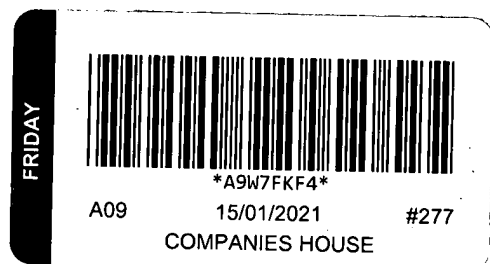


EAST MIDLANDS EDUCATION TRUST

(A company limited by guarantee)

Annual report and financial statements

for the year ended 31 August 2020



EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Contents

| | Page |
|--|---------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 11 |
| Governance statement | 12 - 15 |
| Statement on regularity, propriety and compliance | 16 |
| Statement of Trustees' responsibilities | 17 |
| Independent auditors' report on the financial statements | 18 - 20 |
| Independent reporting accountant's report on regularity | 21 - 22 |
| Statement of financial activities incorporating income and expenditure account | 23 - 24 |
| Balance sheet | 25 |
| Statement of cash flows | 26 |
| Notes to the financial statements | 27 - 57 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Reference and administrative details

| | |
|---|--|
| Members | Dr A M Hindmarsh Mr C Campbell (appointed 1 December 2019) Mr P Harding Ms A Fitchett (appointed 1 December 2019) Dr S Gornall Mr M Cox (resigned 1 December 2019) Mr O Pritchard (resigned 1 December 2019) |
| Trustees | Mr C P Barnfather* (resigned 14 September 2020) Mr P T Booth Mr B A Carr Mr N Clifton Dr J F Collins Ms K M Foale Ms S E Gubbins* Dr A M Hindmarsh Mr R McDonough Ms E C Thomas Mr P J Winter* |
| * members of the Audit & Risk Committee | |
| Company registered number | 07530373 |
| Company name | East Midlands Education Trust |
| Principal and registered office | The West Bridgford School Loughborough Road West Bridgford Nottingham NG2 7FA |
| Company secretary | Mrs E Aldridge |
| Chief executive officer | Mr R McDonough |
| Senior management team | Mr R McDonough, Chief Executive Officer Mr T Smith, Deputy CEO Mrs K Dales, Director of Finance & Operations Mrs C Sheffield, Estates Director Mrs J Hillier, HR Director Mrs L Azemia, Deputy CEO Mr C Punter, Services Director Mr D Bell, Head of Secondary School Improvement |
| Independent auditors | Smith Cooper Audit Limited Chartered Accountants and Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Reference and administrative details (continued)
for the year ended 31 August 2020

Bankers

The Co-operative Bank
Delf House
Southway
Skelmersdale
WN86NT

Lloyds Bank Plc
OSC
Ariel House
2138 Coventry Road
Sheldon
B26 3JW

Solicitors

Stone King LLP
13 Queen Square
Bath
BA12 HJ

EAST MIDLANDS EDUCATION TRUST

(A company limited by guarantee)

Trustees' report for the year ended 31 August 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust as at the 31 August 2020 consists of 14 academies working across Nottingham, Nottinghamshire and Derbyshire.

Structure, governance and management

a. Constitution

The Academy Trust is a charitable 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 East Midlands Education Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as East Midlands Education 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.

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

The Trust insurance indemnifies the Trustees through the Department for Education risk protection agreement (RPA).

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The Trustees, who are also the Directors, are appointed under the terms of the Trust's Articles of Association as follows:

The Trust shall have the following Directors:

- Not less than 3 Directors, maximum 15 Directors;
- The Chief Executive Officer;
- The members may appoint Directors through such process as they may determine. The Members will take into account, but will not be bound by, the recommendations of the Local Governing Bodies of the Academies when appointing Directors;
- The total number of Directors including the Chief Executive Officer who are employees of the Trust shall not exceed one third of the total number of Directors;
- There shall be a minimum of two Parent Directors unless there are Local Governing Bodies which include at least two parent members;
- Where the Trust is required to have Parent Directors they shall be either elected or appointed as determined by the Directors;
- The Directors may appoint Co-opted Directors. The Directors may not co-opt an employee of the Trust as a Co-opted Director if thereby the number of Directors who are employees of the Trust would exceed one third of the total number of Directors (including the Chief Executive Officer).

e. Policies adopted for the induction and training of Trustees

During the year under review, the Trustees had 5 meetings. The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and Directors of the Charitable Company. As there is normally expected to be only a small number of new Trustees each year, induction tends to be done informally and is tailored specifically to the individual.

f. Organisational structure

The Chief Executive is the Accounting Officer. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, and senior staff appointments. The Trustees are responsible for monitoring the performance of the Chief Executive and Local Governing Bodies on a regular basis.

The Local Governing Bodies control the schools, implementing the policies laid down by the Trustees and reporting back to them. The Local Governing Bodies are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

g. Arrangements for setting pay and remuneration of key management personnel

The pay of the CEO is determined by the Trustees pay committee with other senior staff pay decisions being reported to the pay committee. The pay of the head teachers is delegated to the Local Governing Body, under the advice of the CEO, but decisions are made in accordance with EMET's pay policy. The pay of senior staff in individual schools is a matter for the local governing body to determine. Pay for any senior staff whose salary is over £100k will be determined by the Trustees.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

| | |
|---|---|
| Number of employees who were relevant union officials during the year | 6 |
| Full-time equivalent employee number | 6 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--|---------------------|
| 0% | 3 |
| 1%-50% | 3 |
| 51%-99% | - |
| 100% | - |
| Percentage of pay bill spent on facility time | £000 |
| Total cost of facility time | 23 |
| Total pay bill | 36,269 |
| Percentage of total pay bill spent on facility time | 0.06 % |

Paid trade union activities

| | |
|---|--------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 7.69 % |
|---|--------|

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

Employees are always consulted regarding significant issues which relate to them. This is by means of direct consultation, through the management structure of Heads of Department and Heads of Year and through the Trade Unions. We have established a Joint Consultation Committee with the Trade Unions and this will increasingly be our mechanism for consultation on employee related matters. The Trust have consulted on, and implemented a number of detailed policies including:

- Appraising Teacher Performance
- Appraising Associate Staff Performance
- Attendance Management (Staff)
- Single Equality Scheme
- Cover
- Grievance
- Harassment
- Leave of Absence (Staff)
- Pay
- Reduction in staffing
- Whistle Blowing
- Discretions LGPS

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

The Trust has 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 Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

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

j. Engagement with suppliers, customers and others in a business relationship with the Trust

All matters which under the Trust's governance arrangements are reviewed for decision by the Trustees are presented at Board meetings. Trustees are briefed on any potential impacts and risks for our employees, suppliers and other stakeholders including the community and how they are to be managed. The Trustees take these factors into account before making a final decision which together they believe is in the best interests of the Trust and our employees.

Objectives and activities

a. Objects and aims

The Trust was established to improve the life chances of students in all partner schools. The mission of the Trust is consequently clear and straightforward:

'To ensure all our students realise their full potential and develop into young citizens who make a positive contribution to society.'

Schools within the Trust are therefore committed to supporting each other in providing the very best quality of education for all our students. All partner schools have pledged to achieve the Trust's mission through following our six guiding principles:

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Objectives and activities (continued)

- Providing outstanding opportunities for everyone associated with our Trust and delivering a lasting legacy for each individual student.
- Helping all our students realise their full potential by raising aspirations, boosting self-esteem and growing the confidence to aim high and achieve well.
- Developing work ready students with the skills, knowledge, expertise and character aligned to the needs of employers in a global world, which will prepare them for future success in further and higher education as well as employment.
- Developing active citizens with a sense of moral purpose who will contribute positively to their local community, wider society and by leading successful economically independent lives.
- Reducing disadvantage by closing the gap through inspirational teaching and outstanding enrichment opportunities for all students regardless of ability, social background and cultural diversity.
- Ensuring, through collaboration with all stakeholders, that each school is the preferred choice within its local community.

All schools within the Trust welcome the opportunity to be an equal and valued partner within EMET and see their success as being measured in the achievement of their own targets and in the achievements of the Trust as a whole.

Partner schools undertake to contribute to the success of the Trust by:

- Working together in a spirit of collaboration and cooperation to further the interests of all Trust members.
- Celebrating and building on the traditions of all partner schools within the Trust.
- Developing our specialisms and strengths across the partnership whilst supporting one another in our respective areas for development.
- Taking a partnership approach to the recruitment and selection of staff.
- Ensuring that our facilities are used to their fullest extent by the partnership and its community.
- Coordinating our calendar to ensure that it enhances the opportunities for staff and students to work on partnership initiatives.
- Contributing to partnership wide CPD opportunities for all staff.
- Adapting our timetable and options system to promote wider choice and participation for staff and students within the partnership.
- Deploying our best teachers, managers and leaders within the partnership, to promote the best teaching and learning across the partnership.
- Making a unique contribution to the development of knowledge, skills and understanding in education.
- Providing the Directors with accurate and useful information about the progress of the partner schools.

b. Objectives, strategies and activities

The Trust's Development Plan describes our objectives and aims. Having consistently achieved excellent academic results for a number of years our plans are to ensure that all schools in the Trust achieve an Ofsted judgement of at least 'Good'. Leaders and managers at all levels are encouraged to innovate in response to a continually changing educational climate and an absolute priority remains to ensure that all children feel safe in an environment where the discipline is firm but fair yet where student voice is heard.

Best practice in teaching and learning is widely shared in order to ensure that all children thrive and succeed and make better than expected practice.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Objectives and activities (continued)

c. Public benefit

In setting the objectives, the Trustees have given careful consideration to the Trust's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The objective of the Trust during the year was to advance for public benefit education in our schools and the surrounding area, in particular, but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools and offering a broad curriculum.

Strategic report

Achievements and performance

a. Key performance indicators

The Trust now provides education for approximately 8500 children across the East Midlands region.

There are no GCSE or A level examination results to report on given all exams were cancelled as a result of the Covid pandemic. During the year 2 of our secondary schools were inspected and both secured a good OfSTED grade.

None of our primary schools were inspected during this reporting year and there are no key stage two results to report.

Our Alternative Provision school continues to provide excellent support to local schools for children who require a more individually tailored experience and the majority of the children in their care achieve well and go onto further education and training.

Like all schools in the country, the Covid pandemic has disrupted the education of the children in our care. Despite this, all of our schools complied with the government expectations of opening at the times we were expected to do so and providing the best possible remote education for children who were required to stay at home.

b. Going concern

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

c. Promoting the Success of the Company

The Board of Trustees has in place formal approved Terms of Reference, which create the framework for the Trustees to achieve its purpose of leading and directing the affairs of the Trust in order to promote the long-term sustainable success of the Trust and ensuring sound governance, with consideration for the interests of employees, suppliers and other stakeholders.

Financial review

a. Annual review

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended the 31st August

EAST MIDLANDS EDUCATION TRUST

(A company limited by guarantee)

Trustees' report (continued) for the year ended 31 August 2020

Strategic report (continued)

Financial review (continued)

2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the ESFA and via the Local Authority. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year capital expenditure of £4,531k was utilised for investment in the Trusts' fixed assets.

b. Reserves policy

The Board of Trustees review the level of reserves held annually. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves.

Reserves at the end of the period are £79,759k. The reserves will be used to fund, current commitments, and future building projects as well as expenditure required to set up new courses and implement the Aims and Objectives of the Trust as outlined in the Development Plan.

c. Investment policy

The Trust's Investment Policy is now in place and approved by the Trustees. In line with the policy the Finance Director has transferred a proportion of funds to a deposit account in order to earn a higher interest rate on the funds available. In addition, research into other opportunities is underway to secure a better return on the funds available with the lowest risk possible.

d. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed and a Risk Management Statement and Statement of Control is in place. The Trustees have a range of policies in place to assess risks that the schools face, especially in operational areas (e.g. in relation to teaching, health and safety, bullying, school trips, safeguarding and the control of finance).

There are a number of factors which may affect the principal risks and uncertainties that the Trust faces and how the Trust intends to resolve them. These include:

A change in government policy

With a change in Government policy, the funding of the Trust may change and may result in a reduction in funding. This is mitigated by building unrestricted reserves which may be used in time where funding has been restricted.

Pensions

The Trusts' non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme and consequently the Trust balance sheet shows a net liability of £28,506k. It should be noted that this does not present the Trust with any current liquidity problem.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Strategic report (continued)

Financial review (continued)

e. Streamlined Energy and Carbon Reporting

| | |
|--|-------------------|
| UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020 | |
| Energy consumption used to calculate emissions (kWh) | 10,250,125 |
| <u>Scope 1 emissions in metric tonnes CO2e</u> | |
| Gas consumption | 868.54 |
| Academy vehicles | 6.75 |
| <u>Total scope 1</u> | 875.29 |
| <u>Scope 2 emissions in metric tonnes CO2e</u> | |
| Purchased electricity | 1,274.95 |
| <u>Scope 3 emissions in metric tonnes CO2e</u> | |
| Staff mileage in year on academy business | 7.57 |
| Total gross emissions in metric tonnes CO2e | 2,157.80 |
| <u>Intensity ratio</u> | |
| Tonnes CO2e per pupil | 1.33 |

Quantification and reporting methodology

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

Key measures taken to improve energy efficiency

1. A Trust carbon reduction strategy is being developed including target setting for schools
2. EMET schools will have smart meters from April '21 as part of our new energy contract including monitoring software
3. Many energy reduction measures planned and in progress including; replacing inefficient boilers, LED lighting, roof insulation, energy audits, BMS systems training and operation.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Fundraising

The Trust has no commercial fund raising arrangements in place with any internal or external partners. Academies within the Trust do secure a relatively small amount of funding as voluntary contributions.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Plans for future periods.

The Trust has grown rather cautiously in order to ensure we can maintain the very highest of standards in all of our schools.

During the 2020/21 year we will be welcoming more schools into the East Midlands Education Trust and we continue to engage with a number of other prospective partners.

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 15/12/20 and signed on its behalf by:



Mr A Hindmarsh
Chair of Trustees

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between East Midlands Education 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 5 times during the year. This was less than the scheduled 6 meetings, due to the March meeting being cancelled as a result of the Covid-19 pandemic. The usual paperwork was sent out to Trustees and email approval was granted for the relevant items, in order to ensure the Board maintained effective oversight.

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

| Trustee | Meetings attended | Out of a possible |
|-------------------|-------------------|-------------------|
| Mr C P Barnfather | 4 | 5 |
| Mr P T Booth | 5 | 5 |
| Mr B A Carr | 4 | 5 |
| Mr N Clifton | 4 | 5 |
| Dr J F Collins | 4 | 5 |
| Ms K M Foale | 4 | 5 |
| Ms S E Gubbins | 5 | 5 |
| Dr A M Hindmarsh | 5 | 5 |
| Mr R McDonough | 5 | 5 |
| Ms E C Thomas | 4 | 5 |
| Mr P J Winter | 5 | 5 |

There were no specific matters dealt with by the committee during the year which are necessary to disclose. There were no significant changes made to the composition of the committee during the period.

Governance reviews

Due to the way in which the Trust has grown and extended into the primary sector, the Board's operational focus was discussed and subsequently a Trustee questionnaire was completed and its findings fed back to the board. The outcome of the questionnaire's findings resulted in an effective risk register being developed and a primary school representative was introduced to the Board to open up lines of communication with that sector. A further Trustee questionnaire will be distributed in the spring term 2021.

The **Audit Committee** is also a sub-committee of the main Board of Trustees. Its main purpose is to advise the Board of Trustees on the adequacy and effectiveness of the Academy's systems of internal control and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Governance Statement (continued)

Governance (continued)

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------|-------------------|-------------------|
| Mr P J Winter | 3 | 3 |
| Mr C P Barnfather | 2 | 3 |
| Ms S E Gubbins | 1 | 2 |
| Dr A M Hindmarsh | 1 | 1 |

Review of value for money

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

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

- Invoking the tender process for works and services over the value set out in the Trust's Finance Policy. This year there are several examples of this:
 - CP Riverside School – New modular build
 - Gilt Hill Primary School – Ground retaining walls
 - Joseph Whitaker School – New Science Block
 - Larkfields Infants School – New build extension
- The appointment of a new Procurement Manager in September 2020 to further develop the Trust's procurement strategy. This role will help support schools, maximise the opportunities from centralising contracts and deliver better value for money for the Trust.
- All energy contracts have been renewed from April 2021 for five years taking advantage of the low wholesale energy market opportunity presented earlier this year.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Midlands Education Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Governance Statement (continued)

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Smith Cooper Audit Limited as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control accounts/bank reconciliations
- testing of controls around other areas such as fixed assets, expense claims, credit card transactions, petty cash, income related party transactions and other compliance matters

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

Smith Cooper Audit Limited has been able to deliver their schedule of work as planned and no material control issues were identified.

From 1 September 2020, registered audit firms who undertake both the external and internal audit can no longer provide both services to a Trust, in line with the Financial Reporting Council's Ethical Standard. As a result the Trust has appointed UHY as the provider their internal audit services.

Review of effectiveness

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

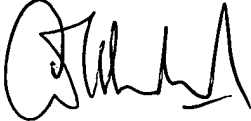
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Governance Statement (continued)

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



Mr A Hindmarsh
Chair of Trustees

Date: 15/11/20



Mr R McDonough
Accounting Officer

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of East Midlands Education Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Mr R McDonough
Accounting Officer

Date: 15/12/20

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Statement of Trustees' responsibilities
for the year ended 31 August 2020

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 & 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

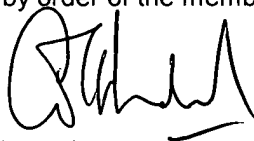
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mr A Hindmarsh
Chair of Trustees

Date: 15/12/20

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of East Midlands Education Trust

Opinion

We have audited the financial statements of East Midlands Education Trust (the 'Trust') for the year ended 31 August 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of East Midlands Education Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Trustees' report including the Strategic report, the Governance statement and the Accounting officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 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:

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of East Midlands Education Trust (continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

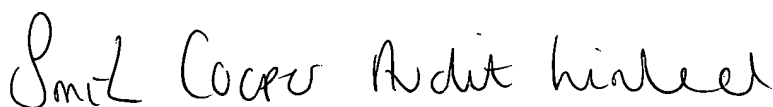
Auditors' responsibilities for the audit of the financial statements

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.

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

Use of our report

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



Sarah Flear (Senior statutory auditor)

for and on behalf of

Smith Cooper Audit Limited

Chartered Accountants and Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: 7/1/21

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 2 July 2020 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by East Midlands Education Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of East Midlands Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of East Midlands Education Trust's funding agreement with the Secretary of State for Education dated 28 March 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Planned our assurance procedures including identifying key risks;
- Carried out a program of substantive testing, including review of the program of work and findings in relation to internal scrutiny;
- Undertook controls testing where considered appropriate;
- Concluded on the procedures undertaken.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

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

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Audit Limited

Smith Cooper Audit Limited
2 Lace Market Square
Nottingham
NG1 1PB

Date: 7/1/21

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 August 2020

| | | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| | Note | | | | | |
| Income from: | | | | | | |
| Donations and capital grants | 4 | 25 | - | 4,168 | 4,193 | 11,307 |
| Charitable activities: funding for the academy trust's educational operations | 5 | 334 | 43,993 | - | 44,327 | 41,286 |
| Teaching schools | 33 | - | 833 | - | 833 | 558 |
| Other trading activities | 6 | 1,352 | - | - | 1,352 | 1,537 |
| Investments | 7 | 16 | - | - | 16 | 6 |
| Total income | | 1,727 | 44,826 | 4,168 | 50,721 | 54,694 |
| Expenditure on: | | | | | | |
| Raising funds | 8 | - | 1,646 | - | 1,646 | 1,633 |
| Charitable activities: academy trust educational operations | 8 | 1,263 | 44,301 | 4,019 | 49,583 | 47,553 |
| Teaching schools | 33 | - | 787 | - | 787 | 583 |
| Total expenditure | | 1,263 | 46,734 | 4,019 | 52,016 | 49,769 |
| Net income/(expenditure) | | 464 | (1,908) | 149 | (1,295) | 4,925 |
| Transfers between funds | 21 | - | (22) | 22 | - | - |
| Net movement in funds before other recognised gains/(losses) | | 464 | (1,930) | 171 | (1,295) | 4,925 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 28 | - | (4,136) | - | (4,136) | (5,178) |
| Net movement in funds | | 464 | (6,066) | 171 | (5,431) | (253) |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
for the year ended 31 August 2020

| | Unrestricted | Restricted | Restricted | Total | Total |
|------------------------------------|--------------|-----------------|----------------|---------------|---------------|
| | funds | funds | fixed asset | funds | funds |
| | 2020 | 2020 | 2020 | 2020 | 2019 |
| Note | £000 | £000 | £000 | £000 | £000 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 2,862 | (21,560) | 103,888 | 85,190 | 85,443 |
| Net movement in funds | 464 | (6,066) | 171 | (5,431) | (253) |
| Total funds carried forward | 3,326 | (27,626) | 104,059 | 79,759 | 85,190 |

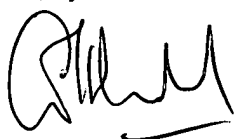
EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)
Registered number: 07530373

Balance sheet
as at 31 August 2020

| | Note | 2020 £000 | 2019 £000 |
|---|------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 100,504 | 99,992 |
| Current assets | | | |
| Stocks | 16 | 24 | 19 |
| Debtors | 17 | 2,013 | 1,611 |
| Cash at bank and in hand | | 11,014 | 9,365 |
| | | <u>13,051</u> | <u>10,995</u> |
| Creditors: amounts falling due within one year | 18 | (4,859) | (3,386) |
| Net current assets | | <u>8,192</u> | <u>7,609</u> |
| Total assets less current liabilities | | <u>108,696</u> | <u>107,601</u> |
| Creditors: amounts falling due after more than one year | 19 | (431) | (535) |
| Net assets excluding pension liability | | <u>108,265</u> | <u>107,066</u> |
| Defined benefit pension scheme liability | 28 | (28,506) | (21,876) |
| Total net assets | | <u><u>79,759</u></u> | <u><u>85,190</u></u> |
| Funds of the Academy Trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 21 | 104,059 | 103,888 |
| Restricted income funds | 21 | 880 | 316 |
| | | <u>104,939</u> | <u>104,204</u> |
| Restricted funds excluding pension asset | 21 | 104,939 | 104,204 |
| Pension reserve | 21 | (28,506) | (21,876) |
| Total restricted funds | 21 | <u>76,433</u> | <u>82,328</u> |
| Unrestricted income funds | 21 | <u>3,326</u> | <u>2,862</u> |
| Total funds | | <u><u>79,759</u></u> | <u><u>85,190</u></u> |

The financial statements on pages 23 to 57 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

Mr A Hindmarsh
Chair of Trustees
Date: 15/12/20



EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Statement of cash flows
for the year ended 31 August 2020

| | Note | 2020 £000 | 2019 £000 |
|---|-------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 23 | 1,996 | 3,460 |
| Cash flows from investing activities | 24 | (347) | (3,461) |
| Change in cash and cash equivalents in the year | | 1,649 | (1) |
| Cash and cash equivalents at the beginning of the year | | 9,365 | 9,366 |
| Cash and cash equivalents at the end of the year | 25 | <u>11,014</u> | <u>9,365</u> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

1. General information

East Midlands Education Trust is a charitable company limited by guarantee, incorporated in England, United Kingdom. The address of its principal place of business and registered number is given on page 1 of these financial statements. The nature of its operations are set out in the Trustees' Report.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

East Midlands Education Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is the functional currency of the Trust. Monetary amounts are rounded to the nearest whole £1,000, except where otherwise indicated.

2.2 Company status

The members of the company are the Trustees named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Trust.

2.3 Going concern

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.4 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Trust 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 Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Transfer of existing academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Trust, 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 Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.5 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

2.6 Taxation

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

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

2.7 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|--------------------------|--|
| Freehold land | - not depreciated |
| Freehold property | - between 10 and 50 years straight line |
| Long leasehold land | - over the useful economic life of 125 years straight line |
| Long leasehold buildings | - over the useful economic life of between 24 and 59 years straight line |
| Furniture and equipment | - 5 years straight line |
| Computer equipment | - 3 years straight line |
| Motor vehicles | - 4 years straight line |

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

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

2.8 Stocks

Unsold uniform, catering and stationery stocks are valued at the lower of costs or net realisable value.

2.9 Liabilities and provisions

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

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.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the 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.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. 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 Trust's wholly owned subsidiary are held at face value less any impairment.

2.11 Operating leases

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

2.12 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

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

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

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

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.13 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 31.

The Trust also acts as an agent in distributing training bursaries to trainee teachers from the NCTL.

2.14 Fund accounting

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

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

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

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

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to the Statement of Financial Activities based on the useful economic life selected, which requires an estimation of the period and profile over which the Trust expects to consume the future economic benefits embodied in the assets.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

4. Income from donations and capital grants

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Donations | 25 | - | - | 25 | 3,320 |
| Capital Grants | - | - | 4,168 | 4,168 | 2,965 |
| Transfer from local authority on conversion | - | - | - | - | 5,022 |
| | <u>25</u> | <u>-</u> | <u>4,168</u> | <u>4,193</u> | <u>11,307</u> |
| <i>Total 2019</i> | <u>157</u> | <u>(42)</u> | <u>11,192</u> | <u>11,307</u> | |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

5. Funding for the Academy Trust's education operations

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 38,969 | 38,969 | 35,825 |
| Other DfE Group grants | - | 2,141 | 2,141 | 2,110 |
| | - | 41,110 | 41,110 | 37,935 |
| Other government grants | | | | |
| Special educational projects | - | 892 | 892 | 937 |
| Local authority grants | - | 153 | 153 | 337 |
| | - | 1,045 | 1,045 | 1,274 |
| Exceptional government funding | | | | |
| Coronavirus Job Retention Scheme grant | - | 240 | 240 | - |
| | - | 240 | 240 | - |
| Other income from the Trust's education operations | | | | |
| School trip income | - | 884 | 884 | 954 |
| Other income | 334 | 714 | 1,048 | 1,123 |
| | 334 | 1,598 | 1,932 | 2,077 |
| | 334 | 43,993 | 44,327 | 41,286 |
| Total 2019 | 453 | 40,833 | 41,286 | |

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £15k of Free School Meal costs. These costs are included in notes 8 and 9 below as appropriate.
- The academy furloughed some of its catering, extended school and lettings staff under the government's CJRS. The funding received of £225k relates to staff costs in respect of 78 staff which are included within note 11 below as appropriate.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

6. Income from other trading activities

| | Unrestricted funds 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|--------------------|---|--|--|
| Hire of facilities | 249 | 249 | 330 |
| Catering income | 1,103 | 1,103 | 1,208 |
| Consultancy income | - | - | (1) |
| | <u>1,352</u> | <u>1,352</u> | <u>1,537</u> |
| <i>Total 2019</i> | <u>1,537</u> | <u>1,537</u> | |

7. Investment income

| | Unrestricted funds 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|---------------------|---|--|--|
| Short term deposits | 16 | 16 | 6 |
| | <u>6</u> | <u>6</u> | |
| <i>Total 2019</i> | <u>6</u> | <u>6</u> | |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

8. Expenditure

| | Staff Costs | Premises | Other | Total | Total |
|--------------------------------|----------------------|---------------------|---------------------|----------------------|---------------|
| | 2020 | 2020 | 2020 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 | £000 |
| Expenditure on raising funds: | | | | | |
| - Direct costs | 764 | - | 882 | 1,646 | 1,633 |
| Trust's educational operations | | | | | |
| - Direct costs | 31,139 | - | 3,150 | 34,289 | 32,343 |
| - Support costs | 7,820 | 5,943 | 1,531 | 15,294 | 15,210 |
| Teaching school | 200 | - | 587 | 787 | 583 |
| | <u>39,923</u> | <u>5,943</u> | <u>6,150</u> | <u>52,016</u> | <u>49,769</u> |
| <i>Total 2019</i> | <u><u>37,086</u></u> | <u><u>5,567</u></u> | <u><u>7,116</u></u> | <u><u>49,769</u></u> | |

9. Analysis of expenditure by activities

| | Activities | Support | Total | Total |
|--------------------------------|----------------------|----------------------|----------------------|---------------|
| | undertaken | costs | funds | funds |
| | directly | 2020 | 2020 | 2019 |
| | 2020 | 2020 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Trust's educational operations | <u>34,289</u> | <u>15,294</u> | <u>49,583</u> | <u>47,553</u> |
| <i>Total 2019</i> | <u><u>32,343</u></u> | <u><u>15,210</u></u> | <u><u>47,553</u></u> | |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|---------------------------------|--|--|
| Staff costs | 31,139 | 28,975 |
| Depreciation | 286 | 252 |
| Other direct costs | 1,761 | 1,735 |
| Books, apparatus and stationary | 504 | 647 |
| Examination fees | 599 | 734 |
| | <u>34,289</u> | <u>32,343</u> |

Analysis of support costs

| | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|---|--|--|
| Staff costs | 7,820 | 7,387 |
| Depreciation | 3,621 | 3,427 |
| Maintenance of premises and equipment | 1,045 | 804 |
| Cleaning | 321 | 450 |
| Rent and rates | 248 | 344 |
| Heat and light | 708 | 867 |
| Insurance | 150 | 211 |
| Transport | 119 | 387 |
| (Profit)/loss on disposal of fixed assets | 112 | - |
| Technology costs | 586 | 707 |
| Bank and interest charges | 9 | 21 |
| Other support costs | 426 | 504 |
| Recruitment | 62 | 35 |
| Governance costs | 67 | 66 |
| | <u>15,294</u> | <u>15,210</u> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 | <i>2019</i> |
|---------------------------------------|------------------|-------------------|
| | £000 | <i>£000</i> |
| Operating lease rentals | 99 | <i>90</i> |
| Depreciation of tangible fixed assets | 3,907 | <i>3,679</i> |
| Fees paid to auditors for: | | |
| - audit | 35 | <i>31</i> |
| - other services | 14 | <i>15</i> |
| | <u>39</u> | <i><u>135</u></i> |

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses
- Compensation payments

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

| | 2020 | <i>2019</i> |
|---------------------------|----------------------|----------------------|
| | £000 | <i>£000</i> |
| Wages and salaries | 28,211 | <i>26,652</i> |
| Social security costs | 2,793 | <i>2,662</i> |
| Pension costs | 8,579 | <i>7,327</i> |
| | <u>39,583</u> | <i><u>36,641</u></i> |
| Agency staff costs | 316 | <i>392</i> |
| Staff restructuring costs | 24 | <i>53</i> |
| | <u>39,923</u> | <i><u>37,086</u></i> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

11. Staff costs (continued)

a. Staff costs (continued)

Staff restructuring costs comprise:

| | 2020 | 2019 |
|---------------------|-------------|-------------|
| | £000 | £000 |
| Redundancy payments | 13 | 10 |
| Severance payments | 11 | 43 |
| | <u>24</u> | <u>53</u> |

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

Included in staff restructuring costs are non-statutory/non-contractual severances payments totalling £nil (2019: £nil).

c. Staff numbers

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

| | 2020 | 2019 |
|-------------------|--------------|-------------|
| | No. | No. |
| Teachers | 484 | 453 |
| Admin and Support | 601 | 494 |
| Management | 52 | 49 |
| | <u>1,137</u> | <u>996</u> |

d. Higher paid staff

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

| | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| | No. | No. |
| In the band £60,001 - £70,000 | 11 | 14 |
| In the band £70,001 - £80,000 | 8 | 5 |
| In the band £80,001 - £90,000 | 2 | 4 |
| In the band £90,001 - £100,000 | 2 | - |
| In the band £100,001 - £110,000 | 1 | 2 |
| 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 £150,001 - £160,000 | 1 | 1 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

11. Staff costs (continued)

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy Trust was £754,680 (2019: £559,558).

12. Central services

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

- Chief Executive
- Financial services
- Human resources
- Educational support services
- Other services as arising

The Academy Trust charges for these services on the following basis:

A contribution of 4% of the academies GAG funding

The actual amounts charged during the year were as follows:

| | 2020 | 2019 |
|------------------------------------|--------------|-------------|
| | £000 | £000 |
| The West Bridgford School | 326 | 144 |
| The Ripley Academy | 146 | 68 |
| South Wolds Academy and Sixth Form | 162 | 78 |
| The Kimberley School | 260 | 124 |
| John Flamsteed Community School | 144 | 63 |
| The Joseph Whitaker School | 260 | 124 |
| Awsorth Primary & Nursery School | 48 | 23 |
| CP Riverside School | 44 | 19 |
| Gilthill Primary School | 33 | 16 |
| Kimberley Primary School | 30 | 13 |
| Mornington Primary School | 48 | 23 |
| Street Lane Primary School | 15 | 7 |
| Larkfields Infant School | 30 | 11 |
| Hollywell Primary School | 34 | 8 |
| Total | 1,580 | 721 |

EAST MIDLANDS EDUCATION TRUST

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2020

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020 | 2019 |
|----------------|----------------------------|------------------|------------------|
| | | £000 | £000 |
| Mr R McDonough | Remuneration | 155 - 160 | 145 - 150 |
| | Pension contributions paid | 35 - 40 | 20 - 25 |

During the year ended 31 August 2020, travel and subsistence expenses totalling £446 were reimbursed or paid directly to 1 Trustee (2019 - £NIL to 1 Trustee).

14. Trustees' and Officers' insurance

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

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

15. Tangible fixed assets

| | Freehold property £000 | Long-term leasehold property £000 | Furniture and equipment £000 | Computer equipment £000 | Motor vehicles £000 | Assets under course of construction £000 | Total £000 |
|---------------------------|------------------------------|--|---------------------------------------|-------------------------------|---------------------------|---|----------------|
| Cost or valuation | | | | | | | |
| At 1 September 2019 | 92,026 | 18,029 | 2,116 | 1,948 | 26 | 526 | 114,671 |
| Additions | 988 | 49 | 347 | 260 | 12 | 2,875 | 4,531 |
| Disposals | (124) | - | - | (22) | - | - | (146) |
| Transfers between classes | 377 | 19 | 30 | - | - | (426) | - |
| At 31 August 2020 | <u>93,267</u> | <u>18,097</u> | <u>2,493</u> | <u>2,186</u> | <u>38</u> | <u>2,975</u> | <u>119,056</u> |
| Depreciation | | | | | | | |
| At 1 September 2019 | 11,390 | 450 | 1,364 | 1,456 | 19 | - | 14,679 |
| Charge for the year | 2,970 | 347 | 296 | 285 | 9 | - | 3,907 |
| On disposals | (12) | - | - | (22) | - | - | (34) |
| At 31 August 2020 | <u>14,348</u> | <u>797</u> | <u>1,660</u> | <u>1,719</u> | <u>28</u> | <u>-</u> | <u>18,552</u> |
| Net book value | | | | | | | |
| At 31 August 2020 | <u>78,919</u> | <u>17,300</u> | <u>833</u> | <u>467</u> | <u>10</u> | <u>2,975</u> | <u>100,504</u> |
| At 31 August 2019 | <u>80,636</u> | <u>17,579</u> | <u>752</u> | <u>492</u> | <u>7</u> | <u>526</u> | <u>99,992</u> |

Included within freehold property is freehold land with a value of £17,525,020 (2019: £17,525,020), which is not depreciated.

16. Stocks

| | 2020 £000 | 2019 £000 |
|----------------------------------|--------------|--------------|
| Catering, uniform and stationary | <u>24</u> | <u>19</u> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

17. Debtors

| | 2020 | 2019 |
|--------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade debtors | 108 | 33 |
| Other debtors | 14 | 9 |
| Prepayments and accrued income | 1,536 | 710 |
| VAT recoverable | 355 | 859 |
| | <u>2,013</u> | <u>1,611</u> |

18. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade creditors | 918 | 800 |
| Other taxation and social security | 653 | 647 |
| Other creditors | 932 | 518 |
| Accruals and deferred income | 2,356 | 1,421 |
| | <u>4,859</u> | <u>3,386</u> |

Other creditors also include Salix loans of £109,178 (2019: £107,724) which are repayable in half-yearly instalments over a period of 6-8 years. These loans do not bear any interest and are not secured against any asset.

| | 2020 | 2019 |
|--|-------------|-------------|
| | £000 | £000 |
| Deferred income | | |
| Deferred income at 1 September 2019 | 855 | 898 |
| Resources deferred during the year | 928 | 855 |
| Amounts released from previous periods | (855) | (898) |
| | <u>928</u> | <u>855</u> |

Included within deferred income are grant funds and other donations received in advance of entitlement, catering income related to the next academic year and trip income received for trips not taking place until after the year end.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

19. Creditors: Amounts falling due after more than one year

| | 2020 | <i>2019</i> |
|-----------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Other creditors | 431 | <i>535</i> |

Other creditors are made up entirely of Salix loans which are repayable in half-yearly instalments over a period of 6-8 years. These loans do not bear any interest and are not secured against any asset.

20. Loans

| | 2020 | <i>2019</i> |
|---|-------------|-------------|
| | £000 | <i>£000</i> |
| Amounts falling due within one year | | |
| Salix loans | 109 | <i>108</i> |
| Amounts falling due 1-2 years | | |
| Salix loans | 111 | <i>108</i> |
| Amounts falling due 2-5 years | | |
| Salix loans | 239 | <i>241</i> |
| Amounts falling greater than 5 years | | |
| Salix loans | 81 | <i>186</i> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

21. Statement of funds

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2020 £000 |
|--|---|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 2,862 | 1,727 | (1,263) | - | - | 3,326 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 31 | 38,969 | (38,636) | (22) | - | 342 |
| Other DfE Group Grants | 98 | 2,141 | (2,141) | - | - | 98 |
| Other government grants | - | 1,285 | (1,285) | - | - | - |
| Other restricted funds | 187 | 2,431 | (2,178) | - | - | 440 |
| Pension reserve | (21,876) | - | (2,494) | - | (4,136) | (28,506) |
| | <u>(21,560)</u> | <u>44,826</u> | <u>(46,734)</u> | <u>(22)</u> | <u>(4,136)</u> | <u>(27,626)</u> |
| Restricted fixed asset funds | | | | | | |
| Other capital grants | 12,650 | 4,168 | (1,138) | 57 | - | 15,737 |
| Assets transferred from predecessor school | 43,074 | - | (1,333) | - | - | 41,741 |
| Capital expenditure from GAG | 3,343 | - | (185) | (35) | - | 3,123 |
| Assets transferred on acquisition | 41,626 | - | (1,298) | - | - | 40,328 |
| Donated asset | 3,195 | - | (65) | - | - | 3,130 |
| | <u>103,888</u> | <u>4,168</u> | <u>(4,019)</u> | <u>22</u> | <u>-</u> | <u>104,059</u> |
| Total Restricted funds | <u>82,328</u> | <u>48,994</u> | <u>(50,753)</u> | <u>-</u> | <u>(4,136)</u> | <u>76,433</u> |
| Total funds | <u>85,190</u> | <u>50,721</u> | <u>(52,016)</u> | <u>-</u> | <u>(4,136)</u> | <u>79,759</u> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

21. Statement of funds (continued)

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

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

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

Restricted general funds comprise of all other restricted funds received and include grants from the Department for Education and will only be used for the purpose that the grants were intended. The main grant received within these funds is the GAG.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

| | 2020 | 2019 |
|--|---------------|---------------|
| | £000 | £000 |
| East Midlands Education Trust (Central) | 524 | 201 |
| The West Bridgford School | 611 | 224 |
| The Ripley Academy | 718 | 531 |
| South Wolds Academy and Sixth Form | (45) | 120 |
| The Kimberley School | 64 | 388 |
| John Flamsteed Community School | 491 | 396 |
| The Joseph Whitaker School | 612 | 538 |
| Awsworth Primary School | 138 | 61 |
| CP Riverside School | 300 | 197 |
| Gilthill Primary School | 116 | 70 |
| Kimberley Primary School | 180 | 115 |
| Mornington Primary School | 222 | 192 |
| Street Lane Primary School | 47 | 10 |
| Larkfields Infant School | 113 | 36 |
| Hollywell Primary School | 115 | 99 |
| | <hr/> | <hr/> |
| Total before fixed asset funds and pension reserve | 4,206 | 3,178 |
| Restricted fixed asset fund | 104,059 | 103,888 |
| Pension reserve | (28,506) | (21,876) |
| | <hr/> | <hr/> |
| Total | 79,759 | 85,190 |
| | <hr/> <hr/> | <hr/> <hr/> |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

21. Statement of funds (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

| | Deficit £000 |
|------------------------------------|-------------------------|
| South Wolds Academy and Sixth Form | (45) |
| | <hr/> <hr/> |

The Academy is projected to secure a surplus position in 2020/21.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

21. Statement of funds (continued)

Total cost analysis by academy

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

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciation £000 | Total 2020 £000 | Total 2019 £000 |
|---|--|---|---------------------------------|--|-----------------------|-----------------------|
| East Midlands Education Trust (Central) | 594 | 3,298 | 565 | 211 | 4,668 | 4,184 |
| The West Bridgford School | 5,809 | 992 | 652 | 952 | 8,405 | 8,603 |
| The Ripley Academy | 2,718 | 583 | 203 | 411 | 3,915 | 3,850 |
| South Wolds Academy and Sixth Form | 3,348 | 645 | 197 | 387 | 4,577 | 4,515 |
| The Kimberley School | 5,261 | 798 | 380 | 744 | 7,183 | 6,724 |
| John Flamsteed Community School | 2,827 | 482 | 200 | 395 | 3,904 | 3,760 |
| The Joseph Whitaker School | 5,115 | 1,024 | 545 | 765 | 7,449 | 7,090 |
| Awsorth Primary School | 1,020 | 147 | 78 | 171 | 1,416 | 1,428 |
| CP Riverside School | 727 | 131 | 21 | 112 | 991 | 1,024 |
| Gilthill Primary School | 594 | 131 | 37 | 138 | 900 | 959 |
| Kimberley Primary School | 694 | 86 | 64 | 164 | 1,008 | 900 |
| Mornington Primary School | 1,027 | 152 | 62 | 133 | 1,374 | 1,366 |
| Street Lane Primary School | 295 | 30 | 27 | 97 | 449 | 473 |
| Larkfields Infant School | 539 | 115 | 28 | 132 | 814 | 743 |
| Hollywell Primary School | 664 | 77 | 51 | 264 | 1,056 | 471 |
| Academy Trust | 31,232 | 8,691 | 3,110 | 5,076 | 48,109 | 46,090 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

21. Statement of funds (continued)

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

| | <i>Balance at 1 September 2018 £000</i> | <i>Income £000</i> | <i>Expenditure £000</i> | <i>Transfers in/out £000</i> | <i>Gains/ (Losses) £000</i> | <i>Balance at 31 August 2019 £000</i> |
|--|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 2,825 | 2,153 | (959) | (1,157) | - | 2,862 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 1,207 | 35,825 | (36,577) | (424) | - | 31 |
| Other DfE Group Grants | - | 2,110 | (2,012) | - | - | 98 |
| Deficit transferred on conversion | (31) | - | - | 31 | - | - |
| Other government grants | - | 1,274 | (1,274) | - | - | - |
| Other restricted funds | 238 | 2,182 | (2,316) | 83 | - | 187 |
| Pension reserve | (13,704) | (42) | (2,952) | - | (5,178) | (21,876) |
| | <u>(12,290)</u> | <u>41,349</u> | <u>(45,131)</u> | <u>(310)</u> | <u>(5,178)</u> | <u>(21,560)</u> |
| Restricted fixed asset funds | | | | | | |
| Other capital grants | 10,131 | 2,965 | (708) | 262 | - | 12,650 |
| Assets transferred from predecessor school | 39,334 | 4,967 | (1,194) | (33) | - | 43,074 |
| Capital expenditure from GAG | 2,436 | - | (331) | 1,238 | - | 3,343 |
| Assets transferred on acquisition | 43,007 | - | (1,381) | - | - | 41,626 |
| Donated asset | - | 3,260 | (65) | - | - | 3,195 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

21. Statement of funds (continued)

| | <i>Balance at 1 September 2018 £000</i> | <i>Income £000</i> | <i>Expenditure £000</i> | <i>Transfers in/out £000</i> | <i>Gains/ (Losses) £000</i> | <i>Balance at 31 August 2019 £000</i> |
|-------------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| | 94,908 | 11,192 | (3,679) | 1,467 | - | 103,888 |
| Total Restricted funds | 82,618 | 52,541 | (48,810) | 1,157 | (5,178) | 82,328 |
| Total funds | 85,443 | 54,694 | (49,769) | - | (5,178) | 85,190 |

22. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 |
|--|---|---|---|--|
| Tangible fixed assets | - | - | 100,504 | 100,504 |
| Current assets | 8,616 | 880 | 3,555 | 13,051 |
| Creditors due within one year | (4,859) | - | - | (4,859) |
| Creditors due in more than one year | (431) | - | - | (431) |
| Provisions for liabilities and charges | - | (28,506) | - | (28,506) |
| Total | 3,326 | (27,626) | 104,059 | 79,759 |

Analysis of net assets between funds - prior period

| | <i>Unrestricted funds 2019 £000</i> | <i>Restricted funds 2019 £000</i> | <i>Restricted fixed asset funds 2019 £000</i> | <i>Total funds 2019 £000</i> |
|--|---|---|---|--|
| Tangible fixed assets | - | - | 99,992 | 99,992 |
| Current assets | 6,783 | 316 | 3,896 | 10,995 |
| Creditors due within one year | (3,386) | - | - | (3,386) |
| Creditors due in more than one year | (535) | - | - | (535) |
| Provisions for liabilities and charges | - | (21,876) | - | (21,876) |
| Total | 2,862 | (21,560) | 103,888 | 85,190 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

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

| | 2020 | 2019 |
|--|----------------|----------------|
| | £000 | £000 |
| Net (expenditure)/income for the period (as per Statement of financial activities) | (1,295) | 4,925 |
| Adjustments for: | | |
| Loss on disposal of fixed assets | 112 | - |
| Depreciation | 3,907 | 3,679 |
| Capital grants from DfE and other capital income | (4,168) | (2,965) |
| Interest receivable | (16) | (6) |
| Defined benefit pension scheme cost less contributions payable | 2,093 | 2,621 |
| Defined benefit pension scheme finance cost | 401 | 373 |
| Increase in stocks | (5) | (1) |
| (Increase)/decrease in debtors | (401) | 421 |
| Increase/(decrease) in creditors | 1,368 | (565) |
| Net assets and liabilities from local authority on conversion | - | (5,022) |
| Net cash provided by operating activities | 1,996 | 3,460 |

24. Cash flows from investing activities

| | 2020 | 2019 |
|---|----------------|----------------|
| | £000 | £000 |
| Dividends, interest and rents from investments | 16 | 6 |
| Purchase of tangible fixed assets | (4,531) | (6,565) |
| Proceeds from the sale of tangible fixed assets | - | 2 |
| Capital grants from DfE Group | 4,168 | 2,965 |
| Cash transferred on conversion to the Academy Trust | - | 131 |
| Net cash used in investing activities | (347) | (3,461) |

25. Analysis of cash and cash equivalents

| | 2020 | 2019 |
|--------------|---------------|--------------|
| | £000 | £000 |
| Cash in hand | 11,014 | 9,365 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

26. Analysis of changes in net debt

| | At 1 September 2019 £000 | Cash flows £000 | Other non- cash changes £000 | At 31 August 2020 £000 |
|--|-----------------------------------|--------------------|---------------------------------------|------------------------------|
| Cash | 9,365 | 1,649 | - | 11,014 |
| Loans falling due within one year | (107) | (107) | 105 | (109) |
| Loans falling due after more than one year | (535) | - | 104 | (431) |
| Total | 8,723 | 1,542 | 209 | 10,474 |

27. Capital commitments

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Contracted for but not provided in these financial statements | | |
| Acquisition of tangible fixed assets | - | 1,695 |

28. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire 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 £704,364 were payable to the schemes at 31 August 2020 (2019 - £400,108) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

28. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. 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 £4,552,221 (2019 - £3,077,479).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,927,000 (2019 - £1,714,000), of which employer's contributions totalled £1,483,000 (2019 - £1,302,000) and employees' contributions totalled £ 444,000 (2019 - £412,000). The agreed contribution rates for future years are 18.3 per cent for employers and 5.5-12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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

| | 2020 | 2019 |
|--|------------------|-------------|
| | % | % |
| Rate of increase in salaries | 2.9 - 3.3 | 2.8 - 3.7 |
| Rate of increase for pensions in payment/inflation | 2.2 - 2.3 | 2.2 - 2.3 |
| Discount rate for scheme liabilities | 1.6 - 1.7 | 1.8 - 1.9 |
| Inflation assumption (CPI) | 2.3 | 2.3 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

28. Pension commitments (continued)

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

| | 2020 Years | 2019 Years |
|-----------------------------|-----------------------------|-----------------------------|
| <i>Retiring today</i> | | |
| Males | 21.6 - 21.8 | 21.7 - 21.9 |
| Females | 23.7 - 24.4 | 24.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.6 - 23.2 | 23.3 - 23.9 |
| Females | 25.1 - 25.9 | 26.2 - 26.5 |

Sensitivity analysis

| | 2020 £000 | 2019 £000 |
|--|----------------------------|----------------------------|
| Discount rate +0.1% | 49,847 | 42,268 |
| Discount rate -0.1% | 51,793 | 43,772 |
| Mortality assumption - 1 year increase | 52,417 | 44,372 |
| Mortality assumption - 1 year decrease | 49,250 | 41,693 |

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

| | At 31 August 2020 £000 | <i>At 31 August</i> <i>2019</i> <i>£000</i> |
|-------------------------------------|---|---|
| Equities | 13,410 | 13,133 |
| Debt instruments | 5,155 | 4,630 |
| Property | 2,744 | 2,599 |
| Cash and other liquid assets | 990 | 770 |
| Total market value of assets | 22,299 | 21,132 |

The actual return on scheme assets was £389,000 (2019 - £974,000).

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

28. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £000 | £000 |
| Current service cost | 3,576 | 2,747 |
| Past service cost | - | 465 |
| Interest cost | 797 | 898 |
| Interest income | (403) | (525) |
| Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement | - | 706 |
| Administrative expenses | 7 | 5 |
| Total amount recognised in the Statement of financial activities | 3,977 | 4,296 |

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

| | 2020 | 2019 |
|---|---------------|---------------|
| | £000 | £000 |
| At 1 September | 43,008 | 31,951 |
| Current service cost | 3,576 | 2,747 |
| Interest cost | 797 | 898 |
| Employee contributions | 444 | 412 |
| Actuarial losses | 3,427 | 5,627 |
| Benefits paid | (447) | (435) |
| Past service costs | - | 465 |
| Liabilities assumed / (extinguished) on settlements | - | 1,343 |
| At 31 August | 50,805 | 43,008 |

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

| | 2020 | 2019 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| At 1 September | 21,132 | 18,247 |
| Interest income | 403 | 525 |
| Actuarial gain/(loss) | (709) | 449 |
| Employer contributions | 1,483 | 1,302 |
| Employee contributions | 444 | 412 |
| Benefits paid | (447) | (435) |
| Administration expenses | - | (5) |
| Settlement prices received / (paid) | (7) | 637 |
| At 31 August | 22,299 | 21,132 |

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

29. Operating lease commitments

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 | 2019 |
|--|------------------------|------------------------|
| | £000 | £000 |
| Not later than 1 year | 64 | 85 |
| Later than 1 year and not later than 5 years | 43 | 65 |
| | <hr/> 107 <hr/> | <hr/> 150 <hr/> |

30. 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.

31. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval were required, and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the period:

R McDonough is the Chair of the Board of Confederation of Schools' Trust. During the year the Trust paid £1,141 (2019: £1,320) in subscriptions and conference attendance fees to the organisation on an arm's length basis. Additionally, the Trust paid travel expenses of £706 (2019: £840) of R McDonough in his capacity as the Chair of the Board which are then reimbursed by the organisation.

32. Agency arrangements

The Trust distributes the 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the Trust received £55,733 (2019: £63,915) and disbursed £53,983 (2019: £43,521) from the fund.

EAST MIDLANDS EDUCATION TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2020**

33. Teaching school trading account

| | 2020 | 2020 | 2019 | 2019 |
|---|-------------|-------------|-------------|-------------|
| | £000 | £000 | £000 | £000 |
| Income | | | | |
| Direct income | | | | |
| Grant income | 833 | | 551 | |
| Other income | | | | |
| Other income | - | | 7 | |
| Total income | | 833 | | 558 |
| Expenditure | | | | |
| Direct expenditure | | | | |
| Staff costs | 200 | | 112 | |
| Student bursaries | 326 | | 236 | |
| Other direct costs | 261 | | 235 | |
| Total direct expenditure | 787 | | 583 | |
| Total expenditure | | 787 | | 583 |
| Surplus/(deficit) from all sources | | 46 | | (25) |
| Teaching school balances at 1 September 2019 | | (37) | | (12) |
| Teaching school balances at 31 August 2020 | | 9 | | (37) |