

# THE TWO COUNTIES TRUST TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

**Registered number:** 07972029

## **Contents**

**Reference and administrative details**

**Trustees' report**

**Governance statement**

**Statement of regularity, propriety and compliance**

**Statement of Trustees' responsibilities**

**Independent auditors' report and financial statements**

**Independent accountant's report on regularity**

**Consolidated statement of financial activities incorporating income and expenditure account**

**Consolidated balance sheet**

**Multi-Academy Trust balance sheet**

**Consolidated statement of cash flow**

**Notes to the financial statements**



## Reference and administrative details

<b>Members</b>	R Stones OBE G Bradley (resigned 18 December 2020) S Knowles G Haslam R Crisp (appointed 1 April 2020)
<b>Trustees</b>	K Potts, Chair of Trustees I Greenaway R Ruszczynski (resigned 15 April 2021) R Wheelhouse A Chmiel C Hallam A Hahn (resigned 14 October 2021) A McLaughlin A Durrant S Higginson (appointed 14 October 2021)
<b>Company registered number</b>	07972029
<b>Company name</b>	The Two Counties Trust
<b>Principal and registered office</b>	Ashfield School Sutton Road Kirby in Ashfield Nottinghamshire NG17 8HP
<b>Chief Executive Officer</b>	R Vasey (to 31 December 2020) W Davies (from 1 January 2021)
<b>Senior leadership team</b>	R Vasey, Chief Executive Officer (to 31 December 2020) W Davies, Chief Executive Officer (from 1 January 2021) N Palmer, Corporate Services Director D Duggan, Operational Resources Director J Maher, Head of Ashfield School C Woollard, Head of Frederick Gent School C Patterson, Head of Friesland School R Marlow, Head of Heritage High School K Kerry, Head of Manor Academy P Halcro, Head of Selston High School J Fawcett, Head of Swanwick Hall School J Crofts, Head of Wilsthorpe School (to 31 December 2020) D Hobbs, Head of Wilsthorpe School (from 1 January 2021) M Sly, Director of School Improvement I Wingfield, Head of Springwell Community College
<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B2 2BH



**Reference and administrative details (continued)****Bankers**

Barclays Bank PLC  
Level 4  
Chapel Quarter  
Maid Marian Way  
Nottingham  
NG1 6HQ

**Solicitors**

Brown Jacobson LLP  
The Arc  
NG2 Business Park  
Enterprise Way  
Nottingham  
NG2 1EN

Flint Bishop Solicitors LLP  
St Michaels Court  
St Michaels Lane  
Derby  
DE1 3HQ



## Reference and administrative details (continued) - For the year ended 31 August 2021

**Ashfield School** Sutton Road  
Kirby in Ashfield  
Nottinghamshire  
NG17 8HP

**Selston High School** Chapel Road  
Selston  
Nottinghamshire  
NG16 8BW

**Swanwick Hall School** Derby Road  
Swanwick  
Derbyshire  
DE55 1AE

**Manor Academy** Park Hall Road  
Mansfield Woodhouse  
Nottinghamshire  
NG19 8QA

**Heritage High School** Boughton Lane  
Clowne  
Chesterfield  
Derbyshire  
SW3 4QG

**Frederick Gent School** Mansfield Road  
South Normanton  
Alfreton  
DE55 2ER

**Friesland School** Nursery Avenue  
Sandiacre  
Nottingham  
NG10 5AF

**Wilsthorpe School** Derby Road  
Long Eaton  
Nottingham  
NG10 4WT

**Springwell Community College** Middlecroft Road  
Staveley  
Chesterfield  
S43 3NQ



## Trustees' Report - For the year ended 31 August 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Two Counties Trust is a Multi-Academy Trust established on 1 April 2016, made up of the following academies:

- Ashfield School (converter academy) in April 2016
- Selston High School (converter academy) in April 2016
- Swanwick Hall (converter academy) in April 2016
- Manor Academy (sponsored academy) in September 2016
- Heritage High School (sponsored academy) in April 2017
- Frederick Gent School (sponsored academy) in November 2017
- Friesland School (converter academy) in June 2018
- Wilsthorpe School (converter academy) in December 2018
- Springwell Community College (sponsored academy) in March 2020

The Trust consists of like-minded academies that share a passion for working together in order to continually improve the quality of provision and outcomes for all our students through focussing on academy improvement. All our academies are located in close proximity along the M1 corridor in Derbyshire and Nottinghamshire and have common characteristics such as being ex-mining areas, with a predominantly white, working-class population and higher than average levels of disadvantage. We currently provide education for over 11,000 students, employ over 1,300 staff and have an annual turnover of c£65m.

## Structure, governance and management

### A. Constitution

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

The Trustees of The Two Counties Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Two Counties Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

The principal activity of the Trust is the operation of the Academies, which is to provide education, with a balanced and broadly based curriculum, for pupils of different abilities between the ages of 11 and 19, who are wholly or mainly drawn from the area in which the Academies are situated. Trustees and Governors, in their various committees, adhere to statutory guidance and Codes of Practice related to Admissions, Exclusions, Data Protection, Freedom of Information and Child Protection.

### B. Members' liability

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

### C. Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Trustee, Governor or other officer or auditor of the Multi Academy Trust shall be indemnified out of the assets of The Two Counties Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of The Two Counties Trust.



## Trustees' Report (continued) - For the year ended 31 August 2021

### Structure, governance and management (continued)

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

Trustees are appointed in accordance with the articles of association. The Members may appoint by ordinary resolution up to 5 Trustees. The Trustees may appoint co-opted Trustees.

The term of office for any Trustee is four years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected at a General Meeting. Typically, a term of office will only be renewed for a maximum of three terms, however the Board has discretion to extend this period in order to retain specialist skills and knowledge.

#### **E. Policies adopted for the induction and training of Trustees**

The training and induction for new Trustees depends on their existing experience. The Trust when required purchases support services which provides individual and full Trust Board training which is reviewed in line with legislation. The Trust reviews skills of Trustees and recruits and trains accordingly.

#### **F. Organisational structure**

The members must hold at least 1 Annual General Meeting per year and have delegated authority to the Board of Trustees.

The Trustees hold 4 board meetings and 2 strategic meetings per Academic year, in addition the Risk and Audit Committee and Finance Committee meets 3 times a year. The Trustees have delegated authority to several Local Governing Bodies, 1 per Academy. The CEO is the Accounting Officer for the Trust.

The Governance Professional (Clerk) to the Trustees is employed by the Trust and manages the governance arrangements across the Trust. The Clerk is qualified and has access to regular training.

The Strategic Leadership Groups meet 11 times a year working alternately between a School Improvement Focus and a full Trust bias and consists of CEO, Corporate Services Director (CFO), Operational Resources Director, Pastoral Director and each Academy Headteacher. This group is responsible for delivering the Trust Strategy, Mission and Vision.

The Trustees have an agreed Scheme of Delegation which clearly outlines the devolved authority from the Board of Trustees to each Local Governing Body. The composition of Local Governing Bodies is approved by the Board of Trustees and may include the Headteacher, staff and parent governors, Trust appointed governors and co-opted governors. This is updated and reviewed annually. Each Local Governing Body is responsible for monitoring their Academy's academic performance, approving an annual school improvement plan, recommending the budget including staffing and associated costs and making decisions about the direction of their Academy. The Local Governing Body defines the aims, objectives, principles and strategies of their Academy. The Academy Leadership Team ensures that all operational decisions are in accordance with these principles.

The day-to-day management of each Academy is delegated to the Headteachers who direct their Leadership Teams. Budgets are devolved to each Academy by the Board of Trustees. The Trust develops and approves Financial Limits of Authority across the Academies, these are reviewed on an annual basis.

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

The Board of Trustees has delegated authority for setting pay and remuneration of The Trust Executive Team to the Remuneration Committee. All Members of the Executive Team are set Performance Objectives on an annual basis and these are monitored and reviewed by the Remuneration Committee.



## Trustees' Report (continued) - For the year ended 31 August 2021

### Structure, governance, management (continued)

#### H. Trade union facility time

##### Relevant union officials

Number of employees who were relevant union officials during the year	<b>15</b>
Full-time equivalent employee number	13.78

##### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	<b>3</b>
1% - 50%	<b>10</b>
51% - 99%	<b>1</b>
100%	<b>1</b>
Percentage of pay bill spent on facility time	<b>£000</b>
Total cost of facility time	<b>21</b>
Total pay bill	<b>53,644</b>
Percentage of total pay bill spent	<b>0.04%</b>

##### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	<b>0.39%</b>
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#### I. Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Group and the Multi-Academy Trust carry out exit interviews for all staff leaving the organisation and have adopted a procedure of upward feedback for senior management and the Trustees.

The Group and the Multi-Academy Trust have implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Group and the Multi-Academy Trust's equal opportunities policy, the Group and the Multi-Academy Trust have long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Multi-Academy Trust's offices.

#### J. Engagement with suppliers, customers and others in a business relationship with the Multi-Academy Trust

The Trust has a number of suppliers with whom effective relationships are maintained. This is achieved through a range of methods most commonly through regular reviews of service. Examples include the provider of the Employee Assistance Programme where a termly review takes place, the provider of the Occupational Health Service and the provider of the recruitment platform for whom an annual service review takes place and the contract manager of the outsourced catering and cleaning service used in some of our schools, where monthly service reviews are scheduled. As well as operational performance these service reviews are an opportunity to share information and provide two way feedback which is taken into account when making business decisions which may impact the supplier. This constructive relationship has been particularly important in understanding the impact of Covid-19 on our suppliers' businesses and the services they provide to the Trust.



## Trustees' Report (continued) - For the year ended 31 August 2021

### Objectives and activities

#### A. Objects and aims

The Trust Board and the senior leadership team are deeply committed to serving our students, families, and staff through improving the educational offer in our academies. The Trust was founded on 1st April 2016 when three schools came together to make a difference to the educational landscape in the Nottinghamshire and Derbyshire areas. Over the past five years six additional schools have joined the Trust. We serve nearly 11,000 students and are the employer of choice for over 1,300 staff. Five of our schools carry a 'good' Ofsted rating and four are 'requires improvement'.

Our operating model of Empowered to Lead, we aim to ensure that our practice is researched informed and implemented with rigour and precision. We fully believe we should recruit, develop, and retain talent. In order to extend our reach as the school and employer of choice we are investing heavily in creating a strong brand.

#### B. Objectives, strategies and activities

##### Why do we exist?

Our collective mission is to provide our students with opportunities and experiences to enhance their life choices, making a positive contribution to the world we share.

##### What do we do?

The principal objectivity and activity of the charitable company is to serve our communities by educating and preparing our students for the next step in their lives.

##### What are the strategic anchors which will lead to success?

- Creating a healthy organisation, free from politics and confusion through clarity following the empowered to lead operating model.
- Building a compelling school culture built on strong professional relationships where all can achieve.
- Crafting and implementing a high-value curriculum which is knowledge rich to allow meaningful application of skills.
- Putting people first through high impact professional development and instructional coaching.

Each of the strategic anchors are reviewed using key performance indicators twice each term. The strategic plan along with the Improvement Plan ensures that the Trust is making incremental improvements across all function's education and business.

#### C. Public benefit

The Trustees and academy governors have complied with their duty to have due regard to the Charity Commission guidance on public benefit in exercising their powers and duties, as noted above in the review of activities during the period in regard to the objects of the charitable company.

The Trust has played a major role in supporting community development by providing resources, expertise and support for various local groups, community Forum, adult Education, numerous sports teams, local charities and local politicians.

### Strategic report

#### Achievements and performance

##### A. Key performance indicators

The summer 2021 GCE A Level, AS and GCSE examinations in England were cancelled by the UK government in January 2021 due to the ongoing challenges posed by the COVID-19 pandemic. Teachers, schools and colleges instead determined grades this year using a range of evidence that reflected the content their students had been taught. Similar approaches were also applied to other regulated qualifications delivered in Northern Ireland and



## Trustees' Report (continued) - For the year ended 31 August 2021

### Strategic report (continued)

Wales. These grades were then quality assured by the exam boards. This was a process different to the one in 2020, which led to controversy due to the standardisation algorithm involved.

2021 student outcomes are not comparable to other years and progress measures are almost impossible to draw. The only possible meaningful analysis is the performance of different groups with the same schools who were assessed in the same way and taught by the same curriculum. The Trust's robust process for awarding grades stood up to external scrutiny due to the thorough and professional approach taken by curriculum leaders across our academies.

Due to the pandemic no school in the Trust had a scheduled Ofsted inspection in the reporting period. Two schools did have successful visits by the HSE to review COVID 19 arrangements and mitigations.

School Improvement work has focused on the quality of curriculum planning. Curriculum leads worked on the sequencing the curriculum and agreeing the powerful knowledge that is needed in each curriculum areas. Literacy development has been significant in the year with all schools have some common approaches been implemented to raise the profile and impact of literacy. Quality assurance activities were carried out by Directors across the various subjects and where needed schools were given support to secure improvements.

### B. Going concern

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

### C. Promoting the success of the company

The Multi Academy Trust is outward facing, with members acting in good faith to promote the success of our schools to our stakeholders, including students, parents / careers, the community and our staff.

We have strong links with key stakeholders within the community including local MPs and are engaged with several regional and national organisations to share and learn from best practices.

The Trust has appointed a 3rd Party marketing and communications provider to support with publications and to ensure our engagement with the press and wider community is proactive and positive. In the reporting year we have appointed internal capacity to build upon the work of the 3rd Party. All our sites now have a high quality consistent website.

To govern these arrangements all Trustees and staff members comply with a Code of Conduct which sets out our expectations and the high standards of conduct we expect.

## Financial review

### A. Reserves policy

The Trustees review the reserve levels of the Trust on a regular basis as part of their regular monitoring of the Trust finances. The reserves policy target range for restricted general funds (excluding pension reserve) and unrestricted funds (free reserves) is set at a level which takes into account key financial risks. The Trust held free reserves at 31 August 2021 of £2,959,000 (2020 - £2,579,000) consisting of £784,000 (2020 - £nil) restricted funds and £2,175,000 (2020 - £2,579,000) of unrestricted funds which is within the target range. Included in the restricted fund is an amount of £210,615,000 (2020 - £210,394,000) invested in fixed assets and a pension reserve deficit of £42,062,000 (2020 - £30,975,000).

### B. Investment policy

In furtherance of the Objects, The Two Counties Trust may deposit or invest any funds of the Trust not immediately required for the furtherance of its Objects only after obtaining such advice from a financial expert, authorised to give investment advice under the Financial Services and Markets Act 2000, as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification.



## Trustees' Report (continued) - For the year ended 31 August 2021

### Financial review (continued)

#### C. Principal risks and uncertainties

Trustees have reviewed significant risks and established a Risk and Audit Committee which oversees the risk management framework and reports to the Board. The principal risks during the period were:

- Serious Safeguarding Incident
- Insufficient capacity within the Trust / School to deliver continuing school improvement
- Ineffectiveness of governance arrangements
- Serious Health and Safety Incident
- Serious Data Breach
- An incident which closes a school for an extended period
- Failure to adequately plan for capital investment projects
- IT security defences penetrated
- Lack of appropriate financial controls
- Trading activities not profitable

The executive team reviewed the risks on a quarterly basis and presented the current and planned mitigation controls to the Risk and Audit Committee.

#### D. Overview

Most of the Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes in pursuance of the Trust's objects. The grants received from the DfE during the period ended 31 August 2021 and the associated expenditure are shown as restricted general funds in the Statement of Finance Activities.

The Trust also receives grants for fixed assets from the DfE in accordance with the Charities Statement of Recommended Practice (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2020 the net book value of fixed assets was £207,729,000 (2020 - £208,868,000) and movements in tangible fixed assets are shown in note 15 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust. The Trustees have been advised by the actuary for the Local Government Pension Scheme that the pension liability has increased to £42,062,000 (2020 - £30,975,000) as at 31 August 2021, for the current shortfall in payments required to fund non-academic staffs annual salary pension schemes (in accordance with FRS 102).

#### Fundraising

The Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees



## Trustees' Report (continued) - For the year ended 31 August 2021

### Streamlined energy and carbon reporting

The Group's greenhouse gas emissions and energy consumption are as

	<b>2021</b>	<b>2020</b>
Energy consumption used to calculate emissions (kWh)	<b>16,407,000</b>	13,897,000
<b>Energy consumption breakdown (kWh):</b>		
Gas	<b>11,511,000</b>	9,772,000
Electricity	<b>4,866,000</b>	4,086,000
Transport fuel	<b>30,000</b>	39,000
<b>Scope 1 emissions (in tonnes of CO2 equivalent):</b>		
Gas consumption	<b>2,217</b>	1,797
<b>Total scope 1</b>	<b>2,217</b>	1,797
<b>Scope 2 emissions (in tonnes of CO2 equivalent):</b>		
Purchased electricity	<b>1,134</b>	953
<b>Scope 3 emissions (in tonnes of CO2 equivalent):</b>		
Business travel in employee-owned or rental vehicles	<b>7</b>	1
<b>Total gross emissions (in tonnes of CO2 equivalent):</b>	<b>3,358</b>	2,751
<b>Intensity ratio:</b>		
Tonnes of CO2 equivalent per pupil	<b>0.31</b>	0.30

The Group has followed and used the following quantification and reporting methodologies:

- the 2019 HM Government Environmental Reporting Guidelines;
- the GHG Reporting Protocol - Corporate Standard; and
- the 2021 UK Government's Conversion Factors for Company Reporting.

### Intensity Measurement

- The chosen intensity measurement ratio is total gross emissions in metric tonnes of CO2 equivalent per pupil, the recommended ratio for the sector.

### Measures Taken to Improve Energy Efficiency

The Trust has increased online platforms and video technology across the Trust in light of the COVID pandemic, it is the Trust's intention for this to continue and therefore reduce the need for unnecessary travel across the Trust.

Smart meters have been installed in buildings as part of contract renegotiations with utilities providers and a programme of new boiler installations to improve energy consumption is underway.

### Plans for future periods

The Trust's main priority will remain focused on improving the quality of provision in our schools and therefore increasing outcomes for our young people, particularly those from more disadvantaged backgrounds given the impact of the lockdown period during Covid - 19.

We will continue to focus on leadership and governance, teaching and learning and raising standards in all our schools in order to rapidly improve the learning experience of our students and raise the aspirations of the communities which we serve. We now have in place a strong and effective central team who are determined to provide a high quality and cost effective service to all our schools. Going forward we will continue to ensure all of our students get the very best education we can possibly provide, within an organisation that cares about the whole child and their growth and development preparing them for their next stage of education.



## Trustees' Report (continued) - For the year ended 31 August 2021

### Funds held as custodian on behalf of others

There are no funds held as custodian.

### Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 15 December 2021 and signed on its behalf by:



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**K Potts**  
Chair of Trustees



## Governance Statement

### Scope of responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 The Two Counties Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities.

The Board of Trustees has formally met 8 times during the year.

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

Trustee	Meetings attended	Out of a possible
K Potts, Chair of Trustees	7	8
I Greenaway	8	8
R Ruszczyński (resigned 15 April 2021)	5	5
R Wheelhouse	8	8
A Chmiel	8	8
C Hallam	8	8
A Hahn	6	8
A McLaughlin	7	8
A Durrant	8	8

The Board conducts a skills review and self-evaluation annually. The skills review is used to inform future Board appointments and training requirements. The self-evaluation is used to consider the future development of the Board and how it functions. The Board has established a framework of link Trustees whereby a Trustee is linked with each school in the Trust to provide a conduit between schools, their local governing bodies and the Board.

There were three committees of the main Board during the year, being the Risk & Audit Committee, the Finance Committee and the Remuneration Committee.

The purpose of the Risk and Audit Committee is to approve the programme of work to assess the effectiveness of internal controls, to review audit reports and to oversee the risk management framework. The Committee reports areas of concern to the Board.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
I Greenaway (Chair)	4	4
A Chmiel	4	4
C Hallam	4	4
A McLaughlin	3	4



## Governance statement (continued)

### Review of value for money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the Multi-Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Investing further in school improvement resources through the appointment of a Trust Lead for MFL.
- Implementing a Trust wide Early Careers professional development programme.
- Commissioning a website review across all sites at the same time.
- Reducing supply costs through the use of The Supply Register.
- Use of common templates and designs.
- Moving to the universal use of Microsoft Teams.

### 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 the Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

### Capacity to handle risk

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

### The risk and control framework

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

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

The Board of Trustees has decided to appoint PKF Smith Cooper as internal auditor.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems. In particular the checks carried out in the current period include:

- Purchasing



## Governance statement (continued)

### The risk and control framework (continued)

- Payroll
- Expense claims
- Credit card transactions
- Bank & cash
- Other income (catering and leisure)
- Financial Reporting and control account reconciliations
- Submission of ESFA returns and other compliance matters

On an annual basis, the internal auditor reports to the board of Trustees through the audit and risk committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Reporting includes an outline of the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess progress..

### Review of effectiveness

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

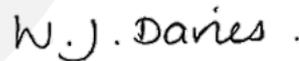
- the work of the internal auditor;
- the work of the external auditors;
- the school resource management self-assessment tool;
- the work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 15 December 2021 and signed on their behalf by:



**K Potts**  
Chair of Trustees



**W Davies**  
Chief Executive Officer and Accounting Officer



## Statement on regularity, propriety and compliance

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

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

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

*W.J. Davies .*

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**W Davies**

Chief Executive Officer and Accounting Officer

Date: 15 December 2021



## Statement of Trustees' responsibilities - For the year ended 31 August 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 their conduct and operation the Group and the charitable company apply financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the group'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 15 December 2021 and signed on its behalf by:



**K Potts**  
Chair of Trustees



## Independent auditors' Report on the financial statements to the Members of The Two Counties Trust

### Opinion

We have audited the financial statements of The Two Counties Trust (the 'Multi-Academy Trust') and its subsidiaries (the 'Group') for the year ended 31 August 2021 which comprise the consolidated statement of financial activities, the consolidated multi-academy trust balance sheets, the consolidated statement of cash flows and the related notes, and including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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



## Independent auditors' Report on the financial statements to the Members of The Two Counties Trust (continued)

### Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

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

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

### Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Multi-Academy Trust 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 Group's and the Multi-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 Group or the parent Multi-Academy Trust or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and other management, and from our commercial knowledge and experience of the academy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and



## Independent auditors' Report on the financial statements to the Members of The Two Counties Trust (continued)

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

### Use of our report

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



### Mark Gurney FCCA (Senior statutory auditor)

for and on behalf of

#### Dains LLP

Statutory Auditor  
Chartered Accountants  
Birmingham  
15 December 2021



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

In accordance with the terms of our engagement letter dated 21 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Two Counties Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of The Two Counties Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Two Counties Trust's funding agreement with the Secretary of State for Education dated 27 March 2012 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Multi-Academy Trust's income and expenditure.

### **Conclusion**

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

*Dains LLP*

### **Dains LLP**

Statutory Auditor  
Chartered Accountants

Date: 15 December 2021



## Consolidated Statement of financial activities (incorporating income and expenditure account) For the year ended 31 August 2021

		Unrestricted funds 2021	Restricted funds 2021	Restricted fixed asset funds 2021	Total funds 2021	Total funds 2020
	Note	£000	£000	£000	£000	£000
<b>Income from:</b>						
Donations and capital grants:	4					
Transfer from local authority on conversion		-	-	-	-	24,666
Other donations and capital		286	-	4,114	4,400	3,463
Charitable activities:	5					
Funding for the multi academy trust's educational operations		169	63,090	-	63,259	55,691
Other trading activities	6	571	-	-	571	701
Investments	7	-	-	-	-	10
<b>Total income</b>		<b>1,026</b>	<b>63,090</b>	<b>4,114</b>	<b>68,230</b>	84,531
<b>Expenditure on:</b>						
Raising funds	8	1,429	-	13	1,442	2,292
Charitable activities:						
Multi academy trust's educational operations		-	64,527	4,852	69,379	61,237
<b>Total expenditure</b>		<b>1,429</b>	<b>64,527</b>	<b>4,865</b>	<b>70,821</b>	63,529
<b>Net (expenditure)/income</b>		<b>(403)</b>	<b>(1,437)</b>	<b>(751)</b>	<b>(2,591)</b>	21,002
Transfers between funds	19	-	(973)	973	-	-
<b>Net movement in funds before other recognized losses</b>		<b>(403)</b>	<b>(2,410)</b>	<b>222</b>	<b>(2,591)</b>	21,002
<b>Other recognised losses:</b>						
Actuarial losses on defined benefit pension schemes		-	(7,893)	-	(7,893)	(3,866)
<b>Net movement in funds</b>		<b>(403)</b>	<b>(10,303)</b>	<b>222</b>	<b>(10,484)</b>	17,136
<b>Reconciliation of funds:</b>						
<b>Total funds brought forward</b>		<b>2,579</b>	<b>(30,975)</b>	<b>210,394</b>	<b>181,998</b>	164,862
<b>Net movement in funds</b>		<b>(403)</b>	<b>(10,303)</b>	<b>222</b>	<b>(10,484)</b>	17,136
<b>Total funds carried forward</b>		<b>2,176</b>	<b>(41,278)</b>	<b>210,616</b>	<b>171,514</b>	181,998

The notes on pages 27 to 58 form part of these financial statements



## Consolidated balance sheet as at 31 August 2021

			<b>2021</b>		<b>2020</b>
	<b>Note</b>		<b>£000</b>		<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	15		<b>207,729</b>		208,868
Current assets					
Stocks	16	<b>4</b>		5	
Debtors	17	<b>2,382</b>		2,413	
Cash at bank and in hand	23	<b>8,509</b>		5,433	
			<b>10,895</b>	7,851	
Creditors: amounts falling due within one year	18	<b>(5,050)</b>		(3,746)	
<b>Net current assets</b>			<b>5,845</b>		4,105
<b>Net assets excluding pension liability</b>			<b>213,574</b>		212,973
Defined benefit pension scheme liability	25		<b>(42,062)</b>		(30,975)
<b>Total net assets</b>			<b>171,512</b>		181,998
<b>Funds of the Multi-Academy Trust</b>					
<b>Restricted funds:</b>					
Restricted fixed asset funds	19	<b>210,615</b>		210,394	
Restricted income funds	19	<b>784</b>		-	
Restricted funds excluding pension liability	19	<b>211,399</b>		210,394	
Pension reserve	19	<b>(42,062)</b>		(30,975)	
<b>Total restricted funds</b>	19		<b>169,337</b>		179,419
<b>Unrestricted income funds</b>	19		<b>2,175</b>		2,579
<b>Total funds</b>			<b>171,512</b>		181,998

The financial statements on pages 27 to 58 were approved by the Trustees, and authorised for issue on 15 December 2021 and are signed on their behalf, by:



**K Potts**  
Chair of Trustees

The notes on pages 28 to 58 form part of these financial statements.



## Multi-Academy Trust Balance sheet as at 31 August 2021

		2021	2020
	Note	£000	£000
<b>Fixed assets</b>			
<b>Tangible assets</b>	15	<b>207,672</b>	208,806
<b>Current assets</b>			
<b>Stocks</b>	16	<b>4</b>	5
<b>Debtors</b>	17	<b>3,148</b>	2,910
<b>Cash at bank and in hand</b>		<b>8,290</b>	5,223
		<b>11,442</b>	8,138
<b>Creditors: amounts falling due within one year</b>	18	<b>(5,031)</b>	(3,757)
<b>Net current assets</b>		<b>6,411</b>	4,381
<b>Total assets less current liabilities</b>		<b>214,083</b>	213,187
<b>Defined benefit pension scheme liability</b>	25	<b>(42,062)</b>	(30,975)
<b>Total net assets</b>		<b>172,021</b>	182,212
<b>Funds of the Multi-Academy Trust</b>			
<b>Restricted funds:</b>			
<b>Restricted fixed asset funds</b>	19	<b>210,615</b>	210,394
<b>Restricted income funds</b>	19	<b>784</b>	-
<b>Restricted funds excluding pension liability</b>	19	<b>211,399</b>	210,394
<b>Pension reserve</b>	19	<b>(42,062)</b>	(30,975)
<b>Total restricted funds</b>	19	<b>169,337</b>	179,419
<b>Unrestricted income funds</b>	19	<b>2,684</b>	2,793
<b>Total funds</b>		<b>172,021</b>	182,212

The financial statements on pages 27 to 58 were approved by the Trustees, and authorised for issue on 15 December 2021 and are signed on their behalf, by:



**K Potts**  
Chair of Trustees

The notes on pages 27 to 58 form part of these financial statements.



## Consolidated statement of cash flows for the year ended 31 August 2021

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	<b>2,464</b>	(570)
<b>Cash flows from investing activities</b>	22	<b>612</b>	(403)
<b>Change in cash and cash equivalents in the year</b>		<b>3,076</b>	(973)
Cash and cash equivalents at the beginning of the year		<b>5,433</b>	6,406
<b>Cash and cash equivalents at the end of the year</b>	23, 24	<b>8,509</b>	5,433

The notes on pages 27 to 58 form part of these financial statements.



## Notes to the financial statements for the year ended 31 August 2021

### 1. General information

The Two Counties Trust is a private company limited by guarantee and incorporated in England and Wales. The registered number of the company is 07972029 and its registered office is Ashfield School, Sutton Road, Kirkby-in-Ashfield, Nottinghamshire, NG17 8HP. The principal activity of the trust is given in the Trustees report.

### 2. Accounting policies

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

#### 2.1 Basis of preparation of financial statements

The financial statements of the Multi-Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS

102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Multi-Academy Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Multi-Academy Trust has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The income and expenditure account for the year dealt with in the accounts of the Multi Academy Trust was a deficit of £10,191,000 (2020 - £17,350,000 surplus).

#### 2.1 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 Multi-Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Multi-Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Multi-Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 2.3 Income

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

##### • Grants

Grants are included in the Consolidated 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 Consolidated statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### Accounting policies (continued)

are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

#### • Donations

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

#### • Other income

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Group has provided the goods or services.

#### • Donated goods, facilities and services

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

#### • Transfer on conversion

Where assets and liabilities are received by the Group on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Group. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable

### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

#### • Expenditure on raising funds

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

#### • Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### Accounting policies (continued)

#### 2.5 Interest receivable

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

#### 2.6 Taxation

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

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

#### 2.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- 2% straight-line buildings, land not depreciated
Long-term leasehold property	- 2% straight-line buildings 0.8% straight-line land
Building improvements	- 5 - 20% straight-line
Furniture and equipment	- 20% straight-line
Computer equipment	- 20% straight-line
Motor vehicles	- 20% straight-line

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

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

#### 2.8 Stocks

Unsold textbooks and catering stocks are valued at the lower of cost or net realisable value.

#### 2.9 Debtors

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



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### Accounting policies (continued)

#### 2.10 Cash at bank and in hand

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

#### 2.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Group 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.

#### 2.12 Provisions

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

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

#### 2.13 Financial instruments

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Multi-Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Multi-Academy Trust's wholly owned subsidiary are held at face value less any impairment.

#### 2.14 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight line basis over the lease term.

#### 2.15 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### Accounting policies (continued)

measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Consolidated statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

#### **2.16 Fund accounting**

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

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

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

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



## Notes to the financial statements for the year ended 31 August 2021 (continued)

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

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

*Critical areas of judgement:*

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from these estimates. In this regard, the Trustees believe that the critical accounting policies where judgement or estimating are necessarily applied are summarised below.

#### **Depreciation and residual values**

The Trustees have reviewed the asset lives and associated residual values of all fixed assets classes and have concluded that asset lives and residual values are appropriate.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 4. Income from donations and capital grants

	Unrestricted funds 2021	Restricted funds 2021	fixed asset funds 2021	Total funds 2021
	£000	£000	£000	£000
<b>Donated fixed assets</b>	-	-	145	<b>145</b>
<b>Donations</b>	286	-	3	<b>289</b>
<b>Capital Grants</b>	-	-	3,966	<b>3,966</b>
	286	-	4,114	<b>4,400</b>
	Unrestricted	Restricted	Restricted fixed asset	Total
	funds 2020	funds 2020	funds 2020	funds 2020
	£000	£000	£000	£000
<b>Transfer from local authority on conversion</b>	401	(1,568)	25,833	24,666
<b>Donations</b>	1,447	-	50	1,497
<b>Capital Grants</b>	-	-	1,966	1,966
	1,848	(1,568)	27,849	28,129



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 5. Funding for the Multi-Academy Trust's educational operations

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
	£000	£000	£000
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	53,794	<b>53,794</b>
Other DfE/ESFA grants			
Pupil Premium	-	2,673	<b>2,673</b>
Rates Reclaim	-	358	<b>358</b>
Teachers' Pay Grant	-	719	<b>719</b>
Teachers' Pension Grant	-	2,037	<b>2,037</b>
Other DfE/ESFA grants	-	372	<b>372</b>
	-	59,953	<b>59,953</b>
<b>Other Government grants</b>			
Local authority grants	-	1,698	<b>1,698</b>
Other grants		110	<b>110</b>
	-	1,808	<b>1,808</b>
<b>Other income from the Multi-Academy Trust's educational operations</b>	169	316	<b>485</b>
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	704	<b>704</b>
Other DfE/ESFA COVID-19 funding	-	232	<b>232</b>
	-	936	<b>936</b>
<b>COVID-19 additional funding (non-DfE/ESFA)</b>			

## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 5. Funding for the Multi-Academy Trust's educational operations (continued)

Coronavirus Job Retention Scheme grant		<b>77</b>	<b>77</b>
	169	63,090	<b>63,259</b>

The multi academy trust received £704k of funding for catch-up premium and costs incurred in respect of this funding totalled £704k.

The Group also furloughed certain staff under the Government's Coronavirus Job Retention Scheme (CJRS). The funding received of £77,000 relates to claims made in respect of the year.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 5. Funding for the Multi-Academy Trust's educational operations (continued)

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
<b>DfE/ESFA grants</b>	£000	£000	<b>£000</b>
General Annual Grant (GAG)	-	47,061	<b>47,061</b>
Other DfE/ESFA grants			
Pupil Premium	-	2,402	<b>2,402</b>
Rates Reclaim	-	307	<b>307</b>
Year 7 Catch up	-	170	<b>170</b>
Teachers' Pay Grant	-	666	<b>666</b>
Teachers' Pension Grant	-	1,885	<b>1,885</b>
Other DfE/ESFA grants	-	264	<b>264</b>
	-	<b>52,755</b>	<b>52,755</b>
<b>Other Government grants</b>			
Local authority grants	-	1,149	<b>1,149</b>
Other grants	-	2	<b>2</b>
	-	1,151	<b>1,151</b>
<b>Other income from the Multi-Academy Trust's educational operations</b>	826	536	<b>1,362</b>
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Other DfE/ESFA COVID-19 funding	-	295	<b>295</b>
<b>COVID-19 additional funding (non-DfE/ESFA)</b>			
Coronavirus Job Retention Scheme grant	-	128	<b>128</b>
	826	54,865	<b>55,691</b>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the group's funding for Teachers' Pay and Pension grants is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The Group also furloughed certain staff under the Government's Coronavirus Job Retention Scheme (CJRS). The funding received of £128,000 relates to claims made in respect of the year.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

**6. Income from other trading activities**

	<b>Unrestricted funds 2021</b>	<b>Total funds 2021</b>
	£000	£000
Sale of equipment	15	15
Music activities	1	1
Rent and lettings	110	110
Staff and visitor catering	1	1
Trading company	444	444
	<b>571</b>	<b>571</b>
	<b>Unrestricted funds 2020</b>	<b>Total funds 2020</b>
	£000	£000
Sales of equipment	9	9
Music activities	4	4
Rent and lettings	92	92
Staff and visitor catering	8	8
Trading company	588	588
	701	701

**7. Investment income**

	<b>Total funds 2021</b>	
	£000	
Bank interest	-	
	<b>Unrestricted funds 2020</b>	<b>Total funds 2020</b>
	£000	£000
Bank interest	10	10



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 8. Expenditure

	Staff Costs	Premises	Other	Total
	2021	2021	2021	2021
	£000	£000	£000	£000
Expenditure on raising funds:				
Direct costs	631	-	811	<b>1,442</b>
Educational operations:				
Direct costs	44,114	-	3,710	<b>47,824</b>
Allocated support costs	9,618	7,721	4,216	<b>21,555</b>
	<b>54,363</b>	<b>7,721</b>	<b>8,737</b>	<b>70,821</b>
	Staff Costs	Premises	Other 2020	Total 2020
	2020	2020	2020	2020
	£000	£000	£000	£000
Expenditure on raising funds:				
Direct costs	762	-	1,530	2,292
Educational operations:				

## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 8. Expenditure (continued)

<b>Direct costs</b>	<b>40,006</b>	<b>-</b>	<b>3,400</b>	<b>43,406</b>
Allocated support costs	8,342	5,553	3,936	17,831
	<b>49,110</b>	<b>5,553</b>	<b>8,866</b>	<b>63,529</b>

## 9. Analysis of expenditure by activities

	Activities undertaken directly 2021	Support costs 2021	Total funds 2021
	£000	£000	£000
Multi-academy trust's educational operations	47,824	21,555	<b>69,379</b>
	Activities undertaken directly 2020	Support costs 2020	Total funds 2020
	£000	£000	£000
Multi-academy trust's educational operations	43,306	17,831	61,237



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## Analysis of direct costs

	Total funds 2021	Total funds 2020
	£000	£000
Pension finance costs	<b>526</b>	454
Staff costs	<b>44,114</b>	40,006
Educational supplies	<b>1,515</b>	1,413
Examination fees	<b>978</b>	752
Staff development and other staff costs	<b>88</b>	122
Technology costs	<b>379</b>	463
Other direct costs	<b>224</b>	196
	<b>47,824</b>	43,406

## Analysis of support costs

	Total funds 2021	Total funds 2020
	£000	£000
<b>Staff costs</b>	<b>9,618</b>	8,342
<b>Depreciation</b>	<b>4,627</b>	3,245
<b>Catering</b>	<b>526</b>	1,128
<b>Technology costs</b>	<b>311</b>	169
<b>Travel, subsistence and expenses</b>	<b>13</b>	28



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 9. Analysis of expenditure by activities (continued)

<b>Legal costs - conversion</b>	<b>-</b>	<b>20</b>
<b>Legal costs - other</b>	<b>16</b>	15
<b>Recruitment and other staff expenses</b>	<b>40</b>	121
<b>Maintenance of premises</b>	<b>494</b>	388
<b>Other premises costs</b>	<b>682</b>	562
<b>Cleaning and caretaking</b>	<b>1,122</b>	886
<b>Operating lease rentals</b>	<b>39</b>	48
<b>Rates</b>	<b>371</b>	279
<b>Security</b>	<b>41</b>	22
<b>Energy</b>	<b>953</b>	866
<b>Professional fees</b>	<b>212</b>	197
<b>Transport</b>	<b>356</b>	394
<b>Governance</b>	<b>77</b>	50
<b>Other support costs</b>	<b>2,057</b>	1,071
	<b>21,555</b>	17,831

## 10. Net (expenditure)/ income

Net (expenditure)/income for the year includes:	<b>2021</b>	<b>2020</b>
	£000	£000
Operating lease rentals	<b>39</b>	47
Depreciation of tangible fixed assets	<b>4,642</b>	3,026
Fees paid to auditors for:		
- audit	<b>40</b>	39
- other services	<b>14</b>	4



## Notes to the financial statements for the year ended 31 August 2021 (continued)

**11. Staff****A. Staff costs**

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Multi-academy trust 2021</b>	<b>Multi-academy trust 2020</b>
	<b>£000</b>	£000	<b>£000</b>	£000
Wages and salaries	<b>38,657</b>	35,082	<b>38,128</b>	34,453
Social security costs	<b>3,951</b>	3,577	<b>3,918</b>	3,541
Pension costs	<b>11,036</b>	9,678	<b>10,967</b>	9,600
	<b>53,644</b>	48,337	<b>54,013</b>	47,594
Agency staff costs	<b>711</b>	734	<b>711</b>	714
Staff restructuring costs	<b>8</b>	39	<b>8</b>	39
	<b>54,363</b>	49,110	<b>53,732</b>	48,347
Staff restructuring costs comprise:				
	<b>Group 2021</b>	Group 2020	<b>Multi-academy trust 2021</b>	Multi-academy trust 2020
	<b>£000</b>	£000	<b>£000</b>	£000
Redundancy payments	-	8	-	8
Severance payments	<b>8</b>	31	<b>8</b>	31
	<b>8</b>	39	<b>8</b>	39

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

Included in staff restructuring costs are non-statutory/non-contractual severance payment totalling £8,000 (2020 - £31,000). Individually, the payments were: £400, £6,000 and £1,500.

**C. Staff numbers**

The average number of persons employed by the Group and the Multi-Academy Trust during the year was as follows:

	<b>Group 2021 No.</b>	<b>Group 2020 No.</b>	<b>Multi-academy trust 2021 No.</b>	<b>Multi-academy trust 2020 No.</b>
Teachers	<b>654</b>	648	<b>654</b>	658
Administration and support	<b>897</b>	596	<b>866</b>	554
Management	<b>50</b>	70	<b>50</b>	70
	<b>1,601</b>	1,314	<b>1,570</b>	1,282



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### D. Higher paid staff

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

	Group 2021 No.	Group 2020 No.
In the band £60,001 - £70,000	26	23
In the band £70,001 - £80,000	6	3
In the band £80,001 - £90,000	2	3
In the band £90,001 - £100,000	5	3
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	-	1
In the band £130,001 - £140,000	1	-
In the band £140,001 - £150,000	1	-
In the band £70,001 - £180,000	-	1

### E. Key management personnel

The key management personnel of the Multi-Academy Trust comprise the Trustees and the senior management team as included in the senior leadership team listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was

£376,000 (2020: £373,000).



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### 12. Central services

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

- Payroll services
- Annual audit and statutory financial statements management
- HR consultancy services
- Marketing and communications
- Premises and estates
- Careers
- COPE - Occupational health
- EAP - Employee Assistance Program
- GDPR - Data

The Group charges for these services on the following basis:

**Payroll Services:** Fixed charge based on funding plus per employee rate charge.

**Annual Audit:** Fixed charge.

**HR Consultancy:** Fixed charge based on funding plus per employee rate charge.

**Marketing and communications:** Fixed charge based on funding.

**Premises and estates:** Fixed charge based on property valuations.

**Careers:** Daily charge rate

**COPE - Occupational health:** Monthly charge rate costs incurred

**EAP- Employee Assistance Program:** Monthly charge rate costs incurred

**GDPR - Data:** Fixed charge

## Notes to the financial statements for the year ended 31 August 2021 (continued)

### 12. Central services (continued)

#### Top Slicing

The level of the Trusts involvement and support for each Academy is based on need which is determined by Ofsted rating. The following table determines the charge;

Ofsted Rating	Top Slice %
Outstanding (1)	1%
Good (2)	1%
Requires Improvement (3)	2%
Inadequate (4)	3%
Special Measures (5)	3%



## Notes to the financial statements for the year ended 31 August 2021 (continued)

	<b>2021</b>	<b>2020</b>
	£000	£000
<b>Ashfield School</b>	<b>131</b>	122
<b>Selston High School</b>	<b>42</b>	40
<b>Swanwick Hall School</b>	<b>113</b>	110
<b>Manor Academy</b>	<b>52</b>	44
<b>Heritage High School</b>	<b>95</b>	84
<b>Frederick Gent Academy</b>	<b>82</b>	77
<b>Friesland School</b>	<b>64</b>	59
<b>Wilsthorpe School</b>	<b>54</b>	48
<b>Springwell Community College</b>	<b>97</b>	49
<b>Total</b>	<b>730</b>	633

**13. Trustees' remuneration and expenses**

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

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

**14. Trustees' and Officers' insurance**

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



Notes to the financial statements for the year ended 31 August 2021 (continued)

15. Tangible fixed assets

Group

	Freehold land and buildings	Long-term leasehold land and buildings	Building improvements	Furniture and equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>								
At 1 September 2020	<b>73,313</b>	<b>135,073</b>	<b>6,778</b>	<b>2,174</b>	<b>2,395</b>	<b>21</b>	-	<b>219,754</b>
Additions	-	-	<b>1,424</b>	<b>160</b>	<b>687</b>	<b>30</b>	<b>1,201</b>	<b>3,502</b>
At 31 August 2021	<b>73,313</b>	<b>135,073</b>	<b>8,202</b>	<b>2,334</b>	<b>3,082</b>	<b>51</b>	<b>1,201</b>	<b>223,256</b>
<b>Depreciation</b>								
At 1 September 2020	<b>2,491</b>	<b>4,885</b>	<b>496</b>	<b>1,642</b>	<b>1,357</b>	<b>15</b>	-	<b>10,886</b>
Charge for the year	<b>1,218</b>	<b>2,389</b>	<b>403</b>	<b>246</b>	<b>382</b>	<b>4</b>	-	<b>4,642</b>
At 31 August 2021	<b>3,709</b>	<b>7,274</b>	<b>899</b>	<b>1,888</b>	<b>1,739</b>	<b>19</b>	-	<b>15,528</b>
<b>Net book value</b>								
At 31 August 2021	<b>69,604</b>	<b>127,799</b>	<b>7,303</b>	<b>446</b>	<b>1,343</b>	<b>32</b>	<b>1,202</b>	<b>207,728</b>
At 31 August 2020	70,822	130,188	6,282	532	1,038	6	-	208,868



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 15. Tangible fixed assets (continued)

## Multi-academy trust

	Freehold land and buildings	Long-term leasehold land and buildings	Building improvements	Furniture and equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>								
At 1 September 2020	73,313	135,073	6,711	2,149	2,394	21	-	219,661
Additions	-	-	1,424	151	687	30	1,201	3,493
At 31 August 2021	73,313	135,073	8,135	2,300	3,081	51	1,201	223,154
<b>Depreciation</b>								
At 1 September 2020	2,491	4,885	471	1,636	1,357	15	-	10,855
Charge for the year	1,218	2,389	397	239	381	4	-	4,628
At 31 August 2021	3,709	7,274	868	1,875	1,739	19	-	15,483
<b>Net book value</b>								
At 31 August 2021	69,604	127,799	7,267	425	1,343	32	1,201	207,671
At 31 August 2020	70,822	130,188	6,240	513	1,037	6	-	208,806

Included in freehold property is freehold land valued at £10,587,000 (2020 - £10,587,000) which is not depreciated.



Notes to the financial statements for the year ended 31 August 2021 (continued)

**16. Stocks**

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Multi - academy trust 2021</b>	<b>Multi - academy trust 2020</b>
	£000	£000	£000	£000
<b>School supplies</b>	4	5	4	5

**17. Debtors**

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Multi - academy trust 2021</b>	<b>Multi - academy trust 2020</b>
	£000	£000	£000	£000
Trade debtors	<b>337</b>	126	<b>331</b>	100
Amounts owed by group undertakings	-	-	<b>791</b>	546
VAT repayable	<b>239</b>	383	<b>227</b>	369
Other debtors	<b>13</b>	11	<b>12</b>	12
Prepayments and accrued income	<b>1,793</b>	1,893	<b>1,787</b>	1,883
	<b>2,382</b>	2,413	<b>3,148</b>	2,910



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 18. Creditors: Amounts falling due within one year

	Group 2021	Group 2020	Multi - academy trust 2021	Multi - academy trust 2020
	£000	£000	£000	£000
Trade creditors	<b>587</b>	627	<b>582</b>	625
Amounts owed to group undertakings	-	-	-	81
Other taxation and social security	<b>942</b>	888	<b>938</b>	879
Other creditors	<b>989</b>	933	<b>982</b>	923
Accruals and deferred income	<b>2,532</b>	1,298	<b>2,529</b>	1,249
	<b>5,050</b>	3,746	<b>5,031</b>	3,757
	Group 2021	Group 2020	Multi - academy trust 2021	Multi - academy trust 2020
	£000	£000	£000	£000
Deferred income at 1 September 2020	<b>595</b>	613	<b>548</b>	598
Resources deferred during the year	<b>149</b>	595	<b>149</b>	548
Amounts released from previous periods	(595)	(613)	(548)	(598)
	<b>149</b>	595	<b>149</b>	548

At the balance sheet date the multi-academy trust was holding funds received in advance for educational grants in respect of the 2021/22 academic year and income in respect of trips booked for the Autumn 2021 term.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 19. Statement of funds

	Balance at 1 September 2020	Income	Expenditure	-	-	Balance at 31 August 2021
	£000	£000	£000	£000	£000	£000
<b>Unrestricted funds</b>						
General funds	2,334	739	(1,120)	-	-	1,953
School funds	245	286	(309)	-	-	222
	<b>2,579</b>	<b>1,025</b>	<b>1,429</b>	-	-	<b>2,175</b>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	53,794	(52,037)	(973)	-	784
Pupil Premium	-	2,673	(2,673)	-	-	-
Catch-up Premium	-	705	(705)	-	-	-
Other DfE/ESFA COVID-19 funding	-	232	(232)	-	-	-
Coronavirus job Retention scheme grant	-	77	(77)	-	-	-
Other grants	-	5,609	(5,609)	-	-	-
Pension reserve	(30,975)	-	(3,194)	-	(7,893)	(42,062)
	<b>(30,975)</b>	<b>63,090</b>	<b>(64,527)</b>	<b>(973)</b>	<b>(7,893)</b>	<b>(41,278)</b>
<b>Restricted fixed asset funds</b>						
Transfer on conversion	201,009	-	(3,607)	-	-	197,402
DfE Group capital grants	9,385	3,969	(1,259)	973	-	13,068
Donated fixed assets	-	145	-	-	-	145
	210,394	4,114	(4,866)	973	-	210,615
<b>Total restricted funds</b>	179,419	67,204	(69,393)	-	(7,893)	169,337
<b>Total funds</b>	<b>181,998</b>	<b>68,229</b>	<b>(70,822)</b>	-	<b>(7,893)</b>	<b>171,512</b>



## Notes to the financial statements for the year ended 31 August 2021 (continued)

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

### **Restricted general funds**

This fund represents grants and other income received for the multi academy trust's operational activities and development.

### **Pension reserve**

The pension reserve included within restricted general funds represents the multi academy trust's share of the pension liability arising on the LGPS pension fund.

### **Restricted fixed asset funds**

This fund represents grants and other income received to carry out works of a capital nature.

### **Transfers between funds**

Transfers between funds relate to fixed assets purchased from the General Annual Grant and unrestricted funds.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

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

	Balance at 1 September 2019	Income	Expend -iture	Transfers in/out	Gains/ (Losses)	Balance at 31 August 2020
	£000	£000	£000	£000	£000	£000
<b>Unrestricted funds</b>						
<b>General funds</b>	2,701	2,405	(1,788)	(984)	-	2,334
<b>School funds</b>	118	1,447	(1,320)	-	-	245
	2,819	3,852	(3,108)	(984)	-	2,579
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	47,061	(47,236)	175	-	-
Pupil Premium	-	2,402	(2,402)	-	-	-
Other DfE/ESFA grants	-	3,292	(3,292)	-	-	-
Other government grants	-	1,151	(1,151)	-	-	-
Other income	-	69	(69)	-	-	-
Exceptional government funding	-	423	(423)	-	-	-
Pension reserve	(22,949)	(1,568)	(2,592)	-	(3,866)	(30,975)
	(22,949)	52,830	(57,165)	175	(3,866)	(30,975)
<b>Restricted fixed assets funds</b>						
Transfer on conversion	177,517	25,833	(2,341)	-	-	201,009
DfE group capital grants	7,475	2,016	(915)	809	-	9,385
	184,992	27,849	(3,256)	809	-	210,394
<b>Total restricted funds</b>	162,043	80,679	(60,421)	984	(3,866)	179,419
<b>Total funds</b>	164,862	84,531	(63,529)	-	(3,866)	181,998



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021	2020
	£000	£000
Central MAT	28	81
Ashfield School	1,012	1,105
Selston High School	313	146
Swanwick Hall School	189	148
The Manor Academy	328	(121)
Heritage High School	205	156
Frederick Gent Academy	819	797
Friesland School	(94)	(193)
Wilsthorpe School	342	207
Springwell Community College	378	456
The Two Counties Trading Company	(561)	(203)
Total before fixed asset funds and pension reserve	2,959	2,579
Restricted fixed asset fund	210,615	210,394
Pension reserve	(42,062)	(30,975)
<b>Total</b>	<b>171,512</b>	<b>181,998</b>

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit
	£000
<b>Friesland School</b>	<b>(94)</b>
<b>The Two Counties Trading Company</b>	<b>(561)</b>

#### Friesland School

The school achieved a surplus of circa £100k during the year to significantly reduce the deficit carried forward from the prior year.

#### The Two Counties Trading Company

Income was significantly impacted as a result of the COVID pandemic.

The Multi-Academy Trust is taking the following action to return the academies to surplus:

#### Friesland School

A new Headteacher was appointed at Friesland in September 2020. Significant work has been undertaken to restructure both the Teaching and Non Teaching staffing and as a result the in-year performance of the school has returned to a surplus. Although there are some protected salaries which will remain for 3 years, the projections based on the in year surplus for 20-21 and budget for 21-22 are that the school will return to cumulative surplus by the end of August 2022 and meet the Trust reserves policy the year after.

#### The Two Counties Trading Company

All colleagues in the Trading Company who were not associated with the Nursery were made redundant with the final date of consultation being 18 October 2021. The Nursery will continue to trade as it has done previously, even within the COVID 19 pandemic and will make a small profit per annum (c£20k). Any other costs have been stopped following the redundancy of lettings colleagues and there are no central recharges being charged to the Trading Company.

The plan is to investigate and enter into commercial opportunities which are more closely aligned to the Trusts strategic objectives, such as becoming an Apprenticeship Training Provider. Currently these plans are at discussion stage and no detail has been provided to the Board for approval.



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2021
	£000	£000	£000	£000	£000
Central MAT	1,096	942	-	1,415	<b>3,453</b>
Ashfield School	11,305	1,362	773	2,043	<b>15,483</b>
Selston High School	3,570	402	233	606	<b>4,811</b>
Swanwick Hall School	4,887	646	216	787	<b>6,536</b>
The Manor Academy	4,443	610	219	681	<b>5,953</b>
Heritage High School	4,030	640	169	637	<b>5,476</b>
Frederick Gent Academy	3,532	638	287	287	<b>4,744</b>
Friesland School	5,363	1,109	232	576	<b>7,280</b>
Wilthorpe School	4,430	644	323	617	<b>6,014</b>
Springwell Community College	3,880	560	203	989	5,632
The Two Counties Trading Company	-	-	-	798	<b>798</b>
<b>Multi-Academy Trust</b>	<b>46,536</b>	<b>7,553</b>	<b>2,655</b>	<b>9,436</b>	<b>66,180</b>

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020
	£000	£000	£000	£000	£000
Central MAT	641	1,113	146	487	2,387
Ashfield School	10,078	1,465	949	2,378	14,870
Selston High School	3,143	524	429	510	4,606
Swanwick Hall School	4,691	746	456	876	6,769
The Manor Academy	3,966	650	322	605	5,543
Heritage High School	3,618	727	155	494	4,994
Frederick Gent Academy	3,165	508	253	478	4,404
Friesland School	5,257	1,257	310	567	7,391
Wilthorpe School	4,099	769	211	505	5,584
Springwell Community College	1,776	342	62	625	2,805
The Two Counties Trading Company	-	-	-	920	920
<b>Multi-Academy Trust</b>	<b>40,434</b>	<b>8,101</b>	<b>3,293</b>	<b>8,445</b>	<b>60,273</b>



## Notes to the financial statements for the year ended 31 August 2021 (continued)

**20. Analysis of net assets between funds****Analysis of net assets between funds - current year**

	Unrestricted funds 2021	Restricted funds 2021	Restricted fixed asset funds 2021	Total funds 2021
	£000	£000	£000	£000
Tangible fixed assets	-	-	207,729	<b>207,729</b>
Current assets	2,429	5,380	3,086	<b>10,895</b>
Creditors due within one year	(254)	(4,596)	(200)	<b>(5,050)</b>
Provisions for liabilities and charges	-	(42,062)	-	<b>(42,062)</b>
<b>Total</b>	<b>2,175</b>	<b>(41,278)</b>	<b>210,615</b>	<b>171,512</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 200	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020
	£000	£000	£000	£000
Tangible fixed assets	-	-	208,868	208,868
Current assets	2,578	3,550	1,723	7,851
Creditors due within one year	-	(3,550)	(196)	(3,746)
Provisions for liabilities and charges	-	(30,975)	-	(30,975)
<b>Total</b>	<b>2,578</b>	<b>(30,975)</b>	<b>210,395</b>	<b>181,998</b>

**21. Reconciliation of net (expenditure) / income to net cash flow from operating activities**

	2021	2020
	£000	£000
Net (expenditure)/ income for the year (as per Statement of financial activities)	<b>(2,591)</b>	21,002
<b>Adjustments for:</b>		
Depreciations	<b>4,642</b>	3,256
Capital grants from DfE and other capital income	<b>(4,114)</b>	(2,016)
Interest receivable	-	(10)
Defined benefit pension scheme obligation inherited	-	1,568
Defined benefit pension scheme cost less contributions payable	<b>3,194</b>	2,592
Decrease/(increase) in stocks	<b>1</b>	(1)
Decrease/(increase) in debtors	<b>31</b>	(821)
Increase/(decrease) in creditors	<b>1,301</b>	(307)
Gift of fixed assets on conversion	-	(25,833)
<b>Net cash provided by/(used in) operating activities</b>	<b>2,464</b>	(570)



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### 22. Cash flows from investing activities

	Group 2021	Group 2020
	£000	£000
Dividends, interest and rents from investments	-	10
Purchase of tangible assets	(3,502)	(2,429)
Capital grants from DfE Group and other capital income	4,114	2,016
<b>Net cash provided by/(used in) investing activities</b>	<b>612</b>	<b>(403)</b>

### 23. Analysis of cash and cash equivalents

	Group 2021	Group 2020
	£000	£000
Cash at bank and in hand	8,509	5,433
Total cash and cash equivalents	8,509	5,433

### 24. Analysis of changes in net debt

	At 1 September 2020	Cash flows	At 31 August 2021
	£000	£000	£000
Cash at bank and in hand	5,433	3,076	8,509

### 25. Pension commitments

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

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

Contributions amounting to £970,000 were payable to the schemes at 31 August 2021 (2020 - £910,000) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

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



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### 25. Pension commitments (continued)

HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £6,441,000 (2020 - £5,809,000).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £2,509,000 (2020

- £2,252,000), of which employer's contributions totalled £1,927,000 (2020 - £1,729,000) and employees' contributions totalled £ 582,000 (2020 - £523,000). The agreed contribution rates for future years are 19.7 per cent for employers and 5.5 - 12.5 per cent for employees.

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

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

#### Principal actuarial assumptions

	2021 (%)	2020 (%)
Rate of increase in salaries	<b>3.72</b>	3.05
Rate of increase for pensions in payment/inflation	<b>2.90</b>	2.23
Discount rate for scheme liabilities	<b>1.65</b>	1.67

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



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 25. Pension commitments (continued)

	2021 Years	2020 Years
<b>Retiring today</b>		
Males	21.5	21.7
Females	24.1	24.0
<b>Retiring in 20 years</b>		
Males	22.8	22.8
Females	25.8	25.4

## Sensitivity analysis

	2021	2020
	£000	£000
Discount rate +0.1%	<b>(1,954)</b>	(4,319)
Discount rate -0.1%	<b>1,983</b>	4,341
Salary increase +0.1%	<b>347</b>	583
Salary increase -0.1%	<b>(347)</b>	(583)
Pension increase +0.1%	<b>1,741</b>	3,679
Pension increase -0.1%	<b>(1,715)</b>	(3,657)



## Notes to the financial statements for the year ended 31 August 2021 (continued)

## 25. Pension commitments (continued)

## Share of scheme assets

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

	2021	2020
	£000	£000
Equities	<b>22,679</b>	17,426
Gifts	<b>4,902</b>	4,004
Corporate bonds	<b>1,002</b>	1,153
Property	<b>2,960</b>	2,982
Cash and other liquid assets	<b>1,600</b>	1,587
Other	<b>1,768</b>	1,441
<b>Total market value of assets</b>	<b>34,911</b>	28,593

The actual return on scheme assets was £5,551,000 (2020 - £639,000).

The amounts recognized in the Consolidated statement of financial activities are as follows:

	2021	2020
	£000	£000
Current service cost	<b>(4,569)</b>	(3,867)
Past service cost	<b>(26)</b>	-
Interest income	<b>490</b>	497
Interest cost	<b>(1,007)</b>	(947)
Administrative expenses	<b>(9)</b>	(4)
<b>Total amount recognized in the Consolidated statement of financial activities</b>	<b>(5,121)</b>	(4,321)

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

	2021	2020
	£000	£000
<b>At 1 September</b>	<b>59,568</b>	47,696
Conversion of academy trusts	-	3,683
Current service cost	<b>4,569</b>	3,867
Past service costs	<b>26</b>	-
Interest cost	<b>1,007</b>	947
Employee contributions	<b>582</b>	523
Actuarial losses	<b>12,071</b>	3,255
Benefits paid	<b>(850)</b>	(403)
<b>At 31 August</b>	<b>76,973</b>	59,568



## Notes to the financial statements for the year ended 31 August 2021 (continued)

### 25. Pension commitments (continued)

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

	2021	2020
	£000	£000
<b>At 1 September</b>	28,593	24,747
Conversion of academy trusts	-	2,115
Interest income	490	497
Actuarial gains/(losses)	4,178	(611)
Employer contributions	1,927	1,729
Employee contributions	582	523
Benefits paid	(850)	(403)
Administrative expenses	(9)	(4)
<b>At 31 August</b>	<b>34,911</b>	<b>28,593</b>

### 26. Operating lease commitments

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

	Group 2021	Group 2020	Multi-academy trust 2021	Multi-academy trust 2020
	£000	£000	£000	£000
Not later than 1 year	<b>1,157</b>	1,031	<b>1,157</b>	1,031
Later than 1 year and not later than 5 years	<b>4,624</b>	4,119	<b>4,624</b>	4,119
Later than 5 years	<b>9,055</b>	9,093	<b>9,055</b>	9,093
	<b>14,836</b>	14,243	<b>14,836</b>	14,243

### 27. Members' liability

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

### 28. Related party transactions

Owing to the nature of the Multi-Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Multi-Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

At the year-end, the amount due from the Multi Academy Trust's trading subsidiary, The Two Counties Trading Company, was £791,000 (2020 - £465,000).

No other related party transactions took place in the period of account.

