

Registered number: 07972029

**The Two Counties Trust**

Trustees' Report and Financial Statements

For the year ended 31 August 2020



**DAINS**  
ACCOUNTANTS

**The Two Counties Trust**  
**(A company limited by guarantee)**

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**Reference and Administrative Details**

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<b>Members</b>	R Stones G Bradley B Dixon J Mountain (resigned 1 April 2020) S Knowles (appointed 1 April 2020) G Haslam (appointed 1 April 2020)
<b>Trustees</b>	K Potts, Chair of Trustees I Greenaway G Haslam (resigned 31 March 2020) R Ruszczyński R Wheelhouse A Chmiel W Unsworth (resigned 23 October 2019) C Hallam A Hahn A McLaughlin (appointed 9 September 2019) A Durrant (appointed 9 December 2019)
<b>Company Registered Number</b>	07972029
<b>Company name</b>	The Two Counties Trust
<b>Principal and Registered Office</b>	Ashfield School Sutton Road Kirkby in Ashfield Nottinghamshire NG17 8HP
<b>Chief Executive Officer</b>	R Vasey
<b>Senior management team</b>	R Vasey, Chief Executive Officer N Palmer, Director of Finance D Duggan, Head of Human Resources

**The Two Counties Trust**  
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**Reference and Administrative Details (continued)**  
**For the year ended 31 August 2020**

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<b>Independent Auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH
<b>Bankers</b>	Barclays Bank Plc Level 4 Chapel Quarter Maid Marian Way Nottingham NG1 6HQ
<b>Solicitors</b>	Brown Jacobson LLP The Arc NG2 Business Park Enterprise Way Nottingham NG2 1EN
<b>Solicitors</b>	Flint Bishop Solicitors LLP St Michaels Court St Michaels Lane Derby DE1 3HQ

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**Reference and Administrative Details (continued)**  
**For the year ended 31 August 2020**

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<b>Ashfield School</b>	Sutton Road Kirkby in Ashfield Nottinghamshire NG17 8HP
<b>Selston High School</b>	Chapel Road Selston Nottinghamshire NG16 6BW
<b>Swanwick Hall School</b>	Derby Road Swanwick Derbyshire DE55 1AE
<b>Manor Academy</b>	Park Hall Road Mansfield Woodhouse Nottinghamshire NG19 8QA
<b>Heritage High School</b>	Boughton Lane Clowne Chesterfield Derbyshire S43 4QG
<b>Frederick Gent School</b>	Mansfield Road South Normanton Alfreton DE55 2ER
<b>Friesland School</b>	Nursery Avenue Sandiacre Nottingham NG10 5AF
<b>Wilsthorpe School</b>	Derby Road Long Eaton Nottingham NG10 4WT
<b>Springwell Community College</b>	Middlecroft Road Staveley Chesterfield S43 3NQ

**The Two Counties Trust**  
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**Trustees' report**  
**For the year ended 31 August 2020**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 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 Two Counties Trust is a Multi-Academy Trust established on 1st April 2016. The founding members of The Two Counties Trust were all secondary academies: Ashfield School, Selston High School and Swanwick Hall School. However we have grown quickly over three years and the following secondary academies have joined the Trust:

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

The Trust consists of like-minded academies that share a passion for working together in order to continually improve the quality of provision and outcomes for all our students through focussing on academy improvement. All our academies are located in close proximity along the M1 corridor in Derbyshire and Nottinghamshire and have common characteristics such as being ex-mining areas, with a predominantly white, working-class population and higher than average levels of disadvantage. We currently provide education for over 10,500 students, employ over 1,300 staff and have an annual turnover of c£55m.

**Structure, governance and management**

**a. Constitution**

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

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

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

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

**b. Members' liability**

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

**The Two Counties Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2020**

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**Structure, governance and management (continued)**

**c. Trustees' indemnities**

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

**d. Method of recruitment and appointment or election of Trustees**

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

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

**e. Policies adopted for the induction and training of Trustees**

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

**f. Organisational structure**

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

The Board of Trustees holds 5 meetings per Academic year, in addition the Risk and Audit Committee and Finance Committee meet 3 times a year. The Trustees have delegated authority to a number of Local Governing Bodies, 1 per Academy. The CEO is the Accounting Officer for the Trust.

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

The Strategic Leadership Groups meet 11 times a year working alternately between a School Improvement Focus and a full Trust focus and consists of CEO, CFO, Head of HR and each Academy Headteacher. This group is responsible for delivering the Trust Strategy, Mission and Vision.

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

The day to day management of each Academy is delegated to the Headteachers who direct their Leadership Teams. Budgets are devolved to each Academy by the Board of Trustees. The Trust develops and approves

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

**Structure, governance and management (continued)**

Financial Limits of Authority across the Academies, these are reviewed on an annual basis.

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

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

**h. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	13
Full-time equivalent employee number	12

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	2
1%-50%	9
51%-99%	1
100%	1

**Percentage of pay bill spent on facility time** **£000**

Total cost of facility time	15
Total pay bill	47,594
Percentage of total pay bill spent on facility time	0.03 %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.04 %
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**i. Engagement with employees (including disabled persons)**

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

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

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

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



**The Two Counties Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2020**

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**Structure, governance and management (continued)**

**Engagement with employees (including disabled persons) (continued)**

training of disabled staff.

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

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

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

**Objectives and activities**

**a. Objects and aims**

The principal objective and activity of the charitable company is the operation of The Two Counties Trust to provide education to children of different abilities between the ages of 11 and 19.

The Two Counties Trust has a core purpose and vision which is: **To raise the educational standards and better the life chances of students within the MAT through working in partnership to challenge and support all academies to continually improve.**

**b. Objectives, strategies and activities**

The Trust Strategic Plan is reviewed annually and outlines our key aims which will deliver the vision in all of our academies across the Trust. We currently have three strategic goals:

- To support excellent standards of teaching and learning which maximises student progress and outcomes
- To maintain a clear vision and develop a strong and efficient central services infrastructure to secure the on-going improvement and development of the Trust
- To ensure high quality leadership and governance at Trust Board, LGB and individual school level

For each strategic goal Trustees have agreed a set of key performance indicators which are monitored and reviewed termly. The Trust Strategic Plan is underpinned by 3 year delivery plans in each of our seven key operational areas: School Improvement, Finances, HR, Premises and Estates, ICT, Health and Safety and Governance and Compliance.

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

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**Objectives and activities (continued)**

**c. Public benefit**

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

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

**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

As a result of the pandemic all public examinations at 16 and 18 were cancelled in 2020. The Department for Education determined that academies should not publish their Centre Assessed Grades (CAGs) and that for 2020 there would be no published school performance tables. Academies were asked to submit CAGs for both GCSE and A Level courses studied by students. In producing CAGs all Trust academies used a combination of tracking data, the quality of work undertaken by students and teacher forecast grades which were moderated against nationally determined benchmarks. Each subject placed students in rank order and we are confident that this rigorous process produced fair and accurate grades for our students.

During the reporting year Heritage High School was subject to an inspection by Ofsted. Whilst the overall effectiveness judgement remained as Requires Improvement we were pleased with the more positive judgements of Good for Behaviour and Attitudes, Personal Development and Leadership and Management. These judgements reflected positively on the impact of the school improvement support provided by the Trust to the academy. In terms of Ofsted grade the current profile of the Trust is 5 Good academies and 4 academies Requiring Improvement.

School improvement activity continues to be at the heart of Trust work and during the year the school improvement capacity was increased by the appointment of a Director of School Improvement and Subject Directors for Humanities and SEND. The school improvement team carry out an Annual Standards Review in each academy and as a result each academy is judged to be either sustain, improve, repair or stabilise. The Standards Review process focusses mainly on student progress and outcomes but also includes the financial situation at the academy, the latest Trust QA activity and the academy response to annual staff surveys.

The overall category determined by the school improvement team drives the level of improvement activity for each academy which is bespoke to the academy and is a result of on-going discussions with both respective Headteachers and Local Governing Bodies. Our aim is to respond as quickly as possible to any emerging issues within an academy and provide the academy-to-academy support that will enable academies to improve standards and outcomes for pupils.

**b. Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi-Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**The Two Counties Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2020**

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**Strategic report (continued)**

**Achievements and performance (continued)**

**c. Promoting the success of the company**

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

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

The Trust has appointed a 3rd Party marketing and communications provider to support with publications and to ensure our engagement with the press and wider community is proactive and positive.

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

**Financial review**

**a. Reserves policy**

The Trustees review the reserve levels of the Trust on a regular basis as part of their regular monitoring of the Trust finances. The reserves policy target range for restricted general funds (excluding pension reserve) and unrestricted funds (free reserves) is set at a level which takes into account key financial risks. The Trust held free reserves at 31 August 2020 of £2,578,000 consisting of £nil restricted funds and £2,578,000 unrestricted funds which is within the target range. Included in the restricted fund is an amount of £210,395,000 invested in fixed assets and a pension reserve deficit of £30,975,000.

**b. Investment policy**

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

**c. Principal risks and uncertainties**

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

- Failure to deliver improvement in outcomes
- Failure to maintain existing Ofsted grade
- COVID Pandemic
- IT security and data protection
- Ongoing recruitment and retention

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

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**d. Overview**

Most of the Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes in pursuance of the Trust's objects. The grants received from the DfE during the period ended 31 August 2020 and the associated expenditure are shown as restricted general funds in the Statement of Finance Activities.

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

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

**Fundraising**

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

**Streamlined energy and carbon reporting**

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

	2020
Energy consumption used to calculate emissions (kWh)	13,897,000
<b>Energy consumption breakdown (kWh):</b>	
Gas	9,772,000
Electricity	4,086,000
Transport fuel	39,000
<b>Scope 1 emissions (in tonnes of CO2 equivalent):</b>	
Gas consumption	1,797
<b>Total scope 1</b>	<b>1,797</b>
<b>Scope 2 emissions (in tonnes of CO2 equivalent):</b>	
Purchased electricity	953
<b>Scope 3 emissions (in tonnes of CO2 equivalent):</b>	
Business travel in employee-owned or rental vehicles	1
<b>Total gross emissions (in tonnes of CO2 equivalent):</b>	<b>2,751</b>
<b>Intensity ratio:</b>	
Tonnes of CO2 equivalent per pupil	0.3

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

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**Streamlined energy and carbon reporting (continued)**

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

- the 2019 HM Government Environmental Reporting Guidelines;
- the GHG Reporting Protocol - Corporate Standard; and
- the 2020 UK Government's Conversion Factors for Company Reporting.

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

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

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

**Plans for future periods**

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

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

**Funds held as custodian on behalf of others**

There are no funds held as custodian.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

**The Two Counties Trust**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2020**

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**Auditors**

The auditors, Dains LLP, have indicated their willingness to continue in office. The members will propose a motion reappointing the auditors at the Annual General Meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2020 and signed on its behalf by:



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**K Potts**  
Chair of Trustees

**The Two Counties Trust**  
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**Governance Statement**

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**Scope of responsibility**

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

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

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

**Governance**

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

The Board of Trustees has formally met 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
K Potts, Chair of Trustees	5	5
I Greenaway	4	5
G Haslam (resigned 31 March 2020)	2	3
R Ruszczyński	5	5
R Wheelhouse	4	5
A Chmiel	5	5
W Unsworth (resigned 23 October 2019)	0	1
C Hallam	5	5
A Hahn	4	5
A McLaughlin (appointed 9 September 2019)	5	5
A Durrant (appointed 9 December 2019)	4	4

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

There were three committees of the main Board during the year.

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
I Greenaway (Chair)	3	3
A Chmiel	3	3
K Potts	3	3

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**Governance Statement (continued)**

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**Governance (continued)**

G Haslam	3	3
A Hahn	3	3

The purpose of the Finance Committee is to provide financial scrutiny and oversight and support the Board in maintaining the Trust as a going concern.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A Chmiel (Chair)	3	3
I Greenaway	3	3
K Potts	3	3
A Hahn	3	3

The Remuneration Committee is responsible for setting pay and reviewing performance of senior Trust executives.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
I Greenaway (Chair)	2	2
R Wheelhouse	2	2
K Potts	1	2

**Review of value for money**

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

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

- Investing further in school improvement resources through the appointment of Trust Directors of Subject for SEND and Humanities
- Establishing Trust-wide training and development framework for NQTs and RQTs
- Appointing a Procurement Officer to focus on best practice and value for money in the Trust's procurement
- Developing a new procurement policy to improve control
- Furthering the central team to enable resources to be deployed more effectively and at lower cost
- Embedding the approach to benchmarking individual school financial data in order to challenge leaders' approach to staffing and resources and secure best value for money in all areas
- Implementing recovery action plans (RAPs) for those schools where the opportunity for financial improvement has been identified and providing additional finance support where required. Two schools have had significant financial improvements in year as a result



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**Governance Statement (continued)**

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**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year 1 September 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 Multi-Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi-Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The risk and control framework**

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

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

The Board of Trustees has decided to employ Smith Cooper Audit Limited as internal auditor.

The board of Trustees has decided to buy-in an internal audit service from Smith Cooper. The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems. In particular the checks carried out in the current period include:

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

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

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

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**Governance Statement (continued)**

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**Review of effectiveness**

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


- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the school resource management self-assessment tool;
- the work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 7 December 2020 and signed on their behalf by:



**K Potts**  
Chair of Trustees



**R Vasey**  
Chief Executive Officer and Accounting Officer

**The Two Counties Trust**  
**(A company limited by guarantee)**

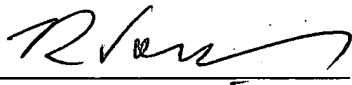
**Statement on Regularity, Propriety and Compliance**

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As accounting officer of The Two Counties Trust I have considered my responsibility to notify the Multi-Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Multi-Academy Trust, under the funding agreement in place between the Multi-Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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



**R Vasey**  
Chief Executive Officer and Accounting Officer  
Date: 7 December 2020

**The Two Counties Trust**  
**(A company limited by guarantee)**

**Statement of Trustees' responsibilities**  
**For the year ended 31 August 2020**

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2020 and signed on its behalf by:



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**K Potts**  
Chair of Trustees

**The Two Counties Trust**  
**(A company limited by guarantee)**

**Independent Auditors' Report on the financial statements to the Members of The Two Counties Trust**

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**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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 Group's or the Multi-Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**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 Reference and Administrative Details, the Trustees' Report including the Strategic Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance, and the Statement of Trustees' responsibilities. 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 Group and the Multi-Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Multi-Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Use of our report**

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



**Mark Gurney FCCA (Senior statutory auditor)**

for and on behalf of  
**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

7 December 2020

**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 21 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Two Counties Trust during the year 1 September 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 The Two Counties Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Two Counties Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Two Counties Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of The Two Counties Trust's funding agreement with the Secretary of State for Education dated 27 March 2012 and the Academies Financial Handbook, extant from 1 September 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 Multi-Academy Trust's income and expenditure.



**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**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.



**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

Date: 7 December 2020

**The Two Counties Trust**  
**(A company limited by guarantee)**

**Consolidated 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					
<b>Income from:</b>						
Donations and capital grants:	4					
Transfer from local authority on conversion		401	(1,568)	25,833	24,666	27,557
Other donations and capital grants		1,447	-	2,016	3,463	3,911
Charitable activities:	5					
Funding for the multi academy trust's educational operations		1,293	54,398	-	55,691	50,503
Other trading activities	6	701	-	-	701	1,090
Investments	7	10	-	-	10	8
<b>Total income</b>		<b>3,852</b>	<b>52,830</b>	<b>27,849</b>	<b>84,531</b>	<b>83,069</b>
<b>Expenditure on:</b>						
Raising funds	8	2,280	-	12	2,292	2,791
Charitable activities	9	827	57,165	3,245	61,237	56,726
<b>Total expenditure</b>		<b>3,107</b>	<b>57,165</b>	<b>3,257</b>	<b>63,529</b>	<b>59,517</b>
<b>Net income/(expenditure)</b>		<b>745</b>	<b>(4,335)</b>	<b>24,592</b>	<b>21,002</b>	<b>23,552</b>
Transfers between funds	19	(984)	175	809	-	-
<b>Net movement in funds before other recognised losses</b>		<b>(239)</b>	<b>(4,160)</b>	<b>25,401</b>	<b>21,002</b>	<b>23,552</b>
<b>Other recognised losses:</b>						
Actuarial losses on defined benefit pension schemes	26	-	(3,866)	-	(3,866)	(6,611)
<b>Net movement in funds</b>		<b>(239)</b>	<b>(8,026)</b>	<b>25,401</b>	<b>17,136</b>	<b>16,941</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	19	2,818	(22,949)	184,993	164,862	147,921
Net movement in funds		(239)	(8,026)	25,401	17,136	16,941
<b>Total funds carried forward</b>	<b>19</b>	<b>2,579</b>	<b>(30,975)</b>	<b>210,394</b>	<b>181,998</b>	<b>164,862</b>

The notes on pages 28 to 63 form part of these financial statements.

**The Two Counties Trust**  
**(A company limited by guarantee)**

**Consolidated balance sheet**  
**As at 31 August 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	15	208,868	183,862
<b>Current assets</b>			
Stocks	16	5	4
Debtors	17	2,413	1,589
Cash at bank and in hand	23	5,433	6,406
		<u>7,851</u>	<u>7,999</u>
Creditors: amounts falling due within one year	18	(3,746)	(4,050)
<b>Net current assets</b>		<u>4,105</u>	<u>3,949</u>
<b>Net assets excluding pension liability</b>		<u>212,973</u>	<u>187,811</u>
Defined benefit pension scheme liability	26	(30,975)	(22,949)
<b>Total net assets</b>		<u><u>181,998</u></u>	<u><u>164,862</u></u>
<b>Funds of the Multi-Academy Trust</b>			
<b>Restricted funds:</b>			
Restricted fixed asset funds	19	210,395	184,993
Restricted funds excluding pension liability	19	210,395	184,993
Pension reserve	19	(30,975)	(22,949)
<b>Total restricted funds</b>	19	<u>179,420</u>	<u>162,044</u>
<b>Unrestricted income funds</b>	19	<u>2,578</u>	<u>2,818</u>
<b>Total funds</b>		<u><u>181,998</u></u>	<u><u>164,862</u></u>

The financial statements on pages 24 to 63 were approved by the Trustees, and authorised for issue on 07 December 2020 and are signed on their behalf, by:



**K Potts**  
Chair of Trustees

The notes on pages 28 to 63 form part of these financial statements.

**The Two Counties Trust**  
(A company limited by guarantee)

**Multi-Academy Trust Balance sheet**  
**As at 31 August 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	15	208,806	183,805
<b>Current assets</b>			
Stocks	16	5	4
Debtors	17	2,910	1,957
Cash at bank and in hand		5,223	6,254
		<u>8,138</u>	<u>8,215</u>
Creditors: amounts falling due within one year	18	(3,757)	(4,209)
<b>Net current assets</b>		<u>4,381</u>	<u>4,006</u>
<b>Net assets excluding pension liability</b>		<u>213,187</u>	<u>187,811</u>
Defined benefit pension scheme liability	26	(30,975)	(22,949)
<b>Total net assets</b>		<u><u>182,212</u></u>	<u><u>164,862</u></u>
<b>Funds of the Multi-Academy Trust</b>			
<b>Restricted funds:</b>			
Restricted fixed asset funds	19	210,395	184,993
Pension reserve	19	(30,975)	(22,949)
<b>Total restricted funds</b>	19	<u>179,420</u>	<u>162,044</u>
<b>Unrestricted income funds</b>	19	<u>2,792</u>	<u>2,818</u>
<b>Total funds</b>		<u><u>182,212</u></u>	<u><u>164,862</u></u>

The financial statements on pages 24 to 63 were approved by the Trustees, and authorised for issue on 07 December 2020 and are signed on their behalf, by:



**K Potts**  
Chair of Trustees

The notes on pages 28 to 63 form part of these financial statements.

**The Two Counties Trust**  
**(A company limited by guarantee)**

**Consolidated statement of cash flows**  
**For the year ended 31 August 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	(570)	375
<b>Cash flows from investing activities</b>	22	(403)	(304)
<b>Change in cash and cash equivalents in the year</b>		(973)	71
Cash and cash equivalents at the beginning of the year		6,406	6,335
<b>Cash and cash equivalents at the end of the year</b>	23, 24	<u>5,433</u>	<u>6,406</u>

The notes on pages 28 to 63 form part of these financial statements

**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**1. General information**

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

**2. Accounting policies**

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

**2.1 Basis of preparation of financial statements**

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

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

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

The income and expenditure account for the year dealt with in the accounts of the Multi Academy Trust was a surplus of £17,350,000 (2019 - £16,941,000).

**2.2 Going concern**

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

**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**2. Accounting policies (continued)**

**2.3 Income**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

- **Transfer on conversion**

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

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

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

**2. Accounting policies (continued)**

**2.4 Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**2.5 Interest receivable**

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

**2.6 Taxation**

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

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



**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets**

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

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

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

Depreciation is provided on the following bases:

Freehold property	- 2% straight-line
Long-term leasehold property	- 0.8% straight-line
Building improvements	- 5 - 20% straight-line
Furniture and equipment	- 20% straight-line
Computer equipment	- 20% straight-line
Motor vehicles	- 20% straight-line

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

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

**2.8 Stocks**

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

**2.9 Debtors**

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

**2.10 Cash at bank and in hand**

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

**The Two Counties Trust**  
**(A company limited by guarantee)**

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

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**2. Accounting policies (continued)**

**2.11 Liabilities**

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

**2.12 Provisions**

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

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

**2.13 Financial instruments**

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

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

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

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

**2.14 Operating leases**

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

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**Notes to the financial statements**  
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**2. Accounting policies (continued)**

**2.15 Pensions**

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

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

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

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

**2.16 Conversion to an academy trust**

The conversion from a state maintained school to a Multi-Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Springwell Community College to the Multi-Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Consolidated statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

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

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**2. Accounting policies (continued)**

**2.17 Fund accounting**

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

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

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

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

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

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

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**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
Transfer from local authority on conversion	401	(1,568)	25,833	24,666
Donations	1,447	-	50	1,497
Capital Grants	-	-	1,966	1,966
	<u>1,848</u>	<u>(1,568)</u>	<u>27,849</u>	<u>28,129</u>

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Transfer from local authority on conversion	182	(561)	27,936	27,557
Donations	1,488	-	-	1,488
Capital Grants	-	-	2,423	2,423
	<u>1,670</u>	<u>(561)</u>	<u>30,359</u>	<u>31,468</u>

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

	<b>Unrestricted funds 2020 £000</b>	<b>Restricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	47,061	<b>47,061</b>
Rates reclaim	-	307	<b>307</b>
Student Support Services	-	114	<b>114</b>
Pupil Premium	-	2,402	<b>2,402</b>
Year 7 Catch Up Grant	-	170	<b>170</b>
Other DfE/ESFA income	-	2,701	<b>2,701</b>
	-	52,755	<b>52,755</b>
<b>Other government grants</b>			
Local Authority - Special Educational Needs (SEN)	-	1,082	<b>1,082</b>
Other Local Authority Revenue Grants	-	67	<b>67</b>
Other Government Revenue Grants	-	2	<b>2</b>
	-	1,151	<b>1,151</b>
<b>Other funding</b>			
Student catering income	826	-	<b>826</b>
Other income	467	69	<b>536</b>
	1,293	69	<b>1,362</b>
<b>Exceptional Government Funding</b>			
Coronavirus (Covid-19) schools fund	-	295	<b>295</b>
Coronavirus Job Retention Scheme	-	128	<b>128</b>
	-	423	<b>423</b>
	1,293	54,398	<b>55,691</b>

Exceptional Government Funding consists of £295,000 claimed under the Government's Exceptional Costs Associated With Coronavirus (Covid-19) scheme.

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

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**Notes to the financial statements**  
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**5. Funding for the Multi-Academy Trust's educational operations (continued)**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	42,848	42,848
Rates reclaim	-	261	261
Student Support Services	-	105	105
Pupil Premium	-	2,053	2,053
Sponsor Capacity Grant	-	95	95
Year 7 Catch Up Grant	-	152	152
Other DfE/ESFA income	-	398	398
	-	45,912	45,912
<b>Other government grants</b>			
Local Authority - Special Educational Needs (SEN)	-	812	812
Other Local Authority Revenue Grants	-	99	99
Other Government Revenue Grants	-	14	14
	-	925	925
<b>Other funding</b>			
Student catering income	1,483	-	1,483
Other income	2,133	50	2,183
	3,616	50	3,666
	3,616	46,887	50,503

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**Notes to the financial statements**  
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**6. Income from other trading activities**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Sale of equipment	9	9	14
Music activities	4	4	6
Rent and lettings	92	92	189
Staff and visitor catering	8	8	10
Trading company	588	588	871
	<u>701</u>	<u>701</u>	<u>1,090</u>

**7. Investment income**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Bank interest	10	10	8
	<u>10</u>	<u>10</u>	<u>8</u>



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**8. Expenditure**

	<b>Staff Costs</b> <b>2020</b> <b>£000</b>	<b>Premises</b> <b>2020</b> <b>£000</b>	<b>Other</b> <b>2020</b> <b>£000</b>	<b>Total</b> <b>2020</b> <b>£000</b>
Expenditure on raising funds:				
Direct costs	762	-	1,530	<b>2,292</b>
Educational operations:				
Direct costs	40,006	-	3,400	<b>43,406</b>
Allocated support costs	8,342	5,553	3,936	<b>17,831</b>
	<b>49,110</b>	<b>5,553</b>	<b>8,866</b>	<b>63,529</b>

	<b>Staff Costs</b> <b>2019</b> <b>£000</b>	<b>Premises</b> <b>2019</b> <b>£000</b>	<b>Other</b> <b>2019</b> <b>£000</b>	<b>Total</b> <b>2019</b> <b>£000</b>
Expenditure on raising funds:				
Direct costs	665	-	2,126	<b>2,791</b>
Educational operations:				
Direct costs	36,356	-	4,113	<b>40,469</b>
Allocated support costs	5,753	6,297	4,207	<b>16,257</b>
	<b>42,774</b>	<b>6,297</b>	<b>10,446</b>	<b>59,517</b>

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**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020 £000</b>	<b>Support costs 2020 £000</b>	<b>Total funds 2020 £000</b>
Multi-academy trust's educational operations	43,406	17,831	61,237

	<b>Activities undertaken directly 2019 £000</b>	<b>Support costs 2019 £000</b>	<b>Total funds 2019 £000</b>
Multi-academy trust's educational operations	40,469	16,257	56,726

**Analysis of direct costs**

	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Pension finance costs	454	381
Staff costs	40,006	36,164
Educational supplies	1,413	1,411
Examination fees	752	851
Staff development and other staff costs	122	140
Technology costs	463	667
Other direct costs	196	855
	<b>43,406</b>	<b>40,469</b>

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

**Analysis of support costs**

	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Staff costs	8,342	5,945
Depreciation	3,245	3,693
Catering	1,128	1,612
Technology costs	169	284
Travel, subsistence and expenses	28	36
Legal costs - conversion	20	24
Legal costs - other	15	103
Recruitment and other staff expenses	121	117
Maintenance of premises	388	483
Other premises costs	562	465
Cleaning and caretaking	886	786
Operating lease rentals	48	67
Rates	279	281
Security	22	34
Energy	866	908
Professional fees	197	192
Transport	394	435
Governance	50	81
Other support costs	1,071	711
	<b>17,831</b>	<b>16,257</b>

**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2020 £000</b>	<b>2019 £000</b>
Operating lease rentals	7	11
Depreciation of tangible fixed assets	3,026	3,700
Fees paid to auditors for:		
- audit	39	36
- other services	4	3

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

**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
Wages and salaries	35,082	31,944	34,453	31,387
Social security costs	3,577	3,182	3,541	3,154
Pension costs	9,678	6,813	9,600	6,760
	<b>48,337</b>	<b>41,939</b>	<b>47,594</b>	<b>41,301</b>
Agency staff costs	734	643	714	616
Staff restructuring costs	39	192	39	192
	<b>49,110</b>	<b>42,774</b>	<b>48,347</b>	<b>42,109</b>

Staff restructuring costs comprise:

	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
Redundancy payments	8	107	8	107
Severance payments	31	85	31	85
	<b>39</b>	<b>192</b>	<b>39</b>	<b>192</b>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payment totalling £31,000 (2019 - £74,000). Individually, the payments were: £18,000 and £13,000.

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**11. Staff (continued)**

**c. Staff numbers**

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

	<b>Group 2020 No.</b>	<b>Group 2019 No.</b>
Teachers	648	561
Administration and support	596	536
Management	70	63
	<b>1,314</b>	<b>1,160</b>

**d. Higher paid staff**

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

	<b>Group 2020 No.</b>	<b>Group 2019 No.</b>
In the band £60,001 - £70,000	23	13
In the band £70,001 - £80,000	3	5
In the band £80,001 - £90,000	3	2
In the band £90,001 - £100,000	3	1
In the band £100,001 - £110,000	1	3
In the band £110,001 - £120,000	1	-
In the band £120,001 - £130,000	1	1
In the band £150,001 - £160,000	-	1
In the band £170,001 - £180,000	1	-

**e. Key management personnel**

The key management personnel of the Multi-Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was £373,000 (2019 £408,000).

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**12. Central services**

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

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

The Group charges for these services on the following basis:

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

**Annual Audit:** Fixed charge.

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

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

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

**Careers:** Daily charge rate

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

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

**GDPR - Data:** Fixed charge

**Top Slicing**

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

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

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**12. Central services (continued)**

The actual top slice amounts charged during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Ashfield School	122	122
Selston High School	40	38
Swanwick Hall School	110	57
Manor Academy	44	42
Heritage High School	84	79
Frederick Gent Academy	77	77
Friesland School	59	57
Wilsthorpe School	48	34
Springwell Community College	49	-
<b>Total</b>	<b>633</b>	<b>506</b>

**13. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

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

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

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**15. Tangible fixed assets**

**Group**

	Freehold land and buildings £000	Long-term leasehold land and buildings £000	Building improvements £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
<b>Cost</b>								
At 1 September 2019	73,313	109,240	4,882	2,110	1,921	21	5	191,492
Additions	-	-	1,891	64	474	-	-	2,429
Transferred from local authority on conversion	-	25,833	-	-	-	-	-	25,833
Transfers between classes	-	-	5	-	-	-	(5)	-
At 31 August 2020	73,313	135,073	6,778	2,174	2,395	21	-	219,754
<b>Depreciation</b>								
At 1 September 2019	1,255	3,780	222	1,382	980	11	-	7,630
Charge for the year	1,236	1,105	274	260	377	4	-	3,256
At 31 August 2020	2,491	4,885	496	1,642	1,357	15	-	10,886
<b>Net book value</b>								
At 31 August 2020	70,822	130,188	6,282	532	1,038	6	-	208,868
At 31 August 2019	72,058	105,460	4,660	728	941	10	5	183,862



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**15. Tangible fixed assets (continued)**

**Academy Trust**

	Freehold land and buildings £000	Long-term leasehold land and buildings £000	Building improvements £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
<b>Cost</b>								
At 1 September 2019	73,313	109,240	4,820	2,096	1,919	21	5	191,414
Additions	-	-	1,886	53	475	-	-	2,414
Transferred from local authority on conversion	-	25,833	-	-	-	-	-	25,833
Transfers between classes	-	-	5	-	-	-	(5)	-
At 31 August 2020	73,313	135,073	6,711	2,149	2,394	21	-	219,661
<b>Depreciation</b>								
At 1 September 2019	1,255	3,780	203	1,380	980	11	-	7,609
Charge for the year	1,236	1,105	268	256	377	4	-	3,246
At 31 August 2020	2,491	4,885	471	1,636	1,357	15	-	10,855
<b>Net book value</b>								
At 31 August 2020	70,822	130,188	6,240	513	1,037	6	-	208,806
At 31 August 2019	72,058	105,460	4,617	716	939	10	5	183,805

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**15. Tangible fixed assets (continued)**

Included in freehold property is freehold land valued at £10,587,000 (2019 - £10,587,000) which is not depreciated.

**16. Stocks**

	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
School supplies	5	4	5	4

**17. Debtors**

	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	126	96	100	60
Amounts owed by group undertakings	-	-	546	443
VAT repayable	383	522	369	509
Other debtors	11	21	12	18
Prepayments and accrued income	1,893	950	1,883	927
	<b>2,413</b>	<b>1,589</b>	<b>2,910</b>	<b>1,957</b>

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

	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
Trade creditors	627	1,792	625	1,774
Amounts owed to group undertakings	-	-	81	208
Other taxation and social security	888	804	879	798
Other creditors	933	662	923	655
Accruals and deferred income	1,298	792	1,249	774
	<b>3,746</b>	<b>4,050</b>	<b>3,757</b>	<b>4,209</b>
	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
Deferred income at 1 September 2019	613	754	598	752
Resources deferred during the year	595	613	548	598
Amounts released from previous periods	(613)	(754)	(598)	(752)
	<b>595</b>	<b>613</b>	<b>548</b>	<b>598</b>

At the balance sheet date the multi-academy trust was holding funds received in advance for educational grants in respect of the 2020/21 academic year and income in respect of trips booked for the Autumn 2020 term.

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

**19. 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
<b>Unrestricted funds</b>						
General funds	2,700	2,405	(1,788)	(984)	-	2,333
School funds	118	1,447	(1,320)	-	-	245
	<u>2,818</u>	<u>3,852</u>	<u>(3,108)</u>	<u>(984)</u>	<u>-</u>	<u>2,578</u>
<b>Restricted general funds</b>						
General Annual Grant	-	47,061	(47,236)	175	-	-
Pupil Premium	-	2,402	(2,402)	-	-	-
Other DfE/ESFA grants	-	3,292	(3,292)	-	-	-
Other Government grants	-	1,151	(1,151)	-	-	-
Other income	-	69	(69)	-	-	-
Exceptional Government Funding	-	423	(423)	-	-	-
Pension reserve	(22,949)	(1,568)	(2,592)	-	(3,866)	(30,975)
	<u>(22,949)</u>	<u>52,830</u>	<u>(57,165)</u>	<u>175</u>	<u>(3,866)</u>	<u>(30,975)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	184,993	27,849	(3,256)	809	-	210,395
<b>Total Restricted funds</b>	<u>162,044</u>	<u>80,679</u>	<u>(60,421)</u>	<u>984</u>	<u>(3,866)</u>	<u>179,420</u>
<b>Total funds</b>	<u>164,862</u>	<u>84,531</u>	<u>(63,529)</u>	<u>-</u>	<u>(3,866)</u>	<u>181,998</u>

**Restricted general funds**

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

**Pension reserve**

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

**Restricted fixed asset funds**

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

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**19. Statement of funds (continued)**

**Transfers between funds**

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

**Total funds analysis by academy**

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
Central MAT	80	49
Ashfield School	1,105	1,194
Selston High School	146	183
Swanwick Hall School	148	221
The Manor Academy	(121)	(122)
Heritage High School	156	156
Frederick Gent Academy	797	900
Friesland School	(193)	67
Wilsthorpe School	207	170
Springwell Community College	456	-
The Two Counties Trading Company	(203)	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,578	2,818
Restricted fixed asset fund	210,395	184,993
Pension reserve	(30,975)	(22,949)
	<hr/>	<hr/>
<b>Total</b>	<b>181,998</b>	<b>164,862</b>
	<hr/>	<hr/>

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

	Deficit £000
The Manor Academy	(121)
Friesland School	(193)
The Two Counties Trading Company	(203)
	<hr/>

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**Notes to the financial statements**  
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**19. Statement of funds (continued)**

**Manor Academy**

Lagged funding is the primary reason for the deficit and with an increase number of pupils on roll, the balance is forecast to significantly improve in 2020/21 with the cumulative position returning to surplus in 2021/22.

**Friesland School**

Increased staffing costs predominantly in support services and a reliance on agency to cover Teacher absence contributed to the deficit in year.

**The Two Counties Trading Company**

Income was significantly impacted as a result of the COVID pandemic with all facilities with the exception of the Nursery at Ashfield School closing from the end of March. Employees across these facilities were furloughed.\*

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

**Friesland School**

A review of support services is planned for Autumn 2020. A new Headteacher has been appointed and has reviewed the processes and policies to address absence levels and reduce the reliance on agency cover. The school is forecast to make a surplus this year with a return to a cumulative surplus position in 2021/22

**The Two Counties Trading Company**

Trustees have made the decision to cease indoor leisure operations and following the COVID pandemic, return to outdoor lettings only. This has resulted in a staffing restructure which will return the Trading Company back to profitability.

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**Notes to the financial statements**  
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**19. 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
Central MAT	641	1,113	146	487	2,387
Ashfield School	10,078	1,465	949	2,378	14,870
Selston High School	3,143	524	429	510	4,606
Swanwick Hall School	4,691	746	456	876	6,769
The Manor Academy	3,966	650	322	605	5,543
Heritage High School	3,618	727	155	494	4,994
Frederick Gent Academy	3,165	508	253	478	4,404
Friesland School	5,257	1,257	310	567	7,391
Wilsthorpe School	4,099	769	211	505	5,584
Springwell Community College	1,776	342	62	625	2,805
The Two Counties Trading Company	-	-	-	920	920
<b>Multi-Academy Trust</b>	<b>40,434</b>	<b>8,101</b>	<b>3,293</b>	<b>8,445</b>	<b>60,273</b>

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**19. Statement of funds (continued)**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Central MAT	125	1,016	-	868	2,009
Ashfield School	8,386	2,153	762	3,090	14,391
Selston High School	2,272	1,081	284	822	4,459
Swanwick Hall School	4,047	1,064	273	1,460	6,844
The Manor Academy	2,916	1,085	227	939	5,167
Heritage High School	2,811	1,087	141	988	5,027
Frederick Gent Academy	2,393	931	247	921	4,492
Friesland School	3,746	2,086	287	1,095	7,214
Wilsthorpe School	2,346	676	168	549	3,739
<b>Multi-Academy Trust</b>	<b>29,042</b>	<b>11,179</b>	<b>2,389</b>	<b>10,732</b>	<b>53,342</b>



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**19. Statement of funds (continued)**

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
General funds	2,151	6,371	(5,436)	(268)	-	2,818
<b>Restricted general funds</b>						
General Annual Grant	1,596	42,848	(44,313)	(131)	-	-
Pupil Premium	-	2,053	(2,053)	-	-	-
Other DfE/ESFA grants	-	1,011	(1,011)	-	-	-
Other Government grants	-	925	(925)	-	-	-
Other income	-	63	(63)	-	-	-
Pension reserve	(13,761)	(561)	(2,016)	-	(6,611)	(22,949)
	(12,165)	46,339	(50,381)	(131)	(6,611)	(22,949)
<b>Restricted fixed asset funds</b>						
Fixed assets	157,935	30,359	(3,700)	399	-	184,993
<b>Total Restricted funds</b>	145,770	76,698	(54,081)	268	(6,611)	162,044
<b>Total funds</b>	147,921	83,069	(59,517)	-	(6,611)	164,862

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**20. 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	-	-	208,869	208,869
Current assets	2,541	3,587	1,722	7,850
Creditors due within one year	37	(3,587)	(196)	(3,746)
Provisions for liabilities and charges	-	(30,975)	-	(30,975)
<b>Total</b>	<b>2,578</b>	<b>(30,975)</b>	<b>210,395</b>	<b>181,998</b>

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

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	183,862	183,862
Current assets	2,818	3,993	1,188	7,999
Creditors due within one year	-	(3,993)	(57)	(4,050)
Provisions for liabilities and charges	-	(22,949)	-	(22,949)
<b>Total</b>	<b>2,818</b>	<b>(22,949)</b>	<b>184,993</b>	<b>164,862</b>

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**Notes to the financial statements**  
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**21. Reconciliation of net income to net cash flow from operating activities**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Net income for the period (as per Statement of financial activities)	<b>21,002</b>	23,552
<b>Adjustments for:</b>		
Depreciation	<b>3,256</b>	3,700
Capital grants from DfE and other capital income	<b>(2,016)</b>	(2,424)
Interest receivable	<b>(10)</b>	(8)
Defined benefit pension scheme obligation inherited	<b>1,568</b>	561
Defined benefit pension scheme cost less contributions payable	<b>2,592</b>	2,016
(Increase)/decrease in stocks	<b>(1)</b>	4
(Increase)/decrease in debtors	<b>(821)</b>	170
(Decrease)/increase in creditors	<b>(307)</b>	639
Gift of fixed assets on conversion	<b>(25,833)</b>	(27,835)
<b>Net cash (used in)/provided by operating activities</b>	<b>(570)</b>	375

**22. Cash flows from investing activities**

	<b>Group</b> <b>2020</b> <b>£000</b>	<b>Group</b> <b>2019</b> <b>£000</b>
Dividends, interest and rents from investments	<b>10</b>	8
Purchase of tangible assets	<b>(2,429)</b>	(2,736)
Capital grants from DfE Group and other capital income	<b>2,016</b>	2,424
<b>Net cash used in investing activities</b>	<b>(403)</b>	(304)

**23. Analysis of cash and cash equivalents**

	<b>Group</b> <b>2020</b> <b>£000</b>	<b>Group</b> <b>2019</b> <b>£000</b>
Cash at bank and in hand	<b>5,433</b>	6,406
<b>Total cash and cash equivalents</b>	<b>5,433</b>	6,406

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

**24. Analysis of changes in net debt**

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	6,406	(973)	5,433

**25. Conversion to an academy trust**

On 1 March 2020 Springwell Community College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Two Counties Trust from Derbyshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Consolidated balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Consolidated statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Consolidated statement of financial activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
<b>Tangible fixed assets</b>				
Leasehold land and buildings	-	-	25,833	25,833
<b>Current assets</b>				
Cash - representing budget surplus on LA funds	401	-	-	401
<b>Pension liability</b>				
LGPS deficit	-	(1,568)	-	(1,568)
<b>Net assets/(liabilities)</b>	401	(1,568)	25,833	24,666

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**Notes to the financial statements**  
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**26. Pension commitments**

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

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

Contributions amounting to £910,000 were payable to the schemes at 31 August 2020 (2019 - £651,000) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

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

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

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

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

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**Notes to the financial statements**  
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**26. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £5,809,000 (2019 - £3,672,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £2,252,000 (2019 - £2,045,000), of which employer's contributions totalled £1,729,000 (2019 - £1,582,000) and employees' contributions totalled £ 523,000 (2019 - £463,000). The agreed contribution rates for future years are 19.7 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	3.05	3.19
Rate of increase for pensions in payment/inflation	2.23	2.25
Discount rate for scheme liabilities	1.67	1.88

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
Retiring today		
Males	21.7	21.8
Females	24.0	24.4
Retiring in 20 years		
Males	22.8	23.6
Females	25.4	26.4

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**26. Pension commitments (continued)**

**Sensitivity analysis**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	(4,319)	(1,258)
Discount rate -0.1%	4,341	1,275
Salary increase +0.1%	583	210
Salary increase -0.1%	(583)	(209)
Pension increase +0.1%	3,679	1,009
Pension increase -0.1%	(3,657)	(993)

**Share of scheme assets**

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Equities	17,426	16,434
Gilts	4,004	3,796
Corporate bonds	1,153	1,081
Property	2,982	2,789
Cash and other liquid assets	1,587	1,355
Other	1,441	1,203
<b>Total market value of assets</b>	<b>28,593</b>	<b>26,658</b>

The actual return on scheme assets was £639,000 (2019 - £1,268,000).

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(3,867)	(2,698)
Past service cost	-	(515)
Interest income	497	608
Interest cost	(947)	(989)
Administrative expenses	(4)	(4)
<b>Total amount recognised in the Consolidated statement of financial activities</b>	<b>(4,321)</b>	<b>(3,598)</b>

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**Notes to the financial statements**  
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**26. Pension commitments (continued)**

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

	2020 £000	2019 £000
<b>At 1 September</b>	<b>47,696</b>	<b>34,100</b>
Conversion of academy trusts	3,683	1,950
Current service cost	3,867	2,698
Interest cost	947	989
Employee contributions	523	463
Actuarial losses	3,255	7,261
Benefits paid	(403)	(280)
Past service costs	-	515
<b>At 31 August</b>	<b>59,568</b>	<b>47,696</b>

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

	2020 £000	2019 £000
<b>At 1 September</b>	<b>24,747</b>	<b>20,339</b>
Conversion of academy trusts	2,115	1,389
Interest income	497	608
Actuarial (losses)/gains	(611)	650
Employer contributions	1,729	1,582
Employee contributions	523	463
Benefits paid	(403)	(280)
Administrative expenses	(4)	(4)
<b>At 31 August</b>	<b>28,593</b>	<b>24,747</b>



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**27. Operating lease commitments**

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

	<b>Group</b>	<b>Group</b>	<b>Academy</b>	<b>Academy</b>
	<b>2020</b>	<b>2019</b>	<b>Trust</b>	<b>Trust</b>
	<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
Not later than 1 year	1,031	7	1,031	7
Later than 1 year and not later than 5 years	4,119	-	4,119	-
Later than 5 years	9,093	-	9,093	-
	<b>14,243</b>	<b>7</b>	<b>14,243</b>	<b>7</b>

**28. 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.

**29. Related party transactions**

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

During the year, the Multi Academy Trust received a gift aid payment of £Nil (2019 - £6,000) from its subsidiary undertaking, The Two Counties Trading Company. At the year-end, the amount due from the trading subsidiary to the trust was £465,000 (2019 - £230,000).

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