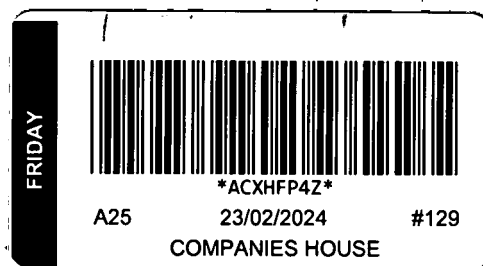


**Company Registration Number: 07972029** (England & Wales)

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**



**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	Paulo Karat (appointed 1 October 2023) Gillian Haslam Richard Crisp Scott Knowles (resigned 7 September 2023)
<b>Trustees</b>	Karen Potts, Chair of Trustees Alison Chmiel, Vice Chair Andrew Durrant, Trustee (resigned 5 June 2023) Chris Hallam, Trustee Ian Greenaway, Trustee Lisa Harrison, Trustee (resigned 14 December 2022) Ruth Wheelhouse, Vice Chair (resigned 18 November 2022) Simon Higginson, Trustee (resigned 14 December 2022) Shaun Pollard, Trustee (appointed 14 December 2022) Charles Jones, Trustee (appointed 23 March 2023)
<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>	Wesley Davies
<b>Senior management team</b>	David Plummer, Corporate Services Director (CFO) Debbie Duggan, Operational Resources Director Sarah Bailey, Executive Headteacher - Pastoral Jon Gilbert, Professional Learning and Improvement Director Marie Sly, Curriculum Director Philip Taylor, Assessment Director John Maher, Headteacher - Ashfield School Christopher Wollard, Headteacher - Frederick Gent School Craig Patterson, Headteacher - Friesland School Deborah Elsdon, Headteacher - Heritage High School Derek Hobbs, Headteacher - Wilsthorpe School Katrina Kerry, Headteacher - Manor Academy David Broomhead, Headteacher - Selston High School Jonathan Fawcett, Headteacher - Swanwick Hall School Ian Wingfield, Headteacher - Springwell Community College Andrew O'Brien, Executive Headteacher - Quality of Education
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**Bankers**

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

**Solicitors**

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

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2023**

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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 ended 31 August 2023. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 9 secondary academies for pupils aged 11 to 16 in the Derbyshire and Nottinghamshire areas. Five of these academies also have a sixth form provision for pupils aged 16 to 19. We currently provide education for over 11,000 students and employ over 1,300 established staff.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy 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 Academy 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 operates as The Two Counties Trust.

Details of the Trustees who served throughout the year, and to the date the accounts are approved are included in the Reference and Administration Details.

**Trustees' Liability**

Each Trustee 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 Trustee, or within one year after he/she ceases to be a Trustee, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a Trustee.

**Trustees' Indemnities**

Subject to the provisions of the Companies Act 2006 every Trustee, Governor or other office 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 the capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted in connection with any application in which relief is granted to him by the court for negligence, default, breach of duty or breach of trust in relation to the affairs of The Two Counties Trust.

**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 of any Trustee is four years, save that this time limit shall not apply to any post which is held ex officio. Subject to the 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 be reviewed for a maximum of three terms, however the Board has discretion to extend this period in order to retain specialist skills and knowledge.

**Policies and Procedures 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 individuals and full Trust Board training which is reviewed in line with legislation. The Trust reviews the skills of Trustees and recruits and trains accordingly.

**Organisational Structure**

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

The Trustees hold four board meetings and two strategic meetings per Academic year. In addition the Risk and Audit Committee and Finance Committee meets 3 times a year. The Trustees have delegated authority to several Local Governing Bodies, one per Academy.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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

The Strategic Leadership Group meets 11 times a year and consists of the CEO, Executive Headteachers, Corporate Services Director (CFO), Operational Resources Director, Curriculum Director, Professional Learning and Improvement Director and each Academy Headteacher. Where appropriate Trust Leads are also in attendance. This group is responsible for delivery of the Trust's Strategy, Mission, and Vision.

The Trustees have an agreed Scheme of Delegation which clearly outlines the 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, and making decisions about the direction of their Academy. The Local Governing Body defines the aims, objectives, principles and strategy of their Academy. The Academy Leadership Team ensures that all operational decisions are in accordance with these principles.

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

The CEO is the Accounting Officer.

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

The Board of Trustees has authority for setting pay and remuneration of The Trust Executive Team. The Trust has a documented Executive Pay Policy which is reviewed annually.

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
17	16.45

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	3
1%-50%	14
51%-99%	0
100%	0

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

Provide the total cost of facility time	£29,850
Provide the total pay bill	£56,907,468
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100.	0.05%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	0%
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**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**Related Parties and other Connected Charities and Organisations**

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

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

Employees have been consulted on issues of concern to them by means of regular JCC meetings 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 upwards feedback for senior management and the Trustees.

The Group and the Multi-Academy Trust have implemented a number of detailed policies in relation to aspects of personnel matters including, but not exclusively:

- 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 a long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

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

**Engagement with suppliers, customers and others in a business relationship with the 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 services. 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.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

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

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

Since the year end, Heritage High School has had an OFSTED visit, after which we are pleased to report that its rating was upgraded to 'Good'.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**Objectives, Strategies and Activities**

*Why do we exist?*

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

*What do we do?*

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

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

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

Each of these strategic anchors are reviewed using key performance indicators four times a year. The strategic plan along with the MAT and School Improvement Plans ensures that the Trust is making sustained incremental improvements across all function's education and business.

*What are our Core Values?*

**Ambition:** We maximise our potential through striving for excellence.

**Teamwork:** We give 100% effort, displaying kindness and humility for the benefit of all.

**Honesty:** We are respectfully open about our successes and areas for growth.

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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**

#### **Key Performance Indicators**

During the academic year the academy trust had three Ofsted inspections. In January, Swanwick Hall School improved its grade to good from the previous requires improvement grading. Friesland and Wilsthorpe schools continued to be rated as good schools. As a key regulator for education Ofsted judgements are key indicator of performance and have provided schools with useful next steps to develop educational provision further.

Student attendance at the end of the academic year was in line with national for secondary schools at 90.2% (2023: National 90.7%, 2022 TTCT: 89.4%). Persistent Absence for TTCT was 25.8% compared with a national benchmark of 28.3%. Attendance is a key measure for the Trust to monitor both from a safeguarding perspective and that there is a strong correlation between the attendance of students and the outcomes they achieve in their terminal examinations.

The number of students attending a Two Counties School is steadily rising especially in the younger years. We have over 11,000 students benefitting from a Two Counties Education. Number of students on roll is an important indicator of family support and, they secure funding for future years to ensure the financial stability of the organisation.

The rate of increase at A Level APS (average point score) is higher than national in the period 2019 – 2023, although APS is below national. In 2019, TTCT students were -4.06 below national. In 2023 TTCT students were -2.21 below national. This evidences improvement during the pandemic in a key area we have been focussed on. All five sixth forms are now graded good by Ofsted following the inspection of Swanwick Hall in January.

On average students have made similar rates of progress in reporting period as they have done in previous years from their various starting points. SEND students achieved significantly better outcomes in 2023 than in previous years. In line with National picture, GCSE outcomes were lower than in 2022 as a result of the government's reaction to the impact of Covid on education during that period of education, and outcomes have returned to 2019 levels nationally as well as at Trust level overall. The table below provides further detail:

	Joined MAT	Ofsted	2023			
			Grade 5 En & Ma	P8 Score	Attendance	% Pan
Ashfield	April 16	Good	48.9%	0.11	92.1%	101.5
Selston High	April 16	Good	32.9%	-0.22	88.0%	96.0
Swanwick Hall	April 16	Good	39.8%	-0.34	88.3%	95.3
Manor Academy	September 16	Good	32.3%	-0.18	90.1%	94.4
Heritage High	April 17	Requires Improvement	20.2%	-0.89	90.0%	96.1
Frederick Gent	November 17	Good	30.7%	-0.33	91.8%	88.4
Friesland	June 18	Good	41.7%	-0.21	88.8%	97.7
Wilsthorpe	December 18	Good	51.2%	-0.02	91.7%	100.5
Springwell	March 20	Requires Improvement	32.1%	-0.69	89.7%	100.6

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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Voluntary turnover is below sector norm for teachers and slightly above for support staff averaging out at 16%. Absence is below the 2022 sector average of 9.3 days per person at 8.4 days for 2022-23. The average for the UK reported in 2023 is 7.8 days overall and 10.6 days within the public sector.

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

**FINANCIAL REVIEW**

The responsibility for the monitoring and support of open academies lies with the Education and Skills Funding Agency (ESFA), which handles the funding of all 4-19 education.

Most of the Trust's income is obtained from the ESFA and the Local Education Authority in the form of the recurrent grants, the use of which is restricted as defined by its Memorandum and Articles of Association. The grants received from the ESFA and Local Education Authority during the year ended 31 August 2023 and the associated expenditure are shown in the restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the Department of Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the asset concerned.

During the year ended 31 August 2023, the Academy received total income, including capital income, of £80,335,459 (2022: £73,980,900) and incurred total expenditure of £80,168,706 (2022: £77,155,031). The excess of income over expenditure for the year was £166,753 (2022: £3,174,131 deficit), which excludes £7,867,000 in relation to actuarial adjustments for the Local Government Pension Scheme. The underlying movement in relation to free reserves was a surplus of £183,845 after a capital transfer of £426,399.

At 31 August 2023 the net book value of fixed assets was £209,468,766 (2022: £208,212,843) 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 Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 25 to the financial statements.

At 31 August 2023 the Trust had free reserves (unrestricted funds plus restricted revenue funds) of £5,762,681 (2022: £5,578,836), restricted fixed asset reserves of £210,581,056 (2022: £209,488,148) and pension reserve deficit of £1,899,000 (2022: £8,656,000), as set out in note 25.

With the exception of Friesland School, all schools had positive revenue reserves at the end of the year. Friesland School had a cumulative deficit of £87,800 in its reserves (2022: £58,123 surplus) due to increased agency staff costs in the year. We have budgeted to reverse this position over the next two years to return the school to a surplus through careful management of these costs.

A prior year adjustment has taken place in respect of recovery premium additional funding to ensure that the recognition of the funding is appropriate. This has led to an impact of £327,314 on brought forward reserves.

The Two Counties Trust Trading Company ceased trading immediately after the year end on 1 September 2023. The business of the Nursery is being transferred to the Trust to enable the Trading Company to be wound down to reduce administrative costs.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**Reserves Policy**

As at the 31 August 2023, the revenue reserves of the Trust were £5,762,681, which included restricted general funds of £5,022,468. The revenue reserves represent 7.17% of total income, which is within the range of 5%-20% set by the Trust as a long term target.

The Board of Trustees ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Trust Handbook 2022 by the ESFA. The Department of Education expects Trusts to use their allocated funding for the full benefit of current pupils. If Trusts have a substantial surplus, they must have a clear plan for how it will benefit their pupils. It is policy of the Trust to have reserves which can be used for future education purposes in line with development plans.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**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 of diversification.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

- Serious Safeguarding Incident
- Insufficient capacity within the Trust / School to deliver continuing school improvement
- Ineffectiveness of governance arrangements
- Serious Health and Safety Incident
- Serious Data Breach
- An incident which closes a school for an extended period
- IT security defences penetrated
- Lack of appropriate financial controls
- Non-compliance with the admissions code
- Health and safety and estates management
- Insufficient funding to meet demand
- Insufficient staff

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

**FUNDRAISING**

The trust has a nominated senior leader who is responsible for ensuring that charitable giving by pupils, staff and families is appropriate and only allows fundraising activities if:

- The charity is registered with the UK's Charity Commission
- The charity and cause demonstrates no political, religious or cultural discrimination.
- The charity's values are consistent with fundamental British values of democracy, rule of law, individual liberty and mutual respect, and tolerance of those with different faiths and beliefs.
- There is no compulsion for pupils, staff and families to participate in any fundraising activities.
- If the monies raised are to be split across a number of charities the basis of the split must be notified in advance of the fundraising activity.
- Pupils and staff organising fundraising are adequately inducted on appropriate procedures.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

- Learning is not disrupted by the fundraising.
- All charitable giving is entered onto the Charitable Giving Record is reviewed and approved by the nominated senior leader.
- Evidence is sought to ensure charitable funds have been appropriately spent.

**STREAMLINED ENERGY AND CARBON REPORTING**

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>1 September 2022 to 31 August 2023</b>	<b>1 September 2021 to 31 August 2022</b>
Energy consumption used to calculate emissions (kWh)	16,391,358	15,767,427
Energy consumption break down (kWh) (optional)		
• gas,	10,261,171	11,103,039
• electricity,	6,025,228	4,599,431
• transport fuel	104,958	104,958
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	1,873	2,027
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	1,248	882
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	28	29
Total gross emissions in metric tonnes CO2e	3,149	2,937
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.29	0.27

**Quantification and Reporting Methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

**Intensity measurement**

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

**Measures taken to improve energy efficiency**

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites. A new block at Swanwick Hall School with more energy efficient lighting and heating was opened in April 2022 and this has replaced modular buildings which are less energy efficient.

**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.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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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 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 forwards 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.

The Trust is currently undertaking the planning process for a new buildings to be built at Ashfield School under the DfE's Schools Rebuilding Programme. We are also in discussion with the DfE with regard to another rebuilding project at Friesland School.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

There are no funds held as custodian.

**AUDITOR**

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the 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 auditor is aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13/12/2023 and signed on its behalf by:



**K Potts**  
Chair of Trustees  
Date: 13 December 2023

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2023**

---

**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.

The Board of Trustees has delegated the day-to-day responsibility to the chief executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 7 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	7	7
I Greenaway	5	7
R Wheelhouse	1	2
A Chmiel	7	7
C Hallam	7	7
A Durrant	5	5
S Higginson	1	3
L Harrison	1	3
S Pollard	4	5
R Jones	3	3

**Governance Review**

The Board conducts a skill 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 to link Trustees whereby a Trustee is linked with each school in the Trust to provide a conduit between schools, their local governing bodies, and the Board.

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

The **Risk and Audit Committee** is a committee of the main Board of Trustees. Its purpose 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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Chmiel	3	3
C Hallam	3	3
I Greenaway	3	3
R Wheelhouse	1	1
K Potts (in attendance)	1	1

**THE TWO COUNTIES TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

The **Remuneration Committee** is a committee of the Board of Trustees, responsible for ensuring a formal and transparent procedure for developing policy on Executive remuneration.

Trustee	Meetings attended	Out of a possible
K Potts	2	2
A Durrant	2	2

The **Finance Committee** is also a committee of the main Board of Trustees, accountable for compliance and overseeing the management of the Trust Finances.

Trustee	Meetings attended	Out of a possible
A Chmiel	3	3
A Durrant	2	3
I Greenaway	2	3
R Jones	1	1
S Higginson	0	1

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Chief Executive has responsibility for ensuring that the 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 Academy Trust has delivered improved value for money during the year by:

- Further embedding the processes of the central services team to deliver quality services to schools, gaining economies of scale and building on best practice for the benefit of all.
- Appointing Executive Headteachers, a Professional Learning and Improvement Director and Trust Leads who add to the capacity of the Trust to support the outcomes of our schools.
- Maintaining a tight control over recruitment.
- Implementing a process to move all of our energy contracts into a new framework contract to secure economies of scale.
- Appropriate use of framework pricing – for example in procuring supply teacher services and catering.
- Entering into a partnership agreement with a recognised public sector buying organisation to gain value for money on procuring a vast array of product categories including securing additional discounts at certain times of the year.
- Reviewing the condition of its properties and targeting refurbishment projects, which are managed by appropriately qualified professionals, at the areas of our estate with most need.
- Utilising tender frameworks for capital contracts to improve our estate.
- Using health and safety professionals within the central team to identify areas of highest risk and to implement a programme of support for schools to minimise the impact of those risks to the organisation.

**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 ongoing process designed to identify and prioritise the risks the achievement of Academy 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 Two Counties Trust for the period from 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the 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 Academy Trust's significant risks that have been in place for the period from 1 September 2022 to 31 August 2023 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 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 considered the need for a specific internal audit function and has decided:

- To appoint PKF Smith Cooper as internal auditor.

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

- Fixed assets
- Purchasing
- Payroll
- Expense claims
- Bank & cash
- Connected party transactions
- Financial reporting and control account reconciliations
- Submission of ESFA returns and other compliance matters

On an annual basis, the 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 Board of Trustees' financial responsibilities.

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

**REVIEW OF EFFECTIVENESS**

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

- The work of the internal auditor
- The work of the external auditor
- The school resource management and 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 TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2023**

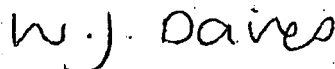
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The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



**K Potts**  
Chair of Trustees  
13 December 2023



**W Davies**  
Accounting Officer  
13 December 2023

**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 Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academy Trust Handbook 2022.

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

*W.J. Davies*

**W Davies**  
Accounting Officer  
Date: 13 December 2023

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2023**

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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 . 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 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 and signed on its behalf by:



**K Potts**  
Chair of Trustees  
Date: 13 December 2023

**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 'parent Academy') and its subsidiary (the 'Group') for the year ended 31 August 2023 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Academy 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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 parent Academy's affairs as at 31 August 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of trustees' responsibilities, the Trustees (who are also the directors of the Academy 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 parent Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

**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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**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulation, we considered the following:

- the nature of the Academy sector, control environment and the Group's and of the parent Academy Trust's performance;
- results of our enquiries of management and the Trustees board, including the committees charged with governance over the Group's and of the parent Academy Trust's finance and control, about their own identification and assessment of the risks of irregularities;
- any matter we identified having obtained and reviewed the Group's and of the parent Academy Trust's documentation of their policies and procedures relating to : identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual fraud or non compliance with laws and regulations; and assessment of the impact of schools joining the Group and the parent Academy Trust in relation to these areas.
- how the Group and the parent Academy Trust ensured it met its obligations arising from it being financed by the ESFA and other funders; and as such material compliance with these obligation is required to ensure the Group and the parent Academy Trust will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the Group and the parent Academy Trust ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- these matters were discussed among the audit engagement team who also considered any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, procurement and payroll. We identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Group and the parent Academy Trust operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Academies Accounts Direction, Academy Trust Handbook, UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's and of the parent Academy Trust's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, building legislation and employment legislation.

**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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Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of its regulators;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading of minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgments made in making accounting estimates are indicative of potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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 Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Wood FCCA (Senior statutory auditor)**

for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
1-3 College Yard  
Worcester  
WR1 2LB

21 December 2023

**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**

In accordance with the terms of our engagement letter dated 18 March 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, 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 2022 to 31 August 2023 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 Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

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

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

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

The work undertaken to draw our conclusion includes:

An assessment of the risk of material irregularity and impropriety across all of Trust's activities;

Further testing and review of the areas identified through the risk assessment including enquiry, identification of controls processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

Consideration of evidence obtained through the work detailed above and the work completed as part of our audit of the financial statements in order to support the regularity conclusion.

In line with the Framework and guide for external auditors and reporting accountants of academy trusts issued April 2023, we have not performed any additional procedures regarding the Trust's compliance with safeguarding, health and safety and estates management.



**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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Bishop Fleming LLP*

Reporting Accountant  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors

Date: 21 December 2023

**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 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	As restated Total funds 2022 £
<b>INCOME FROM:</b>						
Donations and capital grants	3	-	1,286	4,621,862	4,623,148	4,044,872
Other trading activities	5	693,559	-	-	693,559	893,648
Investments	6	100	-	-	100	542
Charitable activities	4	1,116,566	73,902,086	-	75,018,652	69,041,838
<b>TOTAL INCOME</b>		<b>1,810,225</b>	<b>73,903,372</b>	<b>4,621,862</b>	<b>80,335,459</b>	<b>73,980,900</b>
<b>EXPENDITURE ON:</b>						
Raising funds		351,582	-	-	351,582	381,995
Charitable activities	8	2,577,423	73,284,348	3,955,353	79,817,124	76,773,036
<b>TOTAL EXPENDITURE</b>		<b>2,929,005</b>	<b>73,284,348</b>	<b>3,955,353</b>	<b>80,168,706</b>	<b>77,155,031</b>
<b>NET (EXPENDITURE)/INCOME</b>		<b>(1,118,780)</b>	<b>619,024</b>	<b>666,509</b>	<b>166,753</b>	<b>(3,174,131)</b>
Transfers between funds	19	-	(426,399)	426,399	-	-
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)</b>		<b>(1,118,780)</b>	<b>192,625</b>	<b>1,092,908</b>	<b>166,753</b>	<b>(3,174,131)</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>						
Actuarial gains on defined benefit pension schemes	25	-	8,040,000	-	8,040,000	38,073,000
Pension surplus not recognised	25	-	(173,000)	-	(173,000)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,118,780)</b>	<b>8,059,625</b>	<b>1,092,908</b>	<b>8,033,753</b>	<b>34,898,869</b>

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT) (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

		<b>Unrestricted funds 2023</b>	<b>Restricted funds 2023</b>	<b>Restricted fixed asset funds 2023</b>	<b>Total funds 2023</b>	<b>As restated Total funds 2022</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward as previously stated		<b>1,858,993</b>	<b>(5,263,471)</b>	<b>209,488,148</b>	<b>206,083,670</b>	<b>171,512,115</b>
Prior year adjustment	29	<b>-</b>	<b>327,314</b>	<b>-</b>	<b>327,314</b>	<b>-</b>
Total funds brought forward as restated		<b>1,858,993</b>	<b>(4,936,157)</b>	<b>209,488,148</b>	<b>206,410,984</b>	<b>171,512,115</b>
Net movement in funds		<b>(1,118,780)</b>	<b>8,059,625</b>	<b>1,092,908</b>	<b>8,033,753</b>	<b>34,898,869</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>740,213</b>	<b>3,123,468</b>	<b>210,581,056</b>	<b>214,444,737</b>	<b>206,410,984</b>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 29 to 58 form part of these financial statements.

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07972029**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2023**

	Note	2023 £	2022 £
<b>FIXED ASSETS</b>			
Tangible assets	15	209,468,766	208,212,843
		<u>209,468,766</u>	<u>208,212,843</u>
<b>CURRENT ASSETS</b>			
Stocks	16	4,409	4,399
Debtors	17	3,242,864	2,243,791
Cash at bank and in hand		11,650,436	9,393,336
		<u>14,897,709</u>	<u>11,641,526</u>
Creditors: amounts falling due within one year	18	(8,022,738)	(4,787,385)
<b>NET CURRENT ASSETS</b>		<u>6,874,971</u>	<u>6,854,141</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>216,343,737</u>	<u>215,066,984</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>216,343,737</u>	<u>215,066,984</u>
Defined benefit pension scheme liability	25	(1,899,000)	(8,656,000)
<b>TOTAL NET ASSETS</b>		<u><u>214,444,737</u></u>	<u><u>206,410,984</u></u>
<b>FUNDS OF THE ACADEMY</b>			
<b>RESTRICTED FUNDS:</b>			
Fixed asset funds	19	210,581,056	209,488,148
Restricted income funds	19	5,022,468	3,719,843
		<u>215,603,524</u>	<u>213,207,991</u>
Restricted funds excluding pension liability	19	215,603,524	213,207,991
Pension reserve	19	(1,899,000)	(8,656,000)
<b>TOTAL RESTRICTED FUNDS</b>	19	<u>213,704,524</u>	<u>204,551,991</u>
<b>UNRESTRICTED INCOME FUNDS</b>	19	<u>740,213</u>	<u>1,858,993</u>
<b>TOTAL FUNDS</b>		<u><u>214,444,737</u></u>	<u><u>206,410,984</u></u>

The financial statements on pages 24 to 58 were approved by the Trustees, and authorised for issue on 13 December 2023 and are signed on their behalf, by:



**Karen Potts**  
Chair of Trustees

The notes on pages 29 to 58 form part of these financial statements.

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07972029**

**ACADEMY STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	2023 £	2022 £
<b>FIXED ASSETS</b>			
Tangible assets	15	209,438,929	208,169,360
		<u>209,438,929</u>	<u>208,169,360</u>
<b>CURRENT ASSETS</b>			
Stocks	16	4,409	4,399
Debtors	17	3,353,025	2,565,990
Cash at bank and in hand		11,530,655	9,101,237
		<u>14,888,089</u>	<u>11,671,626</u>
Creditors: amounts falling due within one year	18	(7,983,281)	(4,774,002)
<b>NET CURRENT ASSETS</b>		<u>6,904,808</u>	<u>6,897,624</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>216,343,737</u>	<u>215,066,984</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>216,343,737</u>	<u>215,066,984</u>
Defined benefit pension scheme liability	25	(1,899,000)	(8,656,000)
<b>TOTAL NET ASSETS</b>		<u><u>214,444,737</u></u>	<u><u>206,410,984</u></u>
<b>FUNDS OF THE ACADEMY</b>			
<b>RESTRICTED FUNDS:</b>			
Fixed asset funds	19	210,267,970	209,488,148
Restricted income funds	19	5,335,554	3,719,843
		<u>215,603,524</u>	<u>213,207,991</u>
Restricted funds excluding pension liability	19	215,603,524	213,207,991
Pension reserve	19	(1,899,000)	(8,656,000)
<b>TOTAL RESTRICTED FUNDS</b>	19	<u>213,704,524</u>	<u>204,551,991</u>
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	19	<u>740,213</u>	<u>1,858,993</u>
<b>TOTAL FUNDS</b>		<u><u>214,444,737</u></u>	<u><u>206,410,984</u></u>

The financial statements on pages 24 to 58 were approved by the Trustees, and authorised for issue on 13 December 2023 and are signed on their behalf, by:



**Karen Potts**  
Chair of Trustees

The notes on pages 29 to 58 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 2023**

	Note	2023 £	As restated 2022 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided by operating activities	21	2,830,742	2,163,381
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	22	(573,642)	(1,278,884)
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		2,257,100	884,497
Cash and cash equivalents at the beginning of the year		9,393,336	8,508,839
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	23, 24	<u>11,650,436</u>	<u>9,393,336</u>

The notes on pages 29 to 58 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 2023**

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**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted, judgments and key sources of estimation uncertainty, is set out below.

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Group, 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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Two Counties Trust meets the definition of a public benefit entity under FRS 102.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Academy 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.

**1.2 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy'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 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 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'.

**1.4 EXPENDITURE**

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

- **Charitable activities**

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



**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE (CONTINUED)**

All resources expended are inclusive of irrecoverable VAT.

**1.5 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.

**1.6 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 land and buildings	- 2% Straight-line buildings, land not depreciated
Long-term leasehold land and buildings	- 2% Straight-line buildings, 0.8% straight-line land
Building Improvements	- 5-20% Straight-line
Furniture and equipment	- 20% Straight-line
Computer equipment	- 20% Straight-line
Motor vehicles	- 20% Straight-line

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

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

**1.7 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**1.8 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.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 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.

**1.10 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.

**1.11 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 Academy's wholly owned subsidiary are held at face value less any impairment.

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

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

**1.12 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.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 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.

**1.14 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.

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

Depreciation and residual values

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

**3. INCOME FROM DONATIONS AND CAPITAL GRANT**

	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	1,286	-	1,286	5,640
Capital grants	-	4,621,862	4,621,862	4,039,232
	<u>1,286</u>	<u>4,621,862</u>	<u>4,623,148</u>	<u>4,044,872</u>
TOTAL 2022	<u>5,640</u>	<u>4,039,232</u>	<u>4,044,872</u>	

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

**4. FUNDING FOR THE ACADEMY'S CHARITABLE ACTIVITIES**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	As restated Total funds 2022 £
<b>EDUCATION</b>				
<b>DFE/ESFA GRANTS</b>				
General Annual Grant	-	58,184,760	58,184,760	55,529,275
<b>OTHER DFE/ESFA GRANTS</b>				
Pupil Premium	-	3,080,589	3,080,589	2,861,884
Rates reclaim	-	347,640	347,640	318,377
Teachers Pay grant	-	2,217	2,217	80,113
Teachers Pension grant	-	234,407	234,407	226,378
Other DfE/ESFA grants	-	326,902	326,902	840,454
16-19 Funding	-	5,994,580	5,994,580	5,046,176
School Supplementary Grant	-	1,837,043	1,837,043	763,842
Mainstream Schools Additional Grant	-	939,849	939,849	-
	-	70,947,987	70,947,987	65,666,499
<b>OTHER GOVERNMENT GRANTS</b>				
Local Authority grants	-	1,994,786	1,994,786	1,735,423
Other grants	-	27,030	27,030	224,834
	-	2,021,816	2,021,816	1,960,257
Other income from the Multi-Academy Trust's educational operations	1,116,566	-	1,116,566	887,189
<b>COVID-19 ADDITIONAL FUNDING (DFE/ESFA)</b>				
Recovery Premium	-	932,283	932,283	527,893
	-	932,283	932,283	527,893
	1,116,566	73,902,086	75,018,652	69,041,838
	1,116,566	73,902,086	75,018,652	69,041,838
<b>TOTAL 2022 AS RESTATED</b>	887,189	68,154,649	69,041,838	

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**5. INCOME FROM OTHER TRADING ACTIVITIES**

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Sale of goods or services	78,358	78,358	184,551
Music activities	11,593	11,593	4,833
Rent and lettings	230,933	230,933	226,966
Club activities	-	-	389
Sale of uniforms	220	220	1,164
Insurance income	3,027	3,027	31,473
Other trading income	17,889	17,889	64,492
Trading company	351,539	351,539	379,780
	<u>693,559</u>	<u>693,559</u>	<u>893,648</u>
TOTAL 2022	<u>893,648</u>	<u>893,648</u>	

**6. INVESTMENT INCOME**

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Investment income	100	100	542
	<u>542</u>	<u>542</u>	
TOTAL 2022	<u>542</u>	<u>542</u>	

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

**7. EXPENDITURE**

	<b>Staff Costs 2023 £</b>	<b>Premises 2023 £</b>	<b>Other 2023 £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
<b>EXPENDITURE ON RAISING FUNDS:</b>					
Direct costs	-	-	351,582	<b>351,582</b>	381,995
<b>EDUCATION:</b>					
Direct costs	52,581,759	-	6,611,191	<b>59,192,950</b>	55,805,101
Allocated support costs	7,454,092	8,660,248	4,509,834	<b>20,624,174</b>	20,967,935
	<u>60,035,851</u>	<u>8,660,248</u>	<u>11,472,607</u>	<u><b>80,168,706</b></u>	<u>77,155,031</u>
<b>TOTAL 2022</b>	<u>58,512,307</u>	<u>8,551,132</u>	<u>10,091,592</u>	<u><b>77,155,031</b></u>	

**8. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

**Summary by fund type**

	<b>Unrestricted funds 2023 £</b>	<b>Restricted funds 2023 £</b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
Education	<u>2,577,423</u>	<u>77,239,701</u>	<u><b>79,817,124</b></u>	<u>76,773,036</u>
<b>TOTAL 2022 AS RESTATED</b>	<u>2,224,391</u>	<u>74,548,645</u>	<u><b>76,773,036</b></u>	

**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	<b>Activities undertaken directly 2023 £</b>	<b>Support costs 2023 £</b>	<b>Total funds 2023 £</b>	<b>Total funds 2022 £</b>
Multi-Academy trust's educational operations	<u>59,192,950</u>	<u>20,624,174</u>	<u><b>79,817,124</b></u>	<u>76,773,036</u>
<b>TOTAL 2022</b>	<u>55,805,101</u>	<u>20,967,935</u>	<u><b>76,773,036</b></u>	

**THE TWO COUNTIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**ANALYSIS OF DIRECT COSTS**

	<b>Education 2023 £</b>	<b>Total funds 2023 £</b>	<b>Total funds 2022 £</b>
Pension finance costs	360,000	360,000	712,000
Staff costs	50,614,799	50,614,799	48,881,299
Educational supplies	3,141,235	3,141,235	2,038,774
Examination fees	1,046,116	1,046,116	895,326
Agency staff	1,656,282	1,656,282	1,388,245
Technology costs	998,030	998,030	912,879
Special education consultancy	67,298	67,298	53,009
Trip expenditure	960,474	960,474	621,841
School uniforms	48,957	48,957	40,838
Other staff costs	169,768	169,768	142,725
Recruitment expenses	129,991	129,991	118,165
	<b>59,192,950</b>	<b>59,192,950</b>	<b>55,805,101</b>
<b>TOTAL 2022</b>	<b>55,805,101</b>	<b>55,805,101</b>	



**THE TWO COUNTIES TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**ANALYSIS OF SUPPORT COSTS**

	<b>Education 2023 £</b>	<b>Total funds 2023 £</b>	<b>Total funds 2022 £</b>
Staff costs	7,454,092	7,454,092	7,954,255
Depreciation	3,807,268	3,807,268	4,835,089
Catering costs	1,238,490	1,238,490	826,257
Technology costs	587,791	587,791	642,925
Other support costs	756,490	756,490	1,058,105
Repairs and maintenance	581,670	581,670	501,105
Legal costs	9,890	9,890	14,016
Cleaning and caretaking	1,265,518	1,265,518	1,104,467
Operating leases	230,747	230,747	132,074
Rates	355,031	355,031	318,377
Security	48,008	48,008	26,022
Energy	1,385,786	1,385,786	1,177,997
Professional fees	564,538	564,538	347,891
Transport	584,277	584,277	478,045
PFI costs	1,121,888	1,121,888	950,859
Other premises costs	632,690	632,690	600,451
	<u>20,624,174</u>	<u>20,624,174</u>	<u>20,967,935</u>
<b>TOTAL 2022</b>	<u>20,967,935</u>	<u>20,967,935</u>	

**10. NET (EXPENDITURE)/INCOME**

Net (expenditure)/income for the year includes:

	<b>2023 £</b>	<b>2022 £</b>
Operating lease rentals	1,498,336	1,471,689
Depreciation of tangible fixed assets	3,426,228	4,835,089
Fees paid to auditors for:		
- audit	38,150	33,715
- other services	3,270	5,175
	<u>38,150</u>	<u>33,715</u>
	<u>3,270</u>	<u>5,175</u>

**THE TWO COUNTIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

**11. STAFF**

**a. STAFF COSTS**

Staff costs during the year were as follows:

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Academy 2023 £</b>	<b>Academy 2022 £</b>
Wages and salaries	43,600,131	41,180,916	43,367,171	40,957,883
Social security costs	4,544,557	3,935,542	4,521,776	3,917,253
Pension costs	10,234,881	12,007,604	10,179,944	11,960,418
	<b>58,379,569</b>	<b>57,124,062</b>	<b>58,068,891</b>	<b>56,835,554</b>
Agency staff costs	1,656,282	1,388,245	1,656,282	1,388,245
	<b>60,035,851</b>	<b>58,512,307</b>	<b>59,725,173</b>	<b>58,223,799</b>

**b. STAFF NUMBERS**

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

	<b>Group 2023 No.</b>	<b>Group 2022 No.</b>	<b>Academy 2023 No.</b>	<b>Academy 2022 No.</b>
Teachers	658	693	658	693
Administrations and Support	597	589	597	589
Management	70	70	70	70
	<b>1,325</b>	<b>1,352</b>	<b>1,325</b>	<b>1,352</b>

**c. HIGHER PAID STAFF**

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

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**11. STAFF (CONTINUED)**

**c. HIGHER PAID STAFF (CONTINUED)**

	<b>Group 2023 No.</b>	<b>Group 2022 No.</b>
In the band £60,001 - £70,000	29	30
In the band £70,001 - £80,000	12	7
In the band £80,001 - £90,000	5	3
In the band £90,001 - £100,000	4	6
In the band £100,001 - £110,000	4	2
In the band £110,001 - £120,000	1	-
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	2	1
	<u>2</u>	<u>1</u>

**d. KEY MANAGEMENT PERSONNEL**

The key management personnel of the Multi- Academy Trust comprise the Trustees and the senior management team as included in the senior leadership team listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was £2,277,838 (2022: £1,719,933).

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**12. CENTRAL SERVICES**

The Trust charges for the following services was 5% of GAG income for the first 7 months of 22/23 year, after which the percentage increased to 5.1% for the remaining 5 months. As well as this, some additional small charges are made on a case by case basis by an individual school who can request additional capacity from the central team.

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
- ICT services and provision of licences

The actual amounts charged during the year were as follows:

	2023 £	2022 £
Ashfield Comprehensive School	892,045	797,149
Selston High School	304,789	264,136
Swanwick Hall School	383,783	344,297
Manor Academy	438,961	350,323
Heritage High School	343,217	307,292
Frederick Gent Academy	281,807	259,666
Friesland School	419,688	404,194
Wilsthorpe School	375,361	332,302
Springwell Community College	355,817	316,488
<b>TOTAL</b>	<b>3,795,468</b>	<b>3,375,847</b>

**13. TRUSTEES' REMUNERATION AND EXPENSES**

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 August 2023, no Trustee expenses have been incurred (2022 - £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 the 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 £	Long-term leasehold land and buildings £	Building improvements £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>							
At 1 September 2022	73,312,902	138,475,441	8,796,963	3,910,213	3,937,748	141,293	228,574,560
Additions	388,665	-	2,726,749	316,262	1,630,371	14,790	5,076,837
At 31 August 2023	73,701,567	138,475,441	11,523,712	4,226,475	5,568,119	156,083	233,651,397
<b>DEPRECIATION</b>							
At 1 September 2022	4,908,506	9,690,468	1,382,036	2,083,801	2,257,873	39,033	20,361,717
Charge for the year	1,254,518	1,110,903	476,550	250,121	700,496	28,326	3,820,914
At 31 August 2023	6,163,024	10,801,371	1,858,586	2,333,922	2,958,369	67,359	24,182,631
<b>NET BOOK VALUE</b>							
At 31 August 2023	67,538,543	127,674,070	9,665,126	1,892,553	2,609,750	88,724	209,468,766
At 31 August 2022	68,404,396	128,784,973	7,414,927	1,826,412	1,679,875	102,260	208,212,843

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**15. TANGIBLE FIXED ASSETS (CONTINUED)**

**ACADEMY**

	Freehold land and buildings £	Long-term leasehold land and buildings £	Building improvements £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>							
At 1 September 2022	73,312,902	138,475,441	8,729,895	3,876,754	3,936,513	141,293	228,472,798
Additions	388,665	-	2,726,749	316,262	1,630,371	14,790	5,076,837
At 31 August 2023	<u>73,701,567</u>	<u>138,475,441</u>	<u>11,456,644</u>	<u>4,193,016</u>	<u>5,566,884</u>	<u>156,083</u>	<u>233,549,635</u>
<b>DEPRECIATION</b>							
At 1 September 2022	4,908,506	9,690,468	1,344,458	2,064,067	2,256,906	39,033	20,303,438
Charge for the year	1,254,518	1,110,903	469,843	243,429	700,249	28,326	3,807,268
At 31 August 2023	<u>6,163,024</u>	<u>10,801,371</u>	<u>1,814,301</u>	<u>2,307,496</u>	<u>2,957,155</u>	<u>67,359</u>	<u>24,110,706</u>
<b>NET BOOK VALUE</b>							
At 31 August 2023	<u>67,538,543</u>	<u>127,674,070</u>	<u>9,642,343</u>	<u>1,885,520</u>	<u>2,609,729</u>	<u>88,724</u>	<u>209,438,929</u>
At 31 August 2022	<u>68,404,396</u>	<u>128,784,973</u>	<u>7,385,437</u>	<u>1,812,687</u>	<u>1,679,607</u>	<u>102,260</u>	<u>208,169,360</u>

Included in freehold property is freehold land valued at £10,587,000 (2022: £10,587,000) which is not depreciated.

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**16. STOCKS**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Academy 2023 £</b>	<b>Academy 2022 £</b>
School Supplies	<b>4,409</b>	<b>4,399</b>	<b>4,409</b>	<b>4,399</b>

**17. DEBTORS**

	<b>Group 2023 £</b>	<b>Group As restated 2022 £</b>	<b>Academy 2023 £</b>	<b>Academy As restated 2022 £</b>
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	<b>148,578</b>	<b>117,351</b>	<b>137,824</b>	<b>101,764</b>
Amounts owed by group undertakings		-	<b>121,203</b>	<b>338,280</b>
Other debtors	<b>5,471</b>	<b>5,328</b>	<b>5,183</b>	<b>4,834</b>
Prepayments and accrued income	<b>2,328,457</b>	<b>1,512,319</b>	<b>2,328,457</b>	<b>1,512,319</b>
VAT Recoverable	<b>760,358</b>	<b>608,793</b>	<b>760,358</b>	<b>608,793</b>
	<b>3,242,864</b>	<b>2,243,791</b>	<b>3,353,025</b>	<b>2,565,990</b>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Academy 2023 £</b>	<b>Academy 2022 £</b>
Trade creditors	<b>423,587</b>	<b>79,703</b>	<b>423,215</b>	<b>79,703</b>
Other taxation and social security	<b>1,063,649</b>	<b>1,055,209</b>	<b>1,053,225</b>	<b>1,046,826</b>
Other creditors	<b>1,110,885</b>	<b>1,018,158</b>	<b>1,110,885</b>	<b>1,018,158</b>
Accruals and deferred income	<b>5,424,617</b>	<b>2,634,315</b>	<b>5,395,956</b>	<b>2,629,315</b>
	<b>8,022,738</b>	<b>4,787,385</b>	<b>7,983,281</b>	<b>4,774,002</b>

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Academy 2023 £</b>	<b>Academy 2022 £</b>
Deferred income at 1 September 2022	<b>678,594</b>	<b>149,000</b>	<b>678,594</b>	<b>149,000</b>
Resources deferred during the year	<b>827,067</b>	<b>678,594</b>	<b>809,753</b>	<b>678,594</b>
Amounts released from previous periods	<b>(678,594)</b>	<b>(149,000)</b>	<b>(678,594)</b>	<b>(149,000)</b>
	<b>827,067</b>	<b>678,594</b>	<b>809,753</b>	<b>678,594</b>

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**19. STATEMENT OF FUNDS**

	As restated Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
<b>UNRESTRICTED FUNDS</b>						
General Funds	1,636,993	936,715	(2,055,495)	(92,673)	-	425,540
School Funds	222,000	873,510	(873,510)	92,673	-	314,673
	<u>1,858,993</u>	<u>1,810,225</u>	<u>(2,929,005)</u>	<u>-</u>	<u>-</u>	<u>740,213</u>
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	3,719,843	58,184,760	(56,455,736)	(426,399)	-	5,022,468
Pupil Premium	-	3,080,589	(3,080,589)	-	-	-
Rates reclaim	-	347,640	(347,640)	-	-	-
Teachers Pay grant	-	2,217	(2,217)	-	-	-
Teachers Pension grant	-	234,407	(234,407)	-	-	-
Other DfE/ESFA grants	-	654,216	(654,216)	-	-	-
16-19 Funding	-	5,994,580	(5,994,580)	-	-	-
School Supplementary Grant	-	1,837,043	(1,837,043)	-	-	-
Mainstream Schools Additional Grant	-	939,849	(939,849)	-	-	-
Other Government Grants	-	2,021,816	(2,021,816)	-	-	-
Recovery Premium	-	604,969	(604,969)	-	-	-
Donations	-	1,286	(1,286)	-	-	-
Pension reserve	(8,656,000)	-	(1,110,000)	-	7,867,000	(1,899,000)
	<u>(4,936,157)</u>	<u>73,903,372</u>	<u>(73,284,348)</u>	<u>(426,399)</u>	<u>7,867,000</u>	<u>3,123,468</u>



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**19. STATEMENT OF FUNDS (CONTINUED)**

	As restated Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
<b>RESTRICTED FIXED-ASSET FUNDS</b>						
Transfer on Conversion	193,795,300	-	(2,365,421)	-	-	191,429,879
DfE Group capital grants	15,564,848	4,621,862	(1,572,932)	426,399	-	19,040,177
Donated fixed assets	128,000	-	(17,000)	-	-	111,000
	<u>209,488,148</u>	<u>4,621,862</u>	<u>(3,955,353)</u>	<u>426,399</u>	<u>-</u>	<u>210,581,056</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>204,551,991</u>	<u>78,525,234</u>	<u>(77,239,701)</u>	<u>-</u>	<u>7,867,000</u>	<u>213,704,524</u>
<b>TOTAL FUNDS</b>	<u>206,410,984</u>	<u>80,335,459</u>	<u>(80,168,706)</u>	<u>-</u>	<u>7,867,000</u>	<u>214,444,737</u>

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

**Restricted General Funds**

This fund represents grants and other income received for the Multi-Academy Trust's operational Activities and development.

**Pension Reserve**

The pension reserve included within restricted general funds represents the Multi-Academy Trust's share of the pension liability arising on the LGPS pension fund.

**Restricted Fixed Asset Fund**

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

**Transfers Between Funds**

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

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**19. STATEMENT OF FUNDS (CONTINUED)**

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	As restated Balance at 31 August 2022 £
<b>UNRESTRICTED FUNDS</b>					
General Funds	2,462,000	1,214,401	(2,039,408)	-	1,636,993
School Funds	222,000	566,978	(566,978)	-	222,000
	<u>2,684,000</u>	<u>1,781,379</u>	<u>(2,606,386)</u>	<u>-</u>	<u>1,858,993</u>
<b>RESTRICTED GENERAL FUNDS</b>					
General Annual Grant (GAG)	274,815	60,575,451	(57,130,423)	-	3,719,843
Pupil Premium	-	2,861,884	(2,861,884)	-	-
Rates reclaim	-	318,377	(318,377)	-	-
Teachers Pay grant	-	80,113	(80,113)	-	-
Teachers Pension grant	-	226,378	(226,378)	-	-
Other DfE/ESFA grants	-	2,132,189	(2,132,189)	-	-
16-19 Funding	-	1,735,423	(1,735,423)	-	-
School Supplementary Grant	-	224,834	(224,834)	-	-
Other Government Grants	-	5,640	(5,640)	-	-
Pension reserve	(42,062,000)	-	(4,667,000)	38,073,000	(8,656,000)
	<u>(41,787,185)</u>	<u>68,160,289</u>	<u>(69,382,261)</u>	<u>38,073,000</u>	<u>(4,936,157)</u>

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**19. STATEMENT OF FUNDS (CONTINUED)**

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	As restated Balance at 31 August 2022 £
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Transfer on Conversion	197,402,300	-	(3,607,000)	-	193,795,300
DfE Group capital grants	13,068,000	4,039,232	(1,542,384)	-	15,564,848
Donated fixed assets	145,000	-	(17,000)	-	128,000
	<u>210,615,300</u>	<u>4,039,232</u>	<u>(5,166,384)</u>	<u>-</u>	<u>209,488,148</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>168,828,115</u>	<u>72,199,521</u>	<u>(74,548,645)</u>	<u>38,073,000</u>	<u>204,551,991</u>
<b>TOTAL FUNDS</b>	<u><u>171,512,115</u></u>	<u><u>73,980,900</u></u>	<u><u>(77,155,031)</u></u>	<u><u>38,073,000</u></u>	<u><u>206,410,984</u></u>

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**19. STATEMENT OF FUNDS (CONTINUED)**

**Total funds analysis by academy**

Fund balances at 31 August 2023 were allocated as follows:

	2023 £	As restated 2022 £
Central MAT	161,272	(42,631)
Ashfield Comprehensive School	1,037,994	1,292,320
Selston High School	317,401	234,142
Swanwick Hall School	442,271	471,559
The Manor Academy	1,715,855	975,627
Heritage High School	204,693	392,945
Frederick Gent Academy	983,907	1,128,170
Friesland School	(87,800)	58,123
Wilsthorpe School	571,837	607,250
Springwell Community College	415,251	461,331
Total before fixed asset funds and pension reserve	5,762,681	5,578,836
Restricted fixed asset fund	210,581,056	209,488,148
Pension reserve	(1,899,000)	(8,656,000)
<b>TOTAL</b>	<b>214,444,737</b>	<b>206,410,984</b>

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

	Deficit £
Friesland School	(87,800)

The Academy is taking the following action to return the academy to surplus:

Friesland School is now carrying a net deficit of £87,800. The Academy Trust is aware of this and is taking action in 2023-24 to return this school reserve to a surplus position. The position will be monitored very closely by management in the following year.

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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 £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2023 £	Total 2022 £
Central MAT	1,556,582	1,720,304	28,930	(2,111,895)	1,193,921	258,910
Ashfield Comprehensive School	12,298,282	1,064,336	815,869	3,573,326	17,751,813	15,880,365
Selston High School	4,102,797	375,372	292,799	1,151,834	5,922,802	5,565,647
Swanwick Hall School	5,037,781	615,969	309,781	1,596,832	7,560,363	6,902,329
The Manor Academy	5,455,948	497,620	329,097	1,516,479	7,799,144	6,472,229
Heritage High School	4,709,523	601,850	385,599	1,205,125	6,902,097	6,148,034
Frederick Gent Academy	3,875,404	559,656	217,598	1,035,130	5,687,788	5,064,148
Friesland School	5,917,791	689,473	340,799	1,761,927	8,709,990	7,972,006
Wilsthorpe School	4,981,031	812,164	234,757	1,332,636	7,360,588	6,589,036
Springwell Community College	4,335,942	517,348	186,006	2,082,054	7,121,350	6,435,833
The Two Counties Trading Company	310,678	-	-	40,904	351,582	368,349
<b>ACADEMY</b>	<b>52,581,759</b>	<b>7,454,092</b>	<b>3,141,235</b>	<b>13,184,352</b>	<b>76,361,438</b>	<b>67,656,886</b>

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	209,468,766	209,468,766
Current assets	740,213	11,173,863	2,983,633	14,897,709
Creditors due within one year	-	(6,151,395)	(1,871,343)	(8,022,738)
Provisions for liabilities and charges	-	(1,899,000)	-	(1,899,000)
<b>TOTAL</b>	<b>740,213</b>	<b>3,123,468</b>	<b>210,581,056</b>	<b>214,444,737</b>

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2022 £	As restated Restricted funds 2022 £	Restricted fixed asset funds 2022 £	As restated Total funds 2022 £
Tangible fixed assets	-	-	208,212,843	208,212,843
Current assets	1,858,993	7,290,097	2,492,436	11,641,526
Creditors due within one year	-	(3,570,254)	(1,217,131)	(4,787,385)
Provisions for liabilities and charges	-	(8,656,000)	-	(8,656,000)
<b>TOTAL AS RESTATED</b>	<b>1,858,993</b>	<b>(4,936,157)</b>	<b>209,488,148</b>	<b>206,410,984</b>

**21. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2023 £	As restated 2022 £
Net income/(expenditure) for the year (as per Statement of financial activities)	166,753	(3,174,131)
<b>ADJUSTMENTS FOR:</b>		
Depreciation	3,820,914	4,835,089
Capital grants from DfE and other capital income	(4,503,095)	(4,039,232)
Interest receivable	(100)	(542)
Defined benefit pension scheme cost less contributions payable	750,000	3,955,000
Defined benefit pension scheme finance cost	360,000	712,000
(Increase)/decrease in stocks	(10)	10
(Increase)/decrease in debtors	(999,073)	137,939
Increase/(decrease) in creditors	3,235,353	(262,752)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,830,742</b>	<b>2,163,381</b>

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**22. CASH FLOWS FROM INVESTING ACTIVITIES**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>
Interest receivable	100	542
Purchase of tangible fixed assets	(5,076,837)	(5,318,658)
Capital grants from DfE Group	4,503,095	4,039,232
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(573,642)</b>	<b>(1,278,884)</b>

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>
Cash in hand and at bank	11,650,436	9,393,336
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>11,650,436</b>	<b>9,393,336</b>

**24. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1 September 2022 £</b>	<b>Cash flows £</b>	<b>At 31 August 2023 £</b>
Cash at bank and in hand	9,393,336	2,257,100	11,650,436
	<b>9,393,336</b>	<b>2,257,100</b>	<b>11,650,436</b>

**25. PENSION COMMITMENTS**

The Academy'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 2020 and of the LGPS 31 March 2022.

Contributions amounting to £1,094,492 were payable to the schemes at 31 August 2023 (2022 - £999,472) and are included within creditors.

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**25. PENSION COMMITMENTS (CONTINUED)**

**TEACHERS' PENSION SCHEME**

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

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

**VALUATION OF THE TEACHERS' PENSION SCHEME**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 26 October 2023. The key elements of the previous valuation as at 31 March 2016 which was effective for the year ended 31 August 2023 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 £262,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, assumed real rate of return is 2% 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 2024 and effective until 31 March 2027.

The employer's pension costs paid to TPS in the year amounted to £5,996,398 (2022 - £5,263,385).

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>) for 2016 and [www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx](https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx) for 2020.

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 2023 was £3,419,149 (2022 - £2,580,000), of which employer's contributions totaled £2,350,000 (2022 - £1,975,000) and employees' contributions totaled £699,000 (2022 - £605,000). The agreed contribution rates for future years are 20.8 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.



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**25. PENSION COMMITMENTS (CONTINUED)**

**PRINCIPAL ACTUARIAL ASSUMPTIONS**

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	<b>3.95</b>	3.83
Rate of increase for pensions in payment/inflation	<b>2.95</b>	3.01
Discount rate for scheme liabilities	<b>5.24</b>	4.25

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

	<b>2023</b>	<b>2022</b>
	<b>Years</b>	<b>Years</b>
<b>RETIRING TODAY</b>		
Males	<b>20.6</b>	21.5
Females	<b>23.6</b>	24.1
<b>RETIRING IN 20 YEARS</b>		
Males	<b>21.6</b>	22.68
Females	<b>25.0</b>	25.76

**SENSITIVITY ANALYSIS**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Discount rate -0.1%	<b>923</b>	109
Pension increase +0.1%	<b>834</b>	103
Mortality 1 year increase	<b>1,434</b>	-

**SHARE OF SCHEME ASSETS**

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

	<b>At 31 August 2023</b>	<b>At 31 August 2022</b>
	<b>£</b>	<b>£</b>
Equities	<b>25,374,000</b>	22,498,000
Gilts	<b>361,000</b>	391,000
Corporate bonds	<b>5,791,000</b>	5,149,000
Property	<b>3,887,000</b>	4,119,000
Cash and other liquid assets	<b>1,780,000</b>	1,520,000
Other	<b>1,450,000</b>	1,976,000
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>38,643,000</b>	35,653,000

The actual return on scheme assets was £381,770 (2022 - £1,194,000).

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**25. PENSION COMMITMENTS (CONTINUED)**

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

	2023 £	2022 £
Current service cost	(3,100,000)	(5,930,000)
Interest income	1,554,000	592,000
Interest cost	(1,914,000)	(1,295,000)
Administrative expenses	9,000	9,000
<b>TOTAL AMOUNT RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES</b>	<b>(3,451,000)</b>	<b>(6,624,000)</b>

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

	2023 £	2022 £
<b>AT 1 SEPTEMBER</b>	<b>44,309,000</b>	<b>76,973,000</b>
Current service cost	3,100,000	5,930,000
Interest cost	1,914,000	1,295,000
Employee contributions	699,000	605,000
Actuarial gains	(7,385,000)	(39,885,000)
Benefits paid	(768,000)	(609,000)
<b>AT 31 AUGUST</b>	<b>41,869,000</b>	<b>44,309,000</b>

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

	2023 £	2022 £
<b>AT 1 SEPTEMBER</b>	<b>35,653,000</b>	<b>34,911,000</b>
Interest income	1,563,000	592,000
Actuarial gains/(losses)	655,000	(1,812,000)
Employer contributions	2,350,000	1,975,000
Employee contributions	699,000	605,000
Benefits paid	(768,000)	(609,000)
Administrative expenses	(9,000)	(9,000)
Derecognition of pension surplus	(173,000)	-
<b>AT 31 AUGUST</b>	<b>39,970,000</b>	<b>35,653,000</b>

The Group has an unrecognised surplus of £173,000 (2022 - £Nil) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

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**26. OPERATING LEASE COMMITMENTS**

At 31 August 2023 the Group and the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>Academy 2023 £</b>	<b>Academy 2022 £</b>
Not later than 1 year	<b>1,554,374</b>	1,069,859	<b>1,554,374</b>	1,069,859
Later than 1 year and not later than 5 years	<b>5,478,844</b>	4,131,717	<b>5,478,844</b>	4,131,717
Later than 5 years	<b>11,952,000</b>	12,948,000	<b>11,952,000</b>	12,948,000
	<b><u>18,985,218</u></b>	<u>18,149,576</u>	<b><u>18,985,218</u></b>	<u>18,149,576</u>

**27. MEMBERS' LIABILITY**

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

**28. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy 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 Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

At the year-end, the amount due from the Multi-Academy Trust's trading subsidiary, The Two Counties Trading company, was £189,330 (2022: £189,215).

Derbyshire Community Transport Limited, a company where Chris Hallam, a Trustee, is a fellow director. During the year, the Trust has made purchases of £811 (2022: £0) from the company and at the year end an amount of £0 (2022: £0) was outstanding.

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

**29. PRIOR YEAR ADJUSTMENTS**

A prior year adjustment has taken place in respect of Recovery Premium additional funding to ensure that the recognition of the funding is appropriate. This has led to an impact of £327,314 on brought forward reserves.

**30. POST BALANCE SHEET EVENTS**

As at the 1st September 2023, the Trust hived up all the trading assets and trading activity of The Two Counties Trading Company (it's subsidiary) into the Trust. The subsidiary is no longer trading and during the next financial year the Trust will look to strike off the company from the register at Companies House.

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**31. SUBSIDIARY**

The Multi-Academy Trust has the following subsidiary:

**The Two Counties Trading Company** (a company limited by guarantee)

Company registration number	08816199
Basis of control	By virtue of common Trustees/Directors
Retained earning as at 31 August 2023	£Nil
Profit for the year ended 31 August 2023	£Nil
Principal activity	Provision of nursery services and lettings