

Draft Financial Statements at 18 November 2020

Company Registration No. 09071405 (England and Wales)

**INNOVATE MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020**



Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

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INNOVATE MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

P Banks
T Lifford
E Wincott
P Cantley

Trustees

P Banks
L Evans (Resigned 2 September 2019)
K Falvey
A Howden (Resigned 22 October 2019)
A Kerr (Chair of Trustees)
T Lifford
A Witheyman (Chief Executive/Accounting Officer)
The Diocese of Peterborough
A Barnett (Resigned 23 September 2019)
H Holmes (Appointed 23 September 2020)
R Owen (Appointed 23 September 2020)
D Spenceley (Appointed 1 November 2020)

Senior management team

- CEO and Exec Head Teacher of Weedon Bec Primary School	A Witheyman
- Exec Head Teacher of Badby Primary School and Kilsby CofE Primary School	L Evans
- Head Teacher of Woodford Halse CofE Primary Academy	E Newton
- Chief Finance Officer	L Flavell

Company secretary

L Flavell

Company registration number

09071405 (England and Wales)

Principal and registered office

Weedon Bec Primary School
West Street
Weedon
NN7 4QU

Academies operated

Kilsby CofE Primary School
Weedon Bec Primary School
Woodford Halse CofE Primary Academy
Badby Primary School

Location

Warwickshire
Northamptonshire
Northamptonshire
Northamptonshire

Chief Executive Officer

L Evans
A Witheyman
E Newton
L Evans

Independent auditor

Azets Audit Services
Thorpe House
93 Headlands
Kettering
Northamptonshire
NN15 6BL

INNOVATE MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
18 High Street
Daventry
Northamptonshire
NN11 4HT

Solicitors

Walker Morris LLP
Kings Court
12 King Street
Leeds
LS1 2HL

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The company was formed on 4 June 2014 and the multi academy trust commenced on 30 June 2014. The trust operates four primary schools for pupils aged 5 to 10 serving the catchment areas of Kilsby, Woodford Halse and Daventry. It has a pupil capacity of 823 and a roll of 738.

Structure, governance and management

Constitution

The multi academy trust is a company limited by guarantee with no share capital (Registration Number: 09071405) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The trustees of Innovate Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Innovate Multi Academy Trust or IMAT.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

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

Trustees' indemnities

Innovate Multi Academy Trust has in place Directors and Trustees unlimited liability insurance indemnity cover.

Method of recruitment and appointment or election of trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to Parent and Staff trustees, procedures are in place for nomination and election of the trustees as part of local governing bodies of the academies.

Policies and procedures adopted for the induction and training of trustees

Upon appointment, new trustees are provided with dates of future meetings, and copies of minutes and actions from previous meetings. Following this, new trustees would meet with the Chief Executive Officer to understand the structure of the academy trust and would receive a tour of the schools.

Following this initial induction, the new trustees' begin to attend board meetings and would start to receive the reports that are provided to the board on a regular basis (e.g. management accounts). Further meetings would then be arranged with the Chief Executive Officer and the Chief Finance Officer as necessary to provide further information.

An annual skills audit is undertaken for the board as a whole and training for the coming 12 months would be arranged based on the results of that skills audit.

Organisational structure

The structure consists of three levels: the trustees, the iMAT committees and academy local governing bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academies through the use of Dashboards, Financial reporting and making major decisions about the direction of the MAT and academies, capital expenditure and staff appointments.

The trustees control the academies at an executive level, whilst the senior management team (Head teachers, CEO and Chief Finance Officer) implement the policies laid down by the trustees and report back to them. The senior management team are responsible, in line with the Trust Scheme of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

The Company has four "Members" who are also the subscribers to the articles of association, who can and have appointed directors for an initial 4 year term to run the business.

The Trust has local governing bodies for each of the schools it operates. They have also appointed IMAT Audit, finance & Pay as sub-committees to the MAT.

Arrangements for setting pay and remuneration of key management personnel

The academy trust's pay policy details the policy's for setting senior management remuneration. Pay of the Chief Executive Officer and Chief Finance Officer are benchmarked against other academy trusts via the academy trust's payroll provider, Education Payroll Management, with the Chief Executive's pay being set in accordance with annual appraisals conducted by the Appraisal Review Committee and an external advisor. Head Teacher pay is also subject to the same appraisal process as the Chief Executive Officer and is set in line with the relevant Head Teacher Pay Group.

Head of school/Deputy Head Teacher pay is determined based on the annual appraisals undertaken by Head Teachers and the recommendations made by those Head Teachers to the Review Committee. All Head of School/Deputy Head Teachers are paid in line with the School Teachers Pay and Conditions document.

The audit & Pay Committee is involved in reviewing staff performance and pay.

Final approval of senior management remuneration remains the responsibility of the Review Committee.

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	2,370,941
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Related parties and other connected charities and organisations

Innovate Multi Academy Trust was incorporated on 4 June 2014 and became a multi academy trust from 30 June 2014 including under its control Weedon Bec Primary School, Kilsby Church of England Primary School, Woodford Halse Church of England Primary Academy and Badby Primary School.

Objectives and activities

Objects and aims

The multi academy trust's objects are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies").

To achieve this, the multi academy trust identified the following aspirational and measurable outcomes for each individual academy for the period:

- The curriculum will be broad and balanced;
- Every child to make at least, and for many, above national expectations in both attainment and progress unless there are mitigating circumstances;
- Every academy to be well led and governed;
- All teachers motivated to self-improve and aspire to excellence;
- All schools to be judged good or better by Ofsted.

The MAT also focused on attracting new schools to join by presenting and sharing information and learnings about the trusts progress and vision.

At Innovate Multi Academy Trust, we work in partnership with young people, parents and carers to ensure that every student will:

- Feel safe, happy and healthy;
- Enjoy high quality learning opportunities, in a school at the leading edge of innovation;
- Feel challenged and inspired to achieve excellence in every aspect of their lives;
- Become confident, enterprising, creative learners, fully equipped for life and work;
- Become fully-rounded and responsible citizens, making a positive contribution to the school, local, national and global community.

Objectives, strategies and activities

To meet these priorities the Trust has appointed an operational team who have adopted a number of strategies and activities that include:

- Regular networking and training to continually improve teaching and learning
- A rigorous monitoring and evaluation cycle of all schools
- Encourage outwardly facing senior leaders, who seek best practice from cutting-edge and innovative schools.
- Offer central support with recruitment of staff, particularly in the areas of finance and senior leadership.

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy, where possible. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment, where possible, by making support resources available and through training and career development.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Public benefit

Trustees have considered the Charity's Commission's general guidance on public benefit and in particular its supplementary guidance on education. As noted above, the multi academy trust's objective is to advance for the public benefit education in the United Kingdom.

Strategic report

Achievements and performance

Innovate Multi Academy Trust achievements in 2019-20 include:

- Woodford Halse C of E Academy achieved Good grade with Ofsted
- Restructure of senior leaders within trust: 3 Day a week CEO, Executive Headteacher, Heads of School, Executive School Business Manager
- School roll at Woodford Halse Academy increased to 249 from 220
- School role at Kilsby has topped 104 pupils for the first time
- S106 projects at Kilsby school planning started
- CIF funding (£1.5 million) secured for Woodford Halse Academy for new Heating and Electrics across the school.
- Flore C of E Primary School passed Academy order to join the trust
- Development of a new MIS system
- All schools remained open for Key Worker and vulnerable children during lockdown
- Schools were all prominent on Local and National TV and Radio during lockdown
- Increased sporting fixtures and events before lockdown

Achievement of pupils at Weedon Bec Primary School

There was no published national data for 2019-20.

During 2019-20 Weedon Bec continued the process of developing the curriculum in line with the New Ofsted Framework. Weedon Bec were named Daventry and South Northants Sports School of the Year for our commitment to developing sports both internally and with increased participation and success in external sports tournaments. The school took part in Young Voices, a massed choir event at the NIA in Birmingham taking 75 children from Key Stage 2. Children from Key Stage 2 took part in Strictly Northampton a ballroom dancing competition at the Deragate in Northampton, finishing 3rd. Year 6 took their yearly residential to Wales in September 2019 taking part in activities such as Rock Climbing, Canoeing and Stand Up Paddleboarding.

Our projected results before lockdown were broadly in line with National expectations across all Key Stages.

When schools were told to only open for Key Worker children in March 2020 the school community were well prepared for home learning, using Class Dojo as our learning platform. 85% of children took part in daily activities which were set, monitored and feedback was given on each piece of work. We continued to open to as many as 20 children during the period from March to June and staff were on a rota to cover the provision in school.

When schools were asked to reopen in June we opened for Reception, Year 1 and Year 6 classes who worked in bubbles. We had around half of each year group return initially, but this quickly grew and by the end of term we had roughly half of the school back in across 6 bubbles including a Key Worker and vulnerable group.

During the lockdown period, the school set up a Foodbank in the village alongside the churches, raised funds for the NHS and delivered food parcels to vulnerable families who were both part of school and the wider village community. The school were praised by the wider community for the part they played in maintaining and upholding village life. Parents were hugely positive with the work that school carried out during lockdown both to support those learning at home and those who were attending school. The staff worked incredibly hard during this period and lockdown cemented them at the heart of the school, and the school at the heart of the village.

Achievement of pupils at Kilsby CE Primary School

There was no published national data for 2019-20.

Over the year, the school worked hard on the key priorities it had set itself in order to raise standards and improve the curriculum offer for all children in Kilsby Primary School. In addition, the Governing Body decided to increase the pupil admissions number in response to the school's increased popularity and the demand for places resulting from nearby housing projects.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Priority 1: To raise standards in Maths

In order to address the concern that progress from KS1 to KS2 is below the national average and to ensure a better sequence of learning across the school for maths, the school introduced CPD and a clear system for the teaching and learning of maths. As a result a clear, progressive programme was introduced across the school. It resulted in a deeper understanding of problem solving and reasoning as well as carefully mapped progression of objectives. By Spring term, 75% cohort of Year 6 pupils were teacher assessed as on track for reach at or above the expected standard for the end of Key Stage 2.

Priority 2: To improve the teaching of the Christian ethos across the curriculum

The school underwent a SIAMS inspection in November 2019. We received a solid 'good' judgement and an acknowledgment that the school is working hard to ensure that the curriculum is underpinned by the vision, values and overall Christian ethos of the school.

Achievement of pupils at Woodford Halse CE Primary School

There was no published national data for 2019-20.

During the course of this year the school were visited by Ofsted in November 2019. Against the new framework for inspection the school achieved an overall 'Good' report. The school was deemed to be Good in all of the 5 key areas. This movement from the previous Ofsted in July 2017 where all areas were judged Requires Improvement, reflects the hard work and effort by all members of the team and how far we have come as a school.

Results for the year are not published, however KS2 data was as below (this was assessed in February prior to lockdown using previous year tests):

Subject	KS2	KS2 GD
Reading	88%	21%
Writing	71%	13%
Maths	88%	21%
Comb	79%	8%

The combined results over 3 years for KS2 are as follows:

2017/2018 – 41%

2018/2019 – 64%

2019/2020 – 79%

We feel this is important as it shows that there is a consistency and further improvement year on year against the past years results.

The school responded to lockdown and ensured we remained open to Key Worker and Vulnerable children families throughout the Summer Term, with numbers reaching around 35 at its peak. We also committed to providing community support throughout this time with food banks and food drops on a daily basis.

Come the 1st June when we had a limited re-opening we were pleased to get 79% of the children in the identified age groups in and attending school, within the first few weeks.

Our online learning provision developed quickly and was an effective learning tool. We were very pleased with the uptake from the vast majority of families which was between 75-85% across the year groups where children were not attending in school.

Achievement of pupils at Badby Primary School

Over the year, the school worked hard on the key priorities it had set itself in order to raise standards and improve the curriculum offer for all children in Badby Primary School. In addition, the school enjoyed its first year in new accommodation following the completion of the three classroom extension as part of the condition improvement work and removal of three old and dilapidated mobile classrooms.

Priority 1: Improve spelling results across KS2 leading to increase in GDS in GPS at the end of Year 6.

Although there were no formal tests this year to test the progress in this area, teachers enjoyed using a new programme for spelling and had seen improvements in locally collected data. Predicted results in Early Spring suggested that children in KS2 were at least working at a level in line with National Results in 2018/19.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Priority 2: To develop a coherent and well sequenced and relevant curriculum in order to support the pupils of Badby School

The school continued to develop its whole curriculum provision, focussing on sequencing learning and understanding the importance of building a clear progression of knowledge in all subjects. There was a focus on developing progression maps for the objectives and skills taught as well as the introduction of new forms of assessment. In addition, increased emphasis on vocabulary and communication has supported success in this area.

Key performance indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. Adhoc Benchmarking analysis has been produced to highlight areas of opportunity in ensuring the academy is delivering value for money. This will continue to be challenged through 2020/21.

Badby Primary School	2020	2019	2018	2017	2016
Pupil numbers	169	167	165	160	157
Staff costs as a % of revenue income received from ESFA	103%	99%	94%	98%	92%
Staff costs as a % of total revenue grant income	81%	76%	70%	75%	88%
Staff costs as a % of total costs	80%	76%	75%	76%	78%
Capital expenditure per pupil	£33	£10	£7	£50	£37
Kilsby Church of England Primary School	2020	2019	2018	2017	2016
Pupil numbers	96	95	100	96	94
Staff costs as a % of revenue income received from ESFA	89%	87%	85%	65%	87%
Staff costs as a % of total revenue grant income	78%	72%	73%	60%	80%
Staff costs as a % of total costs	77%	61%	72%	61%	74%
Capital expenditure per pupil	£440	£173	£0	£64	£77
Weedon Bec Primary School	2020	2019	2018	2017	2016
Pupil numbers	228	238	240	232	230
Staff costs as a % of revenue income received from ESFA	90%	85%	89%	87%	86%
Staff costs as a % of total revenue grant income	79%	74%	79%	80%	80%
Staff costs as a % of total costs	80%	75%	79%	78%	80%
Capital expenditure per pupil	£25	£41	£33	£27	£84
Woodford Halse Church of England Primary School	2020	2019	2018	2017	2016
Pupil numbers	245	244	203	184	219
Staff costs as a % of revenue income received from ESFA	98%	98%	102%	87%	90%
Staff costs as a % of total revenue grant income	79%	77%	82%	76%	87%
Staff costs as a % of total costs	79%	74%	79%	77%	77%
Capital expenditure per pupil	£15	£4	£44	£57	£81

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason 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.

We do not foresee any significant issues regarding the COVID-19 pandemic which are likely to impact this assessment.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

The closure due to COVID-19 has had a financial impact on the academy trust, mainly as a result of the loss of nursery and club income. It is estimated this lost was £50,000 in the 2019/20 year and is forecast to be a similar amount in the 2020/21 year. The safety measures adopted allowed for the safe return of certain pupils during the summer term and in line with Government Procurement Policy Note 02/20, all planned expenditure was met.

The principal source of funding for the academy is the General Annual Grant together with the start up grant.

Most of the multi academy trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The multi academy trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities', 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 assets concerned.

Financial Position

At 31 August 2020 the net book value of fixed assets was £9,588,000 (2019: £9,732,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2020 are based on projecting forward the estimated position at 31 March 2019 and assuming that the experience over the period, apart from investment returns, has been in line with the assumptions made at the start of the period.

The estimated FRS102 deficit at 31 August 2020 is £2,009,000 which compares to a deficit of £1,594,000 at 31 August 2019. The main reason for the increase in the deficit is because of:

- higher assumed rate of salary increases;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- changes to discount rate of scheme liabilities;
- increased longevity of retiring members.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS 102 pension liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report. At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below government guidelines;
- Condition of buildings acting as a barrier to achievement;
- Increase in pupil numbers through local housing development may lead to: a decline in educational standards, inadequate facilities and resources to cope with demand, and insufficient capital funding to facilitate improvements;
- Reliance on manual budgeting systems. We are currently looking to procure a budget tool to assist with quicker and more accurate modelling of funding/staffing considering the current rapidly changing environment in which we operate.
- Reducing income projections putting pressure on costs while growing the trust
- Clarity of roles and responsibilities during a changing environment

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves for the current number of academies should be equivalent to 4 weeks expenditure, approximately £290,000 plus £50,000 for premises contingencies. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Any surplus reserves built up by the Academy are earmarked to cover:

- planned capital expenditure;
- staff costs to cover increase in pupil numbers;
- forecast increases in employer contributions to the Local Government Pension Scheme.

The value of free reserves after deducting 4 weeks working capital requirements are £248,000.

The Academy held fund balances at 31 August 2020 of £8,188,000 (2019: £8,733,000), after allowing for the pension deficit of £2,009,000 (2019: £1,594,000); comprising £7,387,000 (2019: £7,989,000) of restricted funds and £801,000 (2019: £744,000) of unrestricted general funds.

Investment policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

Principal risks and uncertainties

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The Trust intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

The major risks to which the multi academy trust is exposed have been identified on the academy's Risk Register and are identified in the Financial Review on page 10. Trustees have reviewed the risks to which the multi academy trust is exposed and systems and procedures have been put in place to manage these.

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The Trust intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

Financial and risk management objectives and policies

The academy trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk register
- Risk management policy

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

The academy trust raises funds from the public via various events, which can range from cake sales to events to raise funds for specific purposes (e.g. playground/IT equipment). The academy trust does not actively pursue members of the public for donations to the school outside of invitations to these events.

In recent years, local businesses have been approached for donations of money and/or time for certain projects. One example of this is the new book barge based at Weedon Bec Primary School, which was funded from private capital donations and for which significant volunteer time was donated by members of the community.

Plans for future periods

A level of uncertainty remains as a result of the virus. The duration is a concern, however the academy trust has implemented control measures and systems to ensure any effect on the future aims and activities are minimal.

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the academy trust will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.


Auditor

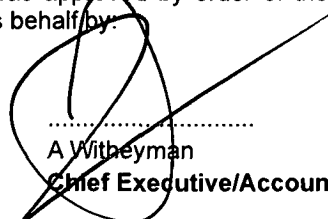
In so far as the trustees are aware:

- 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.

A resolution proposing that Azets Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 9/12/20 and signed on its behalf by:


.....
A Kerr
Chair of Trustees


.....
A Witheyman
Chief Executive/Accounting Officer

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Innovate Multi Academy Trust and the Secretary of State for Education. The accounting officer is 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 9 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
P Banks	8	9
L Evans (Resigned 2 September 2019)	0	0
K Falvey	6	9
A Howden (Resigned 22 October 2019)	0	0
A Kerr (Chair of Trustees)	5	9
T Lifford	9	9
A Witheyman (Chief Executive/Accounting Officer)	7	9
The Diocese of Peterborough	6	9
A Barnett (Resigned 23 September 2019)	0	0
H Holmes (Appointed 23 September 2020)	0	0
R Owen (Appointed 23 September 2020)	0	0
D Spenceley (Appointed 1 November 2020)	0	0

During the year we have recruited 2 new directors to help strengthen the skills and availability. The chair also attended MAT leadership training.

The Trust is currently recruiting 2 new members to help separate the Board and enable effective Governance with the skills and availability of existing Trustees.

A reduction in sub-committees and a more frequent Trustee meeting is proving effective at reducing repetitive meetings and it is hoped this will build attendance and participation with more effective meetings.

IMAT Pay Committee was formed to oversee staff performance across the academy trust as well as staff pay (both general pay increases and incremental pay awards), and will also be involved in setting pay levels for Head Teachers based on the recommendations made.

During the year the Pay Committee met 4 times, T Lifford and K Falvey attended 3 meetings, A Kerr 2 meetings and P Banks 1 meeting.

Review of value for money

As accounting officer, the Chief Executive Officer 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.

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The accounting officer considers how the academy 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Procuring electricity & gas services across schools
- Restructuring leadership across the schools and creating Exec Head teacher and Head of Schools across 3 of the 4 schools in the trust as well as 1 less SBM
- Implementing a new MIS system which enables you to view live key pupil data across the trust as well as being cheaper than the previous system
- Changing from an on site technical IT support contract to a remote helpdesk with more hours coverage
- Working with a no win, no fee consultant to assist the academy trust in preparing bids for Condition Improvement Funding for various capital projects across the academy trust. Where these bids were approved, a full tender process was then undertaken to ensure that the academy trust received value for money not just in terms of cost, but also quality, time, disruption and service.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Innovate Multi Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

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 has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. 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 resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Azets Audit Services as internal auditor for one visit
- with remaining oversight conducted by Mrs L Flavell, the Chief Financial Officer to perform a review.

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The internal reviewer'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:

- testing of payroll systems
- testing of income systems
- testing of purchase systems
- testing of petty cash and staff expenses
- testing of control account / bank reconciliations

On a half-yearly basis, the reviewer reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The internal auditor has delivered their schedule of work as planned and there were no material control issues arising.

As a result of the revised FRC Ethical Standard Azets Audit Services can no longer act as both internal and external auditor. During the summer term the board of trustees have agreed to appoint a new supplier to perform the internal audit function and their first visit is planned for early 2021.

Review of effectiveness

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

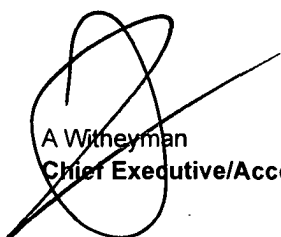
- the work of the internal reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 9/2/20 and signed on its behalf by:



A Kerr
Chair of Trustees



A Witheyman
Chief Executive/Accounting Officer

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

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

A. Witheyman
Accounting Officer



STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Innovate Multi Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 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 accounts for each financial year. Under company law, the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

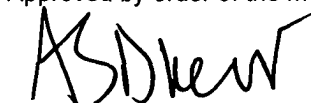
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

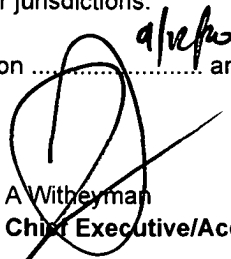
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have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

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

Approved by order of the members of the board of trustees on and signed on its behalf by:



A Kerr
Chair of Trustees



A Witheyman
Chief Executive/Accounting Officer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI
ACADEMY TRUST**
FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

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

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI
ACADEMY TRUST (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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 are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI
ACADEMY TRUST (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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

Azets

**Mr Paul Tyler (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

Statutory Auditor

22/12/2020

Thorpe House
93 Headlands
Kettering
Northamptonshire
NN15 6BL

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION AND
SKILLS FUNDING AGENCY**

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 22 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Innovate Multi Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Innovate Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Innovate Multi Academy Trust's funding agreement with the Secretary of State for Education dated 30 June 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessment and testing of the internal audit work and reliance upon this work for the review of internal control procedures
- Further testing of the internal control procedures has been carried out in the following areas:
 - Sample tests of delegated authority procedures
 - Enquiry and review of transactions with connected persons
 - Review of governance procedures including inspection of trustee and relevant board minutes
 - Sample tests of procurement procedures
- Communication with the accounting officer

INNOVATE MULTI ACADEMY TRUST

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION AND
SKILLS FUNDING AGENCY (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

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

Azets

Reporting Accountant

Azets Audit Services

Thorpe House

93 Headlands

Kettering

Northamptonshire

NN15 6BL

Dated: *22/12/2020*

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:						
Donations and capital grants	3	7	-	67	74	(53)
Charitable activities:						
- Funding for educational operations	4	73	3,440	-	3,513	3,345
Other trading activities	5	77	173	-	250	305
Investments	6	5	-	-	5	7
Total		<u>162</u>	<u>3,613</u>	<u>67</u>	<u>3,842</u>	<u>3,604</u>
Expenditure on:						
Raising funds	7	58	106	-	164	159
Charitable activities:						
- Educational operations	9	47	3,848	212	4,107	4,383
Total	7	<u>105</u>	<u>3,954</u>	<u>212</u>	<u>4,271</u>	<u>4,542</u>
Net income/(expenditure)		57	(341)	(145)	(429)	(938)
Transfers between funds	18	(213)	209	4	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	20	-	(116)	-	(116)	(578)
Net movement in funds		<u>(156)</u>	<u>(248)</u>	<u>(141)</u>	<u>(545)</u>	<u>(1,516)</u>
Reconciliation of funds						
Total funds brought forward		744	(1,761)	9,750	8,733	10,249
Total funds carried forward		<u>588</u>	<u>(2,009)</u>	<u>9,609</u>	<u>8,188</u>	<u>8,733</u>

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

		2020	2019
	Notes	£'000	£'000
Fixed assets			
Tangible assets	13	9,588	9,732
Current assets			
Debtors	14	144	240
Investments		-	400
Cash at bank and in hand		1,228	730
		<u>1,372</u>	<u>1,370</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(681)	(667)
Net current assets		691	703
Total assets less current liabilities		<u>10,279</u>	<u>10,435</u>
Creditors: amounts falling due after more than one year	16	(82)	(108)
Net assets before defined benefit pension scheme liability		<u>10,197</u>	<u>10,327</u>
Defined benefit pension scheme liability	20	(2,009)	(1,594)
Total net assets		<u>8,188</u>	<u>8,733</u>
Funds of the academy trust:			
Restricted funds	18		
- Fixed asset funds		9,609	9,750
- Restricted income funds		-	(167)
- Pension reserve		(2,009)	(1,594)
Total restricted funds		<u>7,600</u>	<u>7,989</u>
Unrestricted income funds	18	588	744
Total funds		<u>8,188</u>	<u>8,733</u>

The accounts on pages 22 to 45 were approved by the trustees and authorised for issue on 9/12/20 and are signed on their behalf by:

A Kerr
Chair of Trustees

A Witheyman
Chief Executive/Accounting Officer

Company Number 09071405

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	109	(23)
Cash flows from investing activities			
Dividends, interest and rents from investments		5	7
Capital grants from DfE Group		38	(113)
Capital funding received from sponsors and others		29	46
Purchase of tangible fixed assets		(55)	(596)
Sale of investments		400	-
Net cash provided by/(used in) investing activities		417	(656)
Cash flows from financing activities			
Repayment of long term government loan		(28)	(3)
Net cash used in financing activities		(28)	(3)
Net increase/(decrease) in cash and cash equivalents in the reporting period		498	(682)
Cash and cash equivalents at beginning of the year		730	1,412
Cash and cash equivalents at end of the year		1,228	730

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

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

1.1 Basis of preparation

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

Innovate Multi Academy Trust meets the definition of a public benefit entity under FRS 102 and is a private company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found pages 1 to 2.

The presentation currency of the financial statements is the pound sterling (£'000).

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust 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 stock 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

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

In accordance with the accounting treatment set out by the Academies Accounts Direction, the land and buildings associated with Kilsby Church of England Primary School and Woodford Halse Church of England Primary Academy have been included as an asset in the financial statements, based on a full market value at the date of conversion.

The academy trust has a legal agreement for the use of the land and buildings under a church supplemental agreement. This is a rolling agreement with a minimum two years written notice period for termination, no such notice has been given at the date of signing the accounts.

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

Land and buildings	2% of cost
Leasehold improvements	2% - 6.7% of cost
Computer equipment	33.3% of cost
Fixtures, fittings & equipment	10-20% of cost

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

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

1.6 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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leased assets

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

1.8 Investments

Current asset investments are stated at market value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.9 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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. 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.

1.10 Taxation

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

1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The 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 are 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.12 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Capital grants	-	38	38	(113)
Other donations	7	29	36	60
	<u>7</u>	<u>67</u>	<u>74</u>	<u>(53)</u>

The income from donations and capital grants was £74,000 (2019: £(53,000)) of which £7,000 was unrestricted (2019: £14,000) and £67,000 was restricted fixed assets (2019: £(67,000)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	2,826	2,826	2,708
Other DfE group grants	-	508	508	376
	<u>-</u>	<u>3,334</u>	<u>3,334</u>	<u>3,084</u>
Other government grants				
Local authority grants	-	69	69	91
	<u>-</u>	<u>69</u>	<u>69</u>	<u>91</u>
Exceptional government funding				
Coronavirus exceptional support	-	6	6	-
	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>
Other funding				
Other incoming resources	73	31	104	170
	<u>73</u>	<u>31</u>	<u>104</u>	<u>170</u>
Total funding	<u>73</u>	<u>3,440</u>	<u>3,513</u>	<u>3,345</u>

The income from funding for educational operations was £3,513,000 (2019: £3,345,000) of which £73,000 was unrestricted (2019: £100,000) and £3,440,000 was restricted (2019: £3,245,000).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Hire of facilities	2	-	2	4
Nursery provision	19	173	192	207
Other income	56	-	56	94
	<u>77</u>	<u>173</u>	<u>250</u>	<u>305</u>

The income from other trading activities was £250,000 (2019: £305,000) of which £77,000 was unrestricted (2019: £132,000) and £173,000 was restricted (2019: £173,000).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Short term deposits	5	-	5	7

The income from funding for investment income was £5,000 (2019: £7,000) of which £5,000 was unrestricted (2019: £7,000).

7 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2020 £'000	Total 2019 £'000
Expenditure on raising funds					
- Allocated support costs	164	-	-	164	159
Academy's educational operations					
- Direct costs	2,379	199	193	2,771	2,625
- Allocated support costs	823	158	355	1,336	1,758
	<u>3,366</u>	<u>357</u>	<u>548</u>	<u>4,271</u>	<u>4,542</u>

Net income/(expenditure) for the year includes:

	2020 £'000	2019 £'000
Fees payable to auditor for:		
- Audit	10	9
- Other services	7	3
Operating lease rentals	22	25
Depreciation of tangible fixed assets	199	186
Net interest on defined benefit pension liability	33	26

8 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services; and
- accounting services

The academy trust charges for these services on the following basis:

- £ 295 per pupil (2019: £275 per pupil);

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

8 Central services **(Continued)**

The amounts charged during the year were as follows:	2020	2019
	£'000	£'000
Kilsby CofE Primary School	29	26
Weedon Bec Primary School	70	67
Woodford Halse CofE Primary Academy	70	58
Badby Primary School	55	50
	<u>224</u>	<u>201</u>

9 Charitable activities

	Unrestricted	Restricted	Total	Total
	funds	funds	2020	2019
	£'000	£'000	£'000	£'000
Direct costs				
Educational operations	47	2,724	2,771	2,625
Support costs				
Educational operations	-	1,336	1,336	1,758
	<u>47</u>	<u>4,060</u>	<u>4,107</u>	<u>4,383</u>

The expenditure on charitable activities was £4,107,000 (2019: £4,383,000) of which £47,000 was unrestricted (2019: £93,000), £3,848,000 was restricted (2019: £3,533,000) and £212,000 was restricted fixed assets (2019: £757,000).

	2020	2019
	£'000	£'000
Analysis of support costs		
Support staff costs	823	700
Technology costs	60	53
Premises costs	158	743
Legal costs	52	57
Other support costs	226	193
Governance costs	17	12
	<u>1,336</u>	<u>1,758</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

	2020	2019
	£'000	£'000
Wages and salaries	2,408	2,320
Social security costs	193	172
Pension costs	749	519
	<u> </u>	<u> </u>
Staff costs - employees	3,350	3,011
Agency staff costs	16	14
	<u> </u>	<u> </u>
Total staff expenditure	<u>3,366</u>	<u>3,025</u>

Staff numbers

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

	2020	2019
	Number	Number
Teachers	38	37
Administration and support	90	87
Management	5	5
	<u> </u>	<u> </u>
	<u>133</u>	<u>129</u>

Higher paid staff

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

	2020	2019
	Number	Number
£70,001 - £80,000	1	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £354,902 (2019: £344,747).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Chief Executive Officer and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff members under their contracts of employment, and not in respect of their services as trustees.

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

A Witheyman (CEO/Head Teacher):

- Remuneration £75,000 - £80,000 (2019: £65,000 - £70,000)
- Employer's pension contributions £0 - £5,000 (2019: £5,000 - £10,000)

L Evans (Head Teacher):

- Remuneration N/A as resigned as a Trustee 02/09/2019 (2019: £50,000 - £55,000)
- Employer's pension contributions N/A as resigned as a Trustee 02/09/2019 (2019: £5,000 - £10,000)

During the year, travel and subsistence payments totalling £211 (2019: £1,652) were reimbursed or paid directly to 1 trustees (2019: 3 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

12 Insurance for trustees and officers

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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.

13 Tangible fixed assets

	Land and buildings	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2019	8,620	1,768	165	45	10,598
Additions	-	-	19	36	55
At 31 August 2020	8,620	1,768	184	81	10,653
Depreciation					
At 1 September 2019	664	32	139	31	866
Charge for the year	133	39	17	10	199
At 31 August 2020	797	71	156	41	1,065
Net book value					
At 31 August 2020	7,823	1,697	28	40	9,588
At 31 August 2019	7,956	1,736	26	14	9,732

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

(Continued)

The net book value of land and buildings comprises:

	2020	2019
	£'000	£'000
Long leaseholds (over 50 years)	7,823	7,956

On 30 June 2014 the academy's leasehold land and buildings for Badby Primary School and Weedon Bec Primary School were donated to the Trust by Northamptonshire County Council on a 125 year lease at a peppercorn rent. Where the Trust occupies the land and buildings under a licence from the Church of England, no interest in the site passes to the Trust. However, in accordance with FRS 102 and the Academy Accounts Direction 2018 to 2019, the commercial substance of the transaction takes precedence over the legal form. As a result, land and buildings occupied under licence by the Trust and owned by the Church of England are recognised on the Trust's balance sheet for the future economic benefits that are expected to flow from the use of such properties and the trust's control over the assets. On 31 August 2015, an existing use valuation and useful life assessment was prepared for the Education & Skills Funding Agency by DTZ, a firm of Chartered Surveyors, in accordance with the requirements of FRS 102 and resulted in a depreciated replacement cost of £8,586,000 for the land and buildings donated to the Trust.

14 Debtors

	2020	2019
	£'000	£'000
Trade debtors	29	16
VAT recoverable	25	47
Prepayments and accrued income	90	177
	<u>144</u>	<u>240</u>

15 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Government loans	12	14
Trade creditors	135	104
Other taxation and social security	30	15
Other creditors	303	251
Accruals and deferred income	201	283
	<u>681</u>	<u>667</u>

16 Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Government loans	82	108

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

16 Creditors: amounts falling due after more than one year (Continued)

	2020	2019
	£'000	£'000
Analysis of loans		
Not wholly repayable within five years by instalments	34	53
Wholly repayable within five years	60	69
	<u>94</u>	<u>122</u>
Less: included in current liabilities	(12)	(14)
	<u>82</u>	<u>108</u>
	<u><u>82</u></u>	<u><u>108</u></u>
Loan maturity		
Debt due in one year or less	12	14
Due in more than one year but not more than two years	12	14
Due in more than two years but not more than five years	36	41
Due in more than five years	34	53
	<u>94</u>	<u>122</u>
	<u><u>94</u></u>	<u><u>122</u></u>

At 31 August 2020, the academy trust had outstanding Salix loans totalling £94,390 (2019: £121,398). These loans are interest free and are repayable over 7-10 years in half-yearly instalments.

17 Deferred income

	2020	2019
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	78	69
	<u>78</u>	<u>69</u>
Deferred income at 1 September 2019	69	78
Released from previous years	(69)	(78)
Resources deferred in the year	78	69
	<u>78</u>	<u>69</u>
Deferred income at 31 August 2020	<u><u>78</u></u>	<u><u>69</u></u>

At the balance sheet date, the Academy Trust was holding funds received in advance for universal infant free school meals, rates relief and school trips for the 2021 academic year.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	(167)	2,826	(2,868)	209	-
Other DfE / ESFA grants	-	514	(514)	-	-
Other government grants	-	69	(69)	-	-
Other restricted funds	-	204	(204)	-	-
Pension reserve	(1,594)	-	(299)	(116)	(2,009)
	<u>(1,761)</u>	<u>3,613</u>	<u>(3,954)</u>	<u>93</u>	<u>(2,009)</u>
Restricted fixed asset funds					
Inherited on conversion	7,909	-	(133)	-	7,776
DfE group capital grants	1,733	38	(57)	-	1,714
Capital expenditure from GAG	7	-	-	4	11
Capital expenditure from unrestricted funds	13	-	(3)	-	10
Private sector capital sponsorship	88	29	(19)	-	98
	<u>9,750</u>	<u>67</u>	<u>(212)</u>	<u>4</u>	<u>9,609</u>
Total restricted funds	<u>7,989</u>	<u>3,680</u>	<u>(4,166)</u>	<u>97</u>	<u>7,600</u>
Unrestricted funds					
General funds	744	162	(105)	(213)	588
Total funds	<u>8,733</u>	<u>3,842</u>	<u>(4,271)</u>	<u>(116)</u>	<u>8,188</u>

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

Restricted general funds represent unspent General Annual Grant (GAG), which must be used for the normal recurring costs of the academy trust together with other restricted general funds. During the year £213,000 was transferred from unrestricted general funds to restricted general funds to offset the reported deficit brought forward and incurred in the year. The trustees do not expect this to be a recurring issue.

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

Restricted fixed asset funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended. During the year ended 31 August 2020, funds totalling £3,798 were transferred to restricted fixed asset funds from restricted general funds in relation to fixed assets which were purchased using GAG income.

Restricted pension reserve funds represent the academy trust's share of the assets and liabilities of the Local Government Pension Scheme.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	(32)	2,708	(2,751)	(92)	(167)
Other DfE / ESFA grants	-	376	(376)	-	-
Other government grants	-	91	(91)	-	-
Other restricted funds	-	243	(243)	-	-
Pension reserve	(845)	-	(171)	(578)	(1,594)
	<u>(877)</u>	<u>3,418</u>	<u>(3,632)</u>	<u>(670)</u>	<u>(1,761)</u>
Restricted fixed asset funds					
Transfer on conversion	8,043	-	(134)	-	7,909
DfE group capital grants	2,313	(113)	(614)	147	1,733
Capital expenditure from GAG	9	-	(2)	-	7
Capital expenditure from unrestricted funds	-	-	(5)	18	13
Private sector capital sponsorship	43	46	(2)	1	88
	<u>10,408</u>	<u>(67)</u>	<u>(757)</u>	<u>166</u>	<u>9,750</u>
Total restricted funds	<u>9,531</u>	<u>3,351</u>	<u>(4,389)</u>	<u>(504)</u>	<u>7,989</u>
Unrestricted funds					
General funds	<u>718</u>	<u>253</u>	<u>(153)</u>	<u>(74)</u>	<u>744</u>
Total funds	<u>10,249</u>	<u>3,604</u>	<u>(4,542)</u>	<u>(578)</u>	<u>8,733</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18 Funds **(Continued)**

Total funds analysis by academy

	2020	2019
	£'000	£'000
Fund balances at 31 August 2020 were allocated as follows:		
Kilsby CofE Primary School	162	175
Weedon Bec Primary School	291	252
Woodford Halse CofE Primary Academy	23	27
Badby Primary School	102	115
Central services	10	8
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	588	577
Restricted fixed asset fund	9,609	9,750
Pension reserve	(2,009)	(1,594)
	<hr/>	<hr/>
Total funds	<u>8,188</u>	<u>8,733</u>

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2020 £'000	Total 2019 £'000
Kilsby CofE Primary School	325	107	20	79	531	525
Weedon Bec Primary School	693	296	26	138	1,153	1,345
Woodford Halse CofE Primary Academy	734	293	28	167	1,222	1,222
Badby Primary School	560	225	19	138	942	1,082
Central services	67	66	2	89	224	182
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,379</u>	<u>987</u>	<u>95</u>	<u>611</u>	<u>4,072</u>	<u>4,356</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	9,588	9,588
Current assets	801	272	299	1,372
Creditors falling due within one year	-	(403)	(278)	(681)
Creditors falling due after one year	-	(82)	-	(82)
Defined benefit pension liability	-	(2,009)	-	(2,009)
Total net assets	801	(2,222)	9,609	8,188
Balance to allocate	(213)	213	-	-
Per balance sheet	588	(2,009)	9,609	8,188
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	9,732	9,732
Current assets	744	242	384	1,370
Creditors falling due within one year	-	(301)	(366)	(667)
Creditors falling due after one year	-	(108)	-	(108)
Defined benefit pension liability	-	(1,594)	-	(1,594)
Total net assets	744	(1,761)	9,750	8,733

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £38,160 were payable to the schemes at 31 August 2020 (2019: £Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £300,066 (2019: £201,765).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.3% to 20.6% for employers and 5.5% to 12.5% 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.

Total contributions made	2020	2019
	£'000	£'000
Employer's contributions	189	169
Employees' contributions	55	47
	<hr/>	<hr/>
Total contributions	244	216
	<hr/>	<hr/>

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations (Continued)

Principal actuarial assumptions	2020	2019
	%	%
Rate of increase in salaries	2.7	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.2	2.3
Commutation of pensions to lump sums - Pre April 2008 service	50	50
Commutation of pensions to lump sums - Post April 2008 service	75	75

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

	2020	2019
	Years	Years
Retiring today		
- Males	21.5	21.2
- Females	23.7	23.3
Retiring in 20 years		
- Males	22.3	22.3
- Females	25.1	24.7

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
	£'000	£'000
Discount rate + 0.1%	120	105
Discount rate - 0.1%	(120)	(105)
Mortality assumption + 1 year	165	137
Mortality assumption - 1 year	(165)	(137)
CPI rate + 0.1%	113	93
CPI rate - 0.1%	(113)	(93)

The academy trust's share of the assets in the scheme

	2020	2019
	Fair value	Fair value
	£'000	£'000
Equities	1,455	1,316
Bonds	337	311
Property	253	165
Other assets	64	37
Total market value of assets	2,109	1,829

The actual return on scheme assets was £58,000 (2019: £81,000).

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INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2020 £'000	2019 £'000
Current service cost	455	303
Past service cost	-	11
Interest income	(37)	(46)
Interest cost	70	72
Total operating charge	488	340
Changes in the present value of defined benefit obligations	2020 £'000	2019 £'000
At 1 September 2019	3,423	2,389
Current service cost	455	303
Interest cost	70	72
Employee contributions	55	47
Actuarial loss	137	613
Benefits paid	(22)	(12)
Past service cost	-	11
At 31 August 2020	4,118	3,423
Changes in the fair value of the academy trust's share of scheme assets	2020 £'000	2019 £'000
At 1 September 2019	1,829	1,544
Interest income	37	46
Actuarial gain	21	35
Employer contributions	189	169
Employee contributions	55	47
Benefits paid	(22)	(12)
At 31 August 2020	2,109	1,829

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

21 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(429)	(938)
Adjusted for:		
Capital grants from DfE and other capital income	(67)	67
Investment income receivable	(5)	(7)
Defined benefit pension costs less contributions payable	266	145
Defined benefit pension scheme finance cost	33	26
Depreciation of tangible fixed assets	199	186
Decrease in debtors	96	749
Increase/(decrease) in creditors	16	(251)
Net cash provided by/(used in) operating activities	109	(23)

22 Analysis of changes in net funds

	1 September 2019 £'000	Cash flows £'000	31 August 2020 £'000
Cash	730	498	1,228
Loans falling due within one year	(14)	2	(12)
Loans falling due after more than one year	(108)	26	(82)
	608	526	1,134

23 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means, of any asset for which a government capital grant was received, the academy trust is required either to re-invest the proceeds, or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the academy trust serving notice, the academy trust shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the academy site and premises and other assets held for the purposes of the academy trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by the Secretary of State under the funding agreement.

Draft Financial Statements at 18 November 2020
INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

24 Commitments under operating leases

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

	2020 £'000	2019 £'000
Amounts due within one year	19	15
Amounts due in two and five years	15	16
	<u>34</u>	<u>31</u>

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions and on an arm's length basis.

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 11.

26 Members' liability

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