer's contributions	810	732
Employees' contributions	231	206
Total contributions	1,041	938

**Principal actuarial assumptions**

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

	<b>2020</b> <b>%</b>	<b>2019</b> <b>%</b>
	<b>Northants/Bucks</b>	<b>Northants/Bucks</b>
Rate of increases in salaries	2.7/3.25	2.6/3.8
Rate of increase for pensions in payment/inflation	2.2/2.25	2.2/2.3
Discount rate for scheme liabilities	1.7/1.65	1.8/1.85
Inflation assumption (CPI)	2.2/2.3	2.2/2.3

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

The assumed life expectations on retirement age 65 are:

	<b>2020</b> <b>Years</b>	<b>2019</b> <b>Years</b>
	<b>Northants/Bucks</b>	<b>Northants/Bucks</b>
Retiring today		
- Males	21.5/21.8	22.9/21.2
- Females	23.7/25.1	24.8/23.3
Retiring in 20 years		
- Males	23.3/23.2	24.6/22.3
- Females	25.1/26.6	24.7/26.7

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The Trust's share of the assets in the scheme

	2020 Fair Value £'000	2019 Fair Value £'000
Equities	4,358	3,964
Bonds	1,073	968
Gilts	223	248
Cash	195	146
Property	689	498
Other assets	213	217
	<hr/>	<hr/>
Total fair value of assets	6,752	6,042
	<hr/>	<hr/>

The actual return on scheme assets was £97k (2019: £187).

**Amount recognised in the statement of financial activities**

	2020 £'000	2019 £'000
Current service cost	1,710	1,238
Past service costs	-	83
Net interest cost	127	123
Settlement Cost	-	-
	<hr/>	<hr/>
Total operating charge	1,837	1,444
	<hr/>	<hr/>

**Changes in the present value of defined benefit obligations**

	2020 £'000	2019 £'000
At 1 September 2019	12,900	9,266
Current service cost	1,710	1,238
Interest cost	246	269
Employee contributions	231	206
Actuarial gain	408	1,902
Benefits paid	(89)	(64)
Settlement prices	-	-
Past Service	-	83
	<hr/>	<hr/>
At 31 August 2020	15,406	12,900
	<hr/>	<hr/>

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

<b>Changes in the fair value of the Trust's share of scheme assets</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September 2019	6,042	4,841
Interest income	119	145
Administration Expense	(2)	-
Return on plan assets (excluding net interest on the net defined pension liability)	(359)	182
Employer contributions	810	732
Employee contributions	231	206
Settlement prices received	-	-
Benefits paid	(89)	(64)
	<hr/>	<hr/>
At 31 August 2020	6,752	6,042
	<hr/>	<hr/>

**25. Sensitivity Analysis**

<b>Changes in assumptions</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Decrease in Real Discount Rate of 0.5%	2,034	1,673
Increase in the Salary Increase Rate of 0.5%	78	138
Increase in the Pensions Increase Rate (CPI) of 0.5%	1,932	1,497
	<hr/>	<hr/>

**26. Related party transactions**

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

There were no related party transactions during 2019-20. Related party transactions in 2018: Nil.

**27. Agency arrangements**

The Academy Trust distributes 16-19 Bursary Funds to students as an agent for the ESFA. In the year it received £26,307 and disbursed £26,307. With an amount of £Nil repayable by the Academy Trust as at 31 August 2020 (2019: £Nil). The Academy Trust has used of the allocation received towards its own administration costs and this is recognised as income in the Statement of Financial Activities of £Nil.

**28. Post Balance Sheet events**

A 125 year lease for the NIA was signed post year end with an effective date of 01 September 2020. Up until this time the Trust has occupied the NIA under a license to occupy, and the asset has not been included in the value of leasehold premises as at the year end. The cost of the NIA building is approximately £46.4million.

