

Registered number: 08138965 (England and Wales)

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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EMBRACE MULTI ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2022

Members

C Lewis
Ven. C Wood
R Dunnett
S Bray
Right Reverend Martyn Snow

Trustees

S Mullins, Trust Leader and Accounting Officer
R Andrews, Chair of Trustees
D Chadwick, Trustee
J Haggart, Trustee
S Piggot, Trustee (Resigned 23 August 2022)
M Poultney, Trustee
S Turner, Trustee (Resigned 13 September 2022)
E Roberts, Trustee
P Gowland, Trustee

Senior Management Team

S Mullins, Trust Leader
Beverley Cuppelditch, Chief Financial Officer (Resigned 24 August 2022)
M Jones
C Clasper
T Chambers

Company Name

Embrace Multi Academy Trust

Principal and Registered Office

Brockington College
Blaby Road
Enderby
Leicester
LE19 4AQ

Company Registered Number

08138965 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

**EMBRACE MULTI ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2022**

Bankers

Lloyds Bank
High Street
Leicester
LE1 9FS

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

**EMBRACE MULTI ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

The Trustees present their Annual Report together with the Financial Statements and Auditor's Report of the charitable company for the year 1 September 2021 to 31 August 2022. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report and Strategic Report under company law.

The Academy Trust operates 7 primary and 1 secondary Academies in South Leicestershire. Its Academies have a combined pupil capacity of 2,852 and had a roll of 2,710 in the school census in October 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Embrace Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as Embrace Multi Academy Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 1 and 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

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance is included in the Risk Protection Arrangement with the ESFA and details are provided in note 14.

Method of Recruitment and Appointment or Election of Trustees

Recruitment of Trustees is outlined in the Memorandum and Articles of Association. Members shall appoint up to 11 Trustees. Each Academy within the Trust has its own local governing body that may include staff and parent Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustee induction training alongside a menu of extensive specialised training is available through the local network of schools that support all new Trustees. The Academy buys into the Local Authority Governor Development Service, who across the Board of Trustees offers further Trustee training. A skills matrix is kept to identify areas of strength and weakness within the Board of Trustees.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

Organisational Structure

The Board of Members meet at least annually to appoint new member Trustees and to receive the annual accounts.

The Board of Trustees meets at least 4 times each year and at each meeting they receive reports from the following committees:

1. Finance and Audit Committee – which meets at least 3 times per year; and
2. Standards Committee – which meets at least 3 times per year.

The day-to-day management of the Trust is delegated to the Trust Leader who delegates the leadership of each Academy to the Headteacher. This group of staff meets fortnightly to discuss both strategic and day-to-day responsibilities.

A scheme of delegation has been approved which provides a clear line of responsibilities at all levels.

Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees reviews the Trust Leader's pay on an annual basis and the Board approves any pay review. Each Local Governing Body Board (with the advice of the Trust leader) reviews and approves the pay for the Headteacher and Senior Leadership Team of their school on an annual basis and in making such determinations considers a range of factors including; the nature of the post; the level of qualifications, skills and experience required; market conditions; the wider school context; external activity; achievement against performance targets.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an Academy Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations.

Relevant union officials

Number of employees who were relevant union officials 2.

Full time equivalent employee number 1.8.

No school time or funds were spent during the year on trade union facilities time. The staff undertook no paid trade union activities during the period.

Related Parties and other Connected Charities and Organisations

As Embrace Multi Academy Trust, we have worked in conjunction with the Football Association to deliver sporting opportunities to the wider community. We continue to work with the Diocese of Leicester to uphold the Christian ethos of the Church of England academies within the Trust.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

Engagement with employees (including disabled persons)

Embrace Multi Academy Trust believes in equality of opportunity for all stakeholders. This also relates to the appointment of new members of staff. All applications are judged in relation to a specific job description and person specification with shortlisting and appointment dependent upon matching these requirements. Where required, the Trust will make reasonable adjustments to the role to support a disabled employee or new appointment. This same policy applies to training, career development and promotion.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal activities of the Trust, as set out in its articles of association and funding agreement with the Secretary of State are;

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 Academies which shall offer a broad and balanced curriculum and which:

- (i) shall include Church of England Academies ("Church Academies" and each a "Church Academy") designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and
- (ii) may include other Academies whether with or without a designated religious character;

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designate Church of England.

Where an Academy is designated as or recognised as a Church Academy, in relation to the ethos and religious education provided at the Academy the Directors shall have regard to any advice and follow any directives issued by the Diocesan Corporate Member.

Objectives, Strategies and Activities

The following information reviews the priorities held by Embrace Multi Academy Trust for the financial year 2021-22.

Embrace Multi Academy Trust's mission:

The Trust exists to provide the best possible standards of education for all pupils within our schools. We achieve this by ensuring that children learn through the provision of a high-quality curriculum and by developing our pupils as individuals, so they are fully equipped for life.

Embrace Multi Academy Trust's vision:

Our vision is to develop our pupils as individuals through our core purpose, which is 'Learning for Life'. We achieve this by working together as an inclusive Trust across our Church of England and community schools, to reflect the communities that they represent and serve. We believe it is important to value and protect these elements of individuality and to celebrate the diversity of our schools, as we do with our pupils and members of staff.

**EMBRACE MULTI ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

Objectives, Strategies and Activities 2021-22:

The Trust has continued to develop systems and processes that are appropriate for managing and developing a sustainable MAT. These have included:

- Further development of shared service team including the appointment of Estates and Compliance Manager;
- Strengthening of safeguarding processes and use of the trust wide safeguarding concerns system;
- SEND provision reviews as part of head teacher and SENCo professional development;
- Implementation of a new trust-wide system for managing Health & Safety compliance and Estates Management; and
- Integration project ensuring all trust schools share same IT domain and platform supporting collaboration.

The key priority areas for Embrace Multi Academy Trust for 2021-22 were:

- Development of school improvement across the Trust

This was a key focus as pupils returned to school for the first full academic year following the pandemic. We have been able to develop our school improvement strategy this year enabling our schools to receive reviews, visits and support as identified.

We have been able to increase our capacity for school improvement through our primary head teacher group and through use of school improvement consultants.

Significant achievements have included:

- Development of primary improvement leader roles for curriculum and data and assessment for primary schools within the trust;
- Development of school improvement visits from secondary consultant;
- Development and implementation of networks for curriculum and subject leaders including SENCo network;
- School reviews for identified aspects of the curriculum including phonics and early reading;
- Writing professional development across subject leader network and whole trust moderation session for all primary schools;
- Development of subject leader networks for English and Maths leaders across all schools; and
- Development of well-being strategy as part of development of a strong and sustainable workforce.

Development of trust policies and support across schools ensured consistency of approach and structures.

These have included:

- Well-being strategy and website for employees across the trust to access;
- Policy development;
- Reviews for effective staffing structures;
- Whole trust well-being morning with keynote speaker; and
- Training for head teachers and leaders to check and review managing workload effectively.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

Achievements and performance:

Key Performance Indicators

Huncote Primary School had a successful Ofsted inspection in March 2022, moving from 'Requires Improvement' to 'Good'.

School	Date of last Ofsted inspection	Ofsted overall effectiveness rating
Arnesby CE Primary School	28/2/2018	Good
Brockington College	1/11/2017	Good
Croft CE Primary School	3/10/2016	Good
Huncote Primary School	15/3/2022	Good
Manorfield CE Primary School	19/1/2017	Good
Sherrier CE Primary School	23/11/2016	Good
St Peter's CE Primary School	12/12/2017	Requires Improvement
Swinford CE Primary School	14/1/2020	Good

Following the pandemic, performance data for 2022 will not be compared to results from previous years. Our significant achievements across the trust include:

- Phonics results across the trust primary schools were in line or above the national standard;
- Of the seven primary schools, five achieved above national attainment in the expected standard at key stage one in reading, writing and mathematics combined;
- Of the seven primary schools, six achieved above national attainment in the expected standard at key stage two in reading, writing and mathematics combined; and
- KS4 Progress 8 score achieved was broadly in line with national.

Public Benefit

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

STRATEGIC REPORT

Going Concern

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

FINANCIAL REVIEW

Reserves Policy

At 31 August 2022 the total funds comprised:

			£'000
Unrestricted:			1,983
Restricted:		Fixed asset funds	5,549
		Salix & CIF loans	(86)
		GAG	1,528
		Pension reserve	(1,477)
Total			<u>7,497</u>

There are a number of constraints placed upon Academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to the Academy in relation to financial planning and monitoring, however, one of the ways the Academy mitigates this risk is through the effective management of reserves which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

Trustees have agreed that an appropriate reserves balance would equate to 4 weeks of expenditure, both in terms of salaries and invoices. This would equate to £1,320,000 the actual reserves available are £1,983,000 unrestricted funds plus £1,528,000 restricted reserves which in total £3,511,000 sufficiently meets the 4 weeks expenditure

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the Teachers' Pension Scheme, separate assets are held to fund future liabilities as discussed in note 28. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

Restricted funds will be spent in accordance with the terms of the funding agreement. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees. The aim of the Trustees has been to increase this reserve to meet current working capital requirements.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

Investment Policy

The Investment Policy ensures that the Academy monitor cash flow on a regular basis and that surplus funds are deposited so as to maximise interest, with a consideration to only invest in risk free and short-term deposit accounts, whilst limiting liability. Investments held at 31 August 2022 are as follows:

	Invested £	Interest Earned £
Saffron Building Society	90,507	985
Lloyds 32-day notice account (05/02/2018 – ongoing)	608,461	421

Principal Risks and Uncertainties

Embrace Multi Academy Trust undertakes risk assessment through the Board of Trustees and in particular the Finance and Audit Committee. Finance and Audit Committee meetings now include a standing agenda item on the management of risk. Any major risks highlighted at any committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of the process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

The current top risks are around the following items:

- Continued risk of coronavirus in a number of areas including the risk of the loss of staff, school closures and financial loss;
- Due to a lack of funding, reduced capacity to create a shared service team in all operational areas;
- Staff do not have sufficient time to fully implement all necessary processes for an efficient organisation;
- Individual academies with financial deficit; and
- Risk of financial loss due to changes in funding and impact of external political factors on this.

Each Academy in the Trust has an insurance policy to mitigate the risk of the Local Government Pension Scheme deficit, which the Trust currently holds within its accounts and all of the Academies within the Trust insure against staff long term absence.

FUNDRAISING

The Multi Academy Trust actively supports both national and local charities. Staff and students are involved in raising funds by organising events such as non-uniform days. All contributions are given on a purely voluntary basis with no minimum amount being set or expected. The income is credited to a separate cost centre and nominal code in the Multi Academy Trust's finance system to ensure that it is ring-fenced. This allows for full transparency of income collected and charity donations made. This is also therefore subject to scrutiny annually by audit. As a Multi Academy Trust we do not use professional fundraisers or any commercial participators to fundraise on our behalf. During the year we received no fundraising complaints with the public receiving no unreasonably intrusive fundraising approaches or undue pressure to donate. All fundraising is monitored by the Trustees.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

PLANS FOR FUTURE PERIODS

Key strategic objectives for Embrace Multi Academy Trust

Embrace has seven key objectives that all stakeholders wish to pursue by August 2022 and beyond. These are essential for the Trust to prosper as a Multi Academy Trust:

1. to safeguard the distinctive ethos and character of each Academy and its unique content;
2. to work together and with those outside Embrace for the benefit of all;
3. to be committed to the continual improvement of pupil academic outcomes;
4. to develop thoughtful, caring and active citizens;
5. to prioritise support for the most vulnerable within our Academies;
6. to grow and sustain a strong, skilled and effective workforce at all levels; and
7. to ensure financial sustainability to allow excellence and growth for Embrace.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF

No funds are held as Custodian Trustee on behalf of others.

AUDITOR

Insofar 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.

Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on13.December.....2022 and signed on the Board's behalf by:

R Andrews
Chair of Trustees

S Mullins
Accounting Officer

EMBRACE MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

SCOPE OF RESPONSIBILITY

As Trustees we acknowledge we have overall responsibility for ensuring that Embrace 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.

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Andrews, Chair of Trustees	8	8
D Chadwick, Trustee	6	8
J Haggart, Trustee	8	8
S Piggot, Trustee (Resigned 23 August 2022)	5	8
M Poultney, Trustee	4	8
S Mullins, Trustee, Trust Leader and Accounting Officer	7	8
S Turner, Trustee (Resigned 13 September 2022)	6	8
E Roberts, Trustee	8	8
P Gowland, Trustee	4	8

Conflicts of interest

All Trustees and Local Governors, and all members of staff who are either budget holders or involved in expenditure/purchasing decisions, are required to complete an annual Register of Interests. They are also required to inform Trust Executive Management of any changes during the year, so that the Register of Interests can be updated. Entries in the register are reviewed to ensure any actions to manage conflicts of interest are taken.

Meetings

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. In addition to a minimum of 4 Board meetings per year, the Board delegates work to the Finance & Audit Committee and the Standards Committee (School Improvement). The Finance & Audit Committee meets at least 4 times per year to ensure effective oversight of Trust funds and the Standards Committee meets at least 3 times per year.

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

GOVERNANCE (continued)

Governance reviews:

Full Board meetings for Trustees take place at least 4 times per year.

The Academy Trust members review the effectiveness of the Board of Trustees on an annual basis via the Leicester Diocesan Annual Return for School Governing Boards. Areas that are reviewed include the skills of Trustees, how well the Board of Trustees holds school leaders to account, the leadership and effectiveness of the Chair of Trustees, the impact of effective governance on pupil outcomes and training (undertaken and planned) of Trustees.

The Trust employs a fully trained clerk and minutes are produced and made available to all Trustees via GovernorHub.

Trustees have been recruited with a view to possessing the business, financial and educational skills required to lead a Trust. We feel that we have a set of Trustees that meet this aim and they come from a background of leadership within the business, financial and educational world. A skills audit will take place every two years.

Trustee committees for Embrace Multi Academy Trust have been established in the following two areas:

- Finance and Audit; and
- Standards.

These committees focus on what the Trust considers are the two key areas. Committee members have been allocated according to expertise and the Chair of each committee reports back to the full Trust Board after all meetings.

Attendance during the year at the meetings of the Finance and Audit Committee was as follows:

Trustee	Meetings attended	Out of a possible
R Andrews, Chair of Trustees	1	4
D Chadwick, Trustee	4	4
S Mullins, Trustee, Trust Leader and Accounting Officer	3	4
E Roberts, Chair of Finance and Audit Committee	4	4
P Gowland, Trustee	3	4

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

The Finance and Audit Committee is a committee of the main Board of Trustees. Its purpose is as follows:

1. Finance

- to review the Trust's proposed annual consolidated budget to ensure that it has been prepared in accordance with Embrace policies and guidance and that it presents a balanced position for the coming year, taking into account the confirmed level of funding and agreed priorities of Embrace;
- to recommend the consolidated budget for approval by the Trust Board, drawing to their attention any matters of concern or significance;
- to review the financial implications placed upon the budget and the consistency of application across the Trust of the Trust's pay policy and performance management policy;
- to review and approve the consolidated 3-year financial projections for the Trust then recommend to the Trust Board, drawing to their attention any matters of concern or significance;
- to approve a reserves policy for recommendation to the Trust Board;
- to receive and consider consolidated budget monitoring accounts at each meeting and to review the appropriateness of any proposed adaptive action;
- the chair of the committee will receive and consider consolidated budget monitoring accounts on a monthly basis and will review the appropriateness of any proposed adaptive action;
- to monitor and review the Embrace strategic plan, advising on the financial implications of any proposed developments. To regularly review the finance section of the Embrace strategic plan; and
- to receive a summary of any debts that are recommended to be written-off and thereby ensure compliance with prevailing Embrace, ESFA and DfE regulations.

2. Audit

- to appoint an internal audit service for the Trust and agree the scope of its work;
- to receive copies of individual Academy internal audit reports, as requested. To provide assurance on each individual Academy's adherence to Trust wide financial policies, procedures and regulations, and to ensure that adequate financial controls are in place and operating satisfactorily. The committee should only review specific actions where high priority recommendations have been made;
- to review and approve the Trust's annual accounts prior to submission;
- to consider the recommendations made by the external auditor in their management letter following the audit of the Trust's annual statutory accounts and to advise the Board on any action needed;
- to recommend to the members the appointment or reappointment of the external auditors of the Trust;
- to review annually the register of business interests for all Trustee and executive Embrace employees and to take appropriate action should issues be apparent; and
- to annually review and approve the Trust's financial Scheme of Delegation and appropriate financial regulations.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

3. Risk

The committee has oversight of the Trust's implementation of appropriate risk management and internal control systems, thus enabling the Board to make a robust assessment of the principal risks. Specifically, the committee will:

- monitor and review the risk management and internal control systems and its process of monitoring and reviewing, to ensure they are functioning effectively, and that corrective action is being taken where necessary; and
- monitor and review termly the Embrace risk register and escalate key risks to the Trust Board for the Board to agree a programme of work to address and provide assurance on those risks.

4. Relevant Policies

To approve policies as determined by the Trust Board through a Trust policy framework.

5. General

To consider other areas, as determined by the Trust Board from time to time.

6. Review

The committee will self-assess its performance against these terms of reference on an annual basis and will also review the terms of reference, submitting any proposed changes to the Board for approval.

REVIEW OF VALUE FOR MONEY

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

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

- Reviewing relevant contracts for services and re-negotiating or changing provider. This includes finance system and absence insurance provider which have resulted in savings and improved efficiencies; and
- Income generation, including lettings, across the Trust is to be reviewed to maximise income potential whilst providing the community with childcare and additional sporting and social opportunities.

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 Embrace Multi Academy Trust for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the Annual Report and financial statements.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Duncan & Topliss as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

Internal Audit coverage:-

- Review of governance
- Review of payroll
- Review of strategic and operational
- Review of income

On an annual basis, the internal auditor reports to the Board of Trustees, through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustee's financial responsibilities.

During 2022 a full internal audit was conducted of all of the schools within the Trust.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the staff within the Academy Trust who have responsibility for the development and maintenance of the internal control framework; and
- the work of the external auditor.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

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

Approved by order of the members of the Board of Trustees on 13 December.....2022 and signed on its behalf by:

.....
R Andrews
Chair of Trustees

.....
S Mullins
Accounting Officer

EMBRACE MULTI ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2022

As Accounting Officer of Embrace 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 2021.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2021.

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.

.....
S Mullins
Accounting Officer

..... 13 December 2022

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

R Andrews
Chair of Trustees

Date: 13 December 2022

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EMBRACE MULTI ACADEMY TRUST

Opinion

We have audited the financial statements of Embrace Multi Academy Trust (the 'Academy Trust') for the year ended 31 August 2022 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
EMBRACE MULTI ACADEMY TRUST (CONTINUED)**

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EMBRACE MULTI ACADEMY TRUST (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, set out on page 18, the Trustees (who are also the Directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- Obtaining and understanding of the legal and regulatory frameworks that the Academy Trust operates in, focusing on those laws and regulations that have a direct effect on the financial statements;
- Enquiring of management and Trustees around known or suspected instances of non-compliance of laws and regulations and fraud;
- Discussing among the engagement team regarding how and where fraud might occur in the Academy Trust financial statements and any potential indications of fraud;
- Reviewing minutes of meetings of those charged with governance; and
- Performing audit work in relation to the risk of management override, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias.

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

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

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
EMBRACE MULTI ACADEMY TRUST (CONTINUED)**

Use of our report

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

Helen Blundell LLB FCA FCIE DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson (Statutory Auditors)

Leicester, United Kingdom

Date: 20 December 2022

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Embrace Multi Academy Trust during the year 1 September 2021 to 31 August 2022 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 Embrace 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 Embrace 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 Embrace Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Embrace Multi Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Embrace Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2019 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

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

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors of the Academy Trust;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate;
- reviewing the Minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity; and
- consideration of governance issues.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
MHA MacIntyre Hudson (Statutory Auditors)
Leicester, United Kingdom

Date: 20 December 2022

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Restricted fixed asset funds 2022 £000	Total funds 2022 £000	Total funds 2021 £000
Income from:					
Donations and capital grants	3	-	9	70	79
Other trading activities	4	469	-	-	469
Investments	5	3	-	-	3
Charitable activities:	6				
Funding for Academy Trust's educational operations		96	15,161	-	15,257
		96	15,161	-	15,257
Total income	568	15,170	70	15,808	15,191
Expenditure on:					
Raising funds	7	277	-	-	277
Charitable activities:					
Academy Trust educational operations	8	-	16,679	271	16,951
		-	16,679	271	16,951
Total expenditure		277	16,679	271	17,227
Net income/(expenditure)		291	(1,509)	(201)	(1,419)
Transfers between funds	21	(68)	(277)	345	-
		(68)	(277)	345	-
Other recognised losses:					
Actuarial gains/(losses) on defined benefit pension schemes	29	-	10,768	-	10,768
		-	10,768	-	10,768
Net movement in funds		223	8,982	144	9,349
Reconciliation of funds:	21				
Total funds brought forward		1,760	(8,931)	5,319	(1,852)
Net movement in funds		223	8,982	144	9,349
Total funds carried forward		1,983	51	5,463	7,497

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

The notes on pages 29 to 67 form part of these financial statements.

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)****REGISTERED NUMBER: 08138965**

**BALANCE SHEET
AS AT 31 AUGUST 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	16	5,549	5,404
		<u>5,549</u>	<u>5,404</u>
Current assets			
Stocks	17	6	5
Debtors	18	387	556
Cash at bank and in hand	26	4,327	3,686
		<u>4,720</u>	<u>4,247</u>
Current liabilities			
Creditors: amounts falling due within one year	19	(1,222)	(676)
		<u>3,498</u>	<u>3,571</u>
Net current assets			
		<u>9,047</u>	<u>8,975</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	20	(73)	(77)
		<u>8,974</u>	<u>8,898</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	29	(1,477)	(10,750)
		<u>7,497</u>	<u>(1,852)</u>
Total net assets			
		<u><u>7,497</u></u>	<u><u>(1,852)</u></u>
Funds of the Academy Trust			
Restricted funds:			
Restricted fixed asset funds	21	5,463	5,319
Restricted income funds	21	1,528	1,819
		<u>6,991</u>	<u>7,138</u>
Restricted funds excluding pension liability	21		
Pension reserve	21	(1,477)	(10,750)
		<u>5,514</u>	<u>(3,612)</u>
Total restricted funds	21		
Unrestricted income funds	21	1,983	1,760
		<u>7,497</u>	<u>(1,852)</u>
Total funds		<u><u>7,497</u></u>	<u><u>(1,852)</u></u>

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)
REGISTERED NUMBER: 08138965

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

The financial statements on pages 25 to 67 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

R Andrews
Chair of Trustees

S Mullins
Accounting Officer

Date: 13 December 2022

Date: 13 December 2022

The notes on pages 29 to 67 form part of these financial statements.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	988	905
Cash flows from investing activities	25	(343)	(1,061)
Cash flows from financing activities	24	(4)	(3)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		641	(159)
Cash and cash equivalents at the beginning of the year		3,686	3,845
Cash and cash equivalents at the end of the year	26	4,327	3,686
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 29 to 67 form part of these financial statements

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Embrace Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

Embrace Multi Academy Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office, principal place of operation and registered number are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees' Report.

The Financial Statements are prepared in British Pound Sterling (£), the functional and presentational currency, rounded to the nearest £1,000.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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 financial statements.

This consideration has taken into account as far as possible, the economic and political climate, and its impact on the Academy Trust, as far as it can be determined, and the Trustees remain satisfied that the going concern principle remains appropriate.

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.

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.3 Income (continued)

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

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

- **Donations**

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

- **Other income**

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

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

Where assets and liabilities are received on the transfer of an existing Academy Trust into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Donations and Capital Grants' to the net assets acquired.

1.4 Expenditure

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

- **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.

All resources expended are inclusive of irrecoverable VAT.

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. Accounting policies (continued)

1.5 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the 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, transfers are made to the restricted fixed asset fund.

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

Depreciation is provided on the following bases:

Long-term leasehold land	- 125 years straight-line per annum
Long-term leasehold property	- 2% straight-line per annum
Long-term leasehold property improvements	- 2% straight-line, 10% straight-line and 33.3% straight-line per annum
Furniture and fittings	- 10% straight-line, 15% straight-line and 20% straight-line per annum
Computer equipment	- 20% straight-line and 33.3% straight-line per annum

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 Stocks

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

1.7 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.8 Cash at bank and in hand

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

1.9 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.

1.10 Provisions

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

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

1.11 Pensions

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.

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 prospective unit credit method. As stated in note 29, TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.11 Pensions (continued)

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/(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.

1.12 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. 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 as detailed in notes 19 and 20. 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.

1.13 Operating leases

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

1.14 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.14 Fund accounting (continued)

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

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

1.15 Licence to occupy

The Trustees of Embrace Multi Academy Trust, in agreement with the Board of Education of the Diocese of Leicester, occupy certain buildings and some open land on a rent free licence. Full details of the arrangement are detailed in note 16.

The Trustees have considered the guidance in the Academies Accounts Direction in relation to properties occupied under licence. Having considered the arrangements under which the Academy Trust is occupying certain land and buildings, for the reasons given in note 16, the Trustees have concluded that the arrangement should not be included as an asset on the Balance Sheet and the Trustees have not included any value of land or buildings in the financial statements.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The 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 annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 16 for the carrying amount of tangible fixed assets, and note 1.5 for the useful economic lives for each class of assets.

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 29, 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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The judgements that have had a significant effect on amounts recognised in the Financial Statements are those covering the choice of depreciation policies and asset lives.

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3. Donations and capital grants

	Restricted funds 2022 £000	Restricted fixed asset funds 2022 £000	Total funds 2022 £000
Other donations	9	-	9
Capital grants	-	70	70
Total 2022	9	70	79

	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Other donations	14	-	14
Capital grants	5	68	73
Donated from Academy joining Trust	(77)	221	144
Total 2021	(58)	289	231

There are no unfulfilled conditions or other contingencies attached to the Government grants above.

4. Other trading activities

	Unrestricted funds 2022 £000	Total funds 2022 £000
Rental and hire of facilities	149	149
Catering	277	277
Other income	43	43
Total 2022	469	469

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NOTES TO THE FINANCIAL STATEMENTS
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4. Other trading activities (continued)

	Unrestricted funds 2021 £000	Total funds 2021 £000
Rental and hire of facilities	46	46
Catering	141	141
Other income	58	58
Total 2021	<u>245</u>	<u>245</u>

5. Investment income

	Unrestricted funds 2022 £000	Total funds 2022 £000
Investment income	3	3
Total 2022	<u>3</u>	<u>3</u>

	Unrestricted funds 2021 £000	Total funds 2021 £000
Investment income	2	2
Total 2021	<u>2</u>	<u>2</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

6. Funding for the Academy Trust's educational operations

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Educational operations			
DfE/ESFA grants			
General Annual Grant (GAG)	-	13,247	13,247
Other DfE/ESFA grants			
Pupil Premium	-	470	470
UIFSM	-	227	227
Other	-	396	396
	-	14,340	14,340
Other Government grants			
Local Authority grants	-	476	476
	-	476	476
Other income from the Academy Trust's educational operations	96	272	368
Exceptional Government spending COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	-	57	57
Other DfE/ESFA COVID-19 funding	-	16	16
	-	73	73
Total 2022	96	15,161	15,257

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

6. Funding for the Academy Trust's educational operations (continued)

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Educational operations			
DfE/ESFA grants			
General Annual Grant (GAG)	-	12,048	12,048
Other DfE/ESFA grants			
Pupil Premium	-	478	478
Teachers' Pay and Pension Grant	-	598	598
UIFSM	-	221	221
Other	-	314	314
	-	13,659	13,659
Other Government grants			
Local Authority grants	-	544	544
Other Government grants	-	32	32
	-	576	576
Other income from the Academy Trust's educational operations	90	110	200
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	-	217	217
Other DfE/ESFA COVID-19 funding	-	45	45
	-	262	262
Exceptional Government spending COVID-19 additional funding (non-DfE/ESFA)			
Coronavirus Job Retention Scheme grant	-	16	16
	-	16	16
Total 2021	90	14,623	14,713

The Academy Trust received £57k (2021: £217k) of funding for Catch-up Premium and costs incurred in respect of this funding totalled £57k (2021: £217k).

In 2020/2021 the Academy Trust furloughed some of its lettings, catering, breakfast club and wraparound care staff under the Government's Coronavirus Job Retention Scheme. The funding received of £16k relates to staff costs in respect of 15 staff, which are included within note 11 below as appropriate.

There are no unfulfilled conditions or other contingencies attached to the Government grants above.

EMBRACE MULTI ACADEMY TRUST

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

7. Expenditure on raising funds

	Unrestricted funds 2022 £000	Total funds 2022 £000
Catering	132	132
Kitchen and premises staff wages and salaries	114	114
Kitchen and premises staff national insurance	5	5
Kitchen and premises staff pension costs	26	26
Total 2022	277	277
	Unrestricted funds 2021 £000	Total funds 2021 £000
Catering	71	71
Kitchen and premises staff wages and salaries	34	34
Kitchen and premises staff national insurance	6	6
Kitchen and premises pension costs	30	30
Total 2021	141	141

8. Charitable activities

	Activities undertaken directly 2022 £000	Support costs 2022 £000	Total funds 2022 £000
Educational operations	12,455	4,496	16,951

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

8. Charitable activities (continued)

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000
Educational operations	10,629	4,473	15,102

Analysis of direct costs

	Total funds 2022 £000	As restated total funds 2021 *
Direct staff costs	11,138	9,980
Direct depreciation	271	117
Direct technology costs	30	-
Examination fees	97	64
School trips and visits	176	27
Other direct costs	249	76
Direct learning resources	494	365
Total 2022	12,455	10,629

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

8. Charitable activities (continued)

Analysis of support costs

	Total funds 2022 £000	As restated total funds 2021 *
		£000
Pension finance costs (note 15)	188	135
Support staff costs	2,682	2,648
Support technology costs	136	164
Support premises costs	844	839
Legal costs – other	13	19
Other support costs	633	668
	4,496	4,473
	4,496	4,473

*Following the reclassification in the Academies Accounts Direction 2021/2022 of expenses, the groupings of expenses in respect of direct and support costs have changed. The prior year numbers have been reclassified.

9. Expenditure

	Staff Costs 2022 £000	Premises 2022 £000	Other 2022 £000	Total 2022 £000
Expenditure on raising funds:				
Direct costs	145	-	132	277
Academy Trust's educational operations:				
Direct costs	11,138	210	1,107	12,455
Allocated support costs	2,870	814	812	4,496
Total 2022	14,153	1,024	2,051	17,228
	14,153	1,024	2,051	17,228

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

9. Expenditure (continued)

	Staff Costs 2021 £000	As Restated Premises 2021 *	As Restated Other 2021 *	Total 2021 £000
Expenditure on raising funds:				
Direct costs	70	-	71	141
Academy Trust's educational operations:				
Direct costs	9,980	78	571	10,629
Allocated support costs	2,783	839	851	4,473
Total 2021	<u>12,833</u>	<u>917</u>	<u>1,493</u>	<u>15,243</u>

*Following the reclassification in the Academies Accounts Direction 2021/2022 of expenses, the groupings of expenses in respect of premises and other costs have changed. The prior year numbers have been reclassified.

10. Net income/(expenditure)

Net expenditure for the year includes:

	2022 £000	2021 £000
Operating lease rentals	151	153
Depreciation of tangible fixed assets	271	116
Fees paid to auditors for:		
- audit	37	35
- other services	4	4

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £000	2021 £000
Wages and salaries	9,496	9,061
Social security costs	829	761
Pension costs	3,451	2,759
	<hr/>	<hr/>
	13,776	12,581
Agency staff costs	154	91
Staff restructuring costs	35	26
Pension finance cost (note 15)	188	135
	<hr/>	<hr/>
	14,153	12,833
	<hr/> <hr/>	<hr/> <hr/>

Staff restructuring costs comprise:

	2022 £000	2021 £000
Redundancy payments	20	-
Severance payments	-	26
Other restructuring costs	15	-
	<hr/>	<hr/>
	35	26
	<hr/> <hr/>	<hr/> <hr/>

b. Special staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual staff severance payments totalling £Nil (2021: £26,127). Individually, the payments were £Nil (2021: £17,134 and £8,993 respectively).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff (continued)

c. Staff numbers

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

	2022	2021
	No.	No.
Teaching	132	114
Administration and support	241	218
Management	27	28
	400	360

d. Higher paid staff

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

	2022	2021
	No.	No.
In the band £60,001 - £70,000	5	6
In the band £70,001 - £80,000	2	3
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	-	1

The above employee participates in the Teachers' Pension Scheme. During the year ended 31 August 2022, pension contributions for these staff members amounted to £165,847 (2021: £193,978).

e. Key Management Personnel

The Key Management Personnel of the Academy Trust comprise the Staff 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 £405,814 (2021: £313,989).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. Central services

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

- Provision of CEO & CFO services
- Schools improvement
- External accountancy services
- Estates and compliance
- Human resource
- Governance

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

5% (2021: 3%) top slice from GAG funding.

The actual amounts charged during the year were as follows:

	2022	2021
	£000	£000
Brockington College	329	184
Huncote Community Primary School	40	22
Croft Church of England Primary School	32	18
Manorfield Church of England Primary School	87	46
St Peter's Church of England Primary School	42	24
Sherrier Church of England Primary School	83	46
Arnesby Church of England Primary School	21	11
Swinford Church of England Primary School	28	10
Total	662	361

In the previous year in addition to the above £177,000 was recharged to individual schools from Central in relation to costs over and above the top slice for ICT costs, finance support costs and payroll costs. Not all schools are charged at the same rate as this depends on the services they receive.

13. Trustees' remuneration and expenses

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

		2022	2021
		£000	£000
C Southall	Remuneration	-	115 - 120
	Pension contributions paid	-	25 - 30
S Mullins	Remuneration	100 - 105	0 - 5
	Pension contributions paid	20 - 25	0 - 5

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Trustees' remuneration and expenses (continued)

During the year ended 31 August 2022, no Trustees were reimbursed or paid directly for expenses they have incurred (2021: £NIL).

Other related party transactions involving the Trustees are set out in note 31.

14. Trustees' and Officers' insurance

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 business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

15. Pension finance cost

	2022	2021
	£000	£000
Expected return on pension scheme assets	158	120
Interest on pension scheme liabilities	(346)	(255)
	<u>(188)</u>	<u>(135)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

16. Tangible fixed assets

	Long-term leasehold land and property £000	Long-term leasehold property improvements £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2021	3,886	1,895	247	330	6,358
Additions	-	249	43	124	416
At 31 August 2022	3,886	2,144	290	454	6,774
Depreciation					
At 1 September 2021	159	367	158	270	954
Charge for the year	44	166	16	45	271
At 31 August 2022	203	533	174	315	1,225
Net book value					
At 31 August 2022	3,683	1,611	116	139	5,549
At 31 August 2021	3,727	1,528	89	60	5,404

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

16. Tangible fixed assets (continued)

The Trustees of Embrace Multi Academy Trust, in agreement with the Board of Education of the Diocese of Leicester, occupy the buildings and some open land of the Academy Trust on a rent free licence. This continuing permission of the Board of Education is pursuant to, and subject to, the Board's charitable objects. The licence delegates aspects of the management of the land (and buildings) to the Academy Trust company for the time being, but does not vest any rights over the land in the Academy Trust company. The terms of this licence have been agreed between the Secretary of State and the Trustees of Embrace Multi Academy Trust and contain a termination clause on the Trustees of Embrace Multi Academy Trust by the Board of Education giving two years notice. The Academy Trust is responsible for the maintenance and insurance of the land and buildings.

The value of the donated facility cannot be reliably quantified and measured and accordingly no accounting adjustment has been made for this matter.

For Brockington College, included in long leasehold land and property is land valued at £1,062,500 (2021: £1,062,500) on conversion in 2012 by the Education and Skills Funding Agency, Graham Tyerman MRICS, using the depreciation replacement method. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2012.

For Huncote Community Primary School, included in long leasehold land and property is land valued at £369,900 (2021: £369,900) on conversion in 2012 by the Leicestershire County Council, Andrea Hopkins BSc (Hons) MRICS, using the depreciation replacement method. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2012.

For Croft Church of England Primary School, Manorfield Church of England Primary School and Sherrier Church of England Primary School, included in long leasehold land and property is land valued at £1,432,900 (2021: £1,432,900) on conversion in 2019 by Leicestershire County Council, Sally Turner MRICS, using the depreciation replacement method. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2019.

For Swinford Church of England Primary School included in long leasehold land is land valued at £211,000 on conversion in 2017 being an estimate of the fair value of the land based on Leicestershire County Council valuations of other land in the Trust. The freehold of this land is owned by Leicestershire County Council.

The Academy Trust holds a 125 year lease on a peppercorn rent from 2019. The Academy Trust's transactions relating to land and buildings included land valued at £204,000 transferred in from Swinford Church of England Primary School on joining the MAT.

17. Stocks

	2022	2021
	£000	£000
Finished goods and goods for resale	6	5
	6	5

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
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18. Debtors

	2022	2021
	£000	£000
Trade debtors	9	14
VAT recoverable	117	103
Other debtors	1	-
Prepayments and accrued income	260	439
	<hr/> 387 <hr/>	<hr/> 556 <hr/>

19. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Other loans	13	13
Trade creditors	260	6
Other taxation and social security	196	188
Other creditors	158	157
Accruals and deferred income	595	312
	<hr/> 1,222 <hr/>	<hr/> 676 <hr/>

Included within other loans falling due within one year are three loans amounting to £13,008 (2021: £13,008) from the Education and Skills Funding Agency under the Capital Improvement Fund and from Salix Finance as follows:-

Salix Finance loan for LED lighting upgrade of £3,162 (2021: £3,162), which is repayable in instalments over 8 years finishing in 2024, no interest is charged.

Salix Finance loan for heating system replacement of £1,069 (2021: £1,069), which is repayable in instalments over 8 years finishing in 2029, no interest is charged.

ESFA CIF loan for roofing repairs of £8,777 (2021: £8,777), which is repayable in instalments over 8 years finishing in 2029, no interest is charged.

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19. Creditors: Amounts falling due within one year (continued)

	2022	2021
	£000	£000
	2022	2021
	£000	£000
Deferred income		
Deferred income at 1 September 2021	225	307
Resources deferred during the year	270	225
Amounts released from previous periods	(225)	(307)
Deferred income at 31 August 2022	270	225

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, trips, dinner money, pre school funding, national tutoring funding and SEN top-up funding for the 2022/2023 Academic year.

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

	2022	2021
	£000	£000
Other loans	73	77

Included within other loans falling due within one year are three loans amounting to £73,130 (2021: £76,827) from the Education and Skills Funding Agency under the Capital Improvement Fund and from Salix Finance as follows:-

Salix Finance loan for LED lighting upgrade of £4,743 (2021: £7,906), which is repayable in instalments over 8 years finishing in 2024, no interest is charged.

Salix Finance loan for heating system replacement of £6,948 (2021: £7,482), which is repayable in instalments over 8 years finishing in 2029, no interest is charged.

ESFA CIF loan for roofing repairs of £61,439 (2021: £61,439), which is repayable in instalments over 8 years finishing in 2029, no interest is charged.

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21. Statement of funds

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2022 £000
Unrestricted funds						
Designated funds						
Astro turf pitch	150	-	-	10	-	160
General funds						
General Funds	1,610	568	(277)	(78)	-	1,823
Total Unrestricted funds	1,760	568	(277)	(68)	-	1,983
Restricted general funds						
General Annual Grant (GAG)	1,814	13,247	(13,256)	(277)	-	1,528
Pupil Premium	-	470	(470)	-	-	-
UIFSM	-	227	(227)	-	-	-
Other DfE/ESFA grants	-	396	(396)	-	-	-
Local Authority grants	-	476	(476)	-	-	-
Other income	-	272	(272)	-	-	-
Donations	5	9	(14)	-	-	-
Catch-up Premium	-	57	(57)	-	-	-
Other DfE/ESFA COVID-19 funding	-	16	(16)	-	-	-
Pension reserve	(10,750)	-	(1,495)	-	10,768	(1,477)
	(8,931)	15,170	(16,679)	(277)	10,768	51

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21. Statement of funds (continued)

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Transfers in/(out) £000	£000	Balance at 31 August 2022 £000
Restricted fixed asset funds						
Net book value of fixed assets	5,404	-	(271)	416	-	5,549
Capital grants (DFC)	5	70	-	(75)	-	-
Salix loans	(20)	-	-	4	-	(16)
CIF loan	(70)	-	-	-	-	(70)
	<u>5,319</u>	<u>70</u>	<u>(271)</u>	<u>345</u>	<u>-</u>	<u>5,463</u>
Total Restricted funds	<u>(3,612)</u>	<u>15,240</u>	<u>(16,950)</u>	<u>68</u>	<u>10,768</u>	<u>5,514</u>
Total funds	<u>(1,852)</u>	<u>15,808</u>	<u>(17,227)</u>	<u>-</u>	<u>10,768</u>	<u>7,497</u>

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

Designated funds

The designated fund includes transfers of £10,000 transferred from unrestricted funds which is transferred on a regular basis to cover the predicted future cost of replacing the Astro Turf Pitch carpet which is estimated to be in 3 years time.

Unrestricted funds

Unrestricted funds are to be used towards meeting any of the charitable objectives of the Academy Trust at the discretion of the Trustees. Transfers of £62,000 from unrestricted funds to the restricted fixed asset fund represents allocations from unrestricted funds towards fixed assets. Transfers of £6,000 from unrestricted funds to the restricted funds represents allocations from unrestricted funds for an overspend on GAG.

General Annual Grant (GAG)

Funds from the Education and Skills Funding Agency for the provision of education, in line with the funding agreement.

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 2022. Transfers of £6,000 from unrestricted funds to the restricted funds represents allocations from unrestricted funds for an overspend on GAG. Transfers of £354,000 from restricted funds to the restricted fixed asset fund represents allocations from GAG towards fixed assets. Transfers of £75,000 from restricted fixed asset to restricted funds represents capital grants used for revenue expenditure, this is inline with the terms of the grants. Transfers of £4,000 from restricted funds to restricted fixed asset funds represents allocations of restricted funds towards the repayment of the Salix loans.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

Pupil premium

Additional funds from the Education and Skills Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Other DfE/ESFA Grants

Other funds provided by the DfE/ESFA for particular purposes within the Academy Trust's educational operations.

Other Government grants

These are funds and grants received from the Local Authority and other institutions for use on specific educational projects.

Other income

These consist of income from all other sources to be used primarily for the Academy Trust's educational operations.

Other donations

This consists of donations from all other sources to be used primarily for Academy Trust's educational operations.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the Balance Sheet. The fund is in deficit but given the nature of the liability this is not payable immediately. Plans are in place to address the deficit.

Restricted Fixed asset funds

The restricted fixed asset fund was funded predominately by the funds inherited on conversion to an Academy Trust from Local Authority following the transfer of assets. It included further amounts invested in leasehold property, furniture and fittings and computer equipment. Also included in the funds is depreciation charged on fixed assets held. Transfers of £62,000 from unrestricted funds to the restricted fixed asset fund represents allocations from unrestricted funds towards fixed assets. Transfers of £354,000 from restricted funds to the restricted fixed asset fund represents allocations from GAG towards fixed assets..

Capital grants

This consists of Devolved Formula Capital (DFC), other capital funding from the ESFA and S106 from the Local Authority. The DFC is to be used for ICT items, improvements to buildings and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for. Transfers of £75,000 from restricted fixed asset fund to restricted funds represents capital grants spent on revenue expenditure, this is inline with the terms of the grant.

Salix and CIF Loans

The Salix loans and CIF loan liability represents amounts which were received as part of the CIF funding received for the purchase of tangible fixed assets. As repayments were made against the liabilities, transfers will be made from restricted funds against Salix loans fund and the CIF loan fund. Transfers of £4,000 from restricted funds to restricted fixed asset funds represents allocations of restricted funds towards the repayment of the Salix loans.

EMBRACE MULTI ACADEMY TRUST

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

21. Statement of funds (continued)

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

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
Designated funds						
Astro turf pitch	140	-	-	10	-	150
Modular building	160	-	-	(160)	-	-
	300	-	-	(150)	-	150
General funds						
General Funds	1,419	337	(141)	(5)	-	1,610
	1,719	337	(141)	(155)	-	1,760
Restricted general funds						
General Annual Grant (GAG)	1,426	12,048	(11,412)	(248)	-	1,814
Pupil Premium	-	478	(478)	-	-	-
Teachers' Pay and Pension Grant	-	598	(598)	-	-	-
UIFSM	-	221	(221)	-	-	-
Other DfE/ESFA grants	14	314	(328)	-	-	-
Other Governments grants	-	576	(576)	-	-	-
Other income	80	110	(190)	-	-	-
Donations	-	19	(9)	(5)	-	5
Donation on Academy joining Trust	-	(77)	(37)	114	-	-
Catch-up Premium	-	217	(217)	-	-	-
Other DfE/ESFA COVID-19 funding	-	45	(45)	-	-	-
Coronavirus Job Retention Scheme grant	-	16	(16)	-	-	-
Pension reserve	(7,435)	-	(858)	(114)	(2,343)	(10,750)
	(5,915)	14,565	(14,985)	(253)	(2,343)	(8,931)

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

21. Statement of funds (continued)

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/(out) £000	£000	Balance at 31 August 2021 £000
Restricted fixed asset funds						
Net book value of fixed assets	4,169	-	(117)	1,352	-	5,404
Capital grants (CIF)	651	-	-	(651)	-	-
Capital grants (DFC)	12	68	-	(75)	-	5
Donation on Academy joining Trust	-	221	-	(221)	-	-
Salix loans	(23)	-	-	3	-	(20)
CIF loan	(70)	-	-	-	-	(70)
	<u>4,739</u>	<u>289</u>	<u>(117)</u>	<u>408</u>	<u>-</u>	<u>5,319</u>
Total Restricted funds	<u>(1,176)</u>	<u>14,854</u>	<u>(15,102)</u>	<u>155</u>	<u>(2,343)</u>	<u>(3,612)</u>
Total funds	<u><u>543</u></u>	<u><u>15,191</u></u>	<u><u>(15,243)</u></u>	<u><u>-</u></u>	<u><u>(2,343)</u></u>	<u><u>(1,852)</u></u>

EMBRACE MULTI ACADEMY TRUST

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

21. Statement of funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2022 were allocated as follows:

	2022	2021
	£000	£000
Brockington College	2,469	2,458
Huncote Community Primary School	160	158
Croft Church of England Primary School	118	229
Manorfield Church of England Primary School	300	274
St Peter's Church of England Primary School	43	58
Sherrier Church of England Primary School	310	277
Arnesby Church of England Primary School	31	48
Swinford Church of England Primary School	24	15
Embrace Multi Academy Trust	56	62
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	3,511	3,579
Restricted fixed asset fund	5,463	5,319
Pension reserve	(1,477)	(10,750)
	<hr/>	<hr/>
Total	7,497	(1,852)
	<hr/> <hr/>	<hr/> <hr/>

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

21. Statement of funds (continued)**Total cost analysis by Academy**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2022 £000
Brockington College	4,464	1,237	254	1,112	7,067
Huncote Community Primary School	615	105	43	141	904
Croft Church of England Primary School	533	186	29	188	936
Manorfield Church of England Primary School	1,436	137	63	261	1,897
St Peter's Church of England Primary School	661	240	19	161	1,081
Sherrier Church of England Primary School	1,283	191	51	258	1,783
Arnesby Church of England Primary School	361	28	20	89	498
Swinford Church of England Primary School	437	38	16	132	623
Embrace Multi Academy Trust	8	571	-	93	672
Academy Trust	9,798	2,733	495	2,435	15,461

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

21. Statement of funds (continued)

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000
Brockington College	4,189	1,319	204	888	6,600
Huncote Community Primary School	566	116	24	117	823
Croft Church of England Primary School	587	164	20	120	891
Manorfield Church of England Primary School	1,326	140	52	278	1,796
St Peter's Church of England Primary School	643	232	13	141	1,029
Sherrier Church of England Primary School	1,327	191	33	223	1,774
Arnesby Church of England Primary School	334	29	17	64	444
Swinford Church of England Primary School	284	31	16	82	413
Embrace Multi Academy Trust	1	496	1	-	498
Academy Trust	<u>9,257</u>	<u>2,718</u>	<u>380</u>	<u>1,913</u>	<u>14,268</u>

EMBRACE MULTI ACADEMY TRUST

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

22. Analysis of net assets between funds

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Restricted fixed asset funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	-	-	5,549	5,549
Current assets	1,983	2,737	-	4,720
Current liabilities	-	(1,209)	(13)	(1,222)
Non-current liabilities	-	-	(73)	(73)
Pension scheme liability	-	(1,477)	-	(1,477)
Total 2022	1,983	51	5,463	7,497

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	5,404	5,404
Current assets	1,760	2,482	5	4,247
Current liabilities	-	(663)	(13)	(676)
Non-current liabilities	-	-	(77)	(77)
Pension scheme liability	-	(10,750)	-	(10,750)
Total 2021	1,760	(8,931)	5,319	(1,852)

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

23. Reconciliation of net expenditure to net cash flow from operating activities

	2022	2021
	£000	£000
Net expenditure for the year (as per Statement of Financial Activities)	(1,419)	(52)
Adjustments for:		
Depreciation (note 16)	271	117
Capital grants from DfE/ESFA and other capital income (note 3)	(70)	(69)
Interest receivable (note 5)	(3)	(2)
Defined benefit pension scheme cost less contributions payable (note 29)	1,307	723
Defined benefit pension scheme finance cost (note 15)	188	135
Increase in stocks (note 17)	(1)	(3)
Decrease in debtors (note 18)	169	467
Increase/(decrease) in creditors (note 19)	546	(327)
Donations from new MAT member, net of cash transferred	-	(84)
Net cash provided by operating activities	988	905

24. Cash flows from financing activities

	2022	2021
	£000	£000
Repayments of borrowing (note 20)	(4)	(3)
Net cash used in financing activities	(4)	(3)

25. Cash flows from investing activities

	2022	2021
	£000	£000
Interest received (note 5)	3	2
Purchase of tangible fixed assets (note 16)	(416)	(1,132)
Capital grants from DfE/ESFA and other capital income (note 3)	70	69
Net cash used in investing activities	(343)	(1,061)

EMBRACE MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

26. Analysis of cash and cash equivalents

	2022	2021
	£000	£000
Cash in hand	4,236	3,598
Notice deposits (less than 3 months)	91	88
Total cash and cash equivalents	4,327	3,686

27. Analysis of changes in net debt

	At 1 September 2021 £000	Cash flows £000	At 31 August 2022 £000
Cash at bank and in hand	3,686	641	4,327
Debt due within 1 year	(13)	-	(13)
Debt due after 1 year	(77)	4	(73)
	3,596	645	4,241

28. Capital commitments

	2022	2021
	£000	£000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	283	-

29. Pension commitments

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 Leicestershire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £157,960 were payable to the schemes at 31 August 2022 (2021: £157,330) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

29. Pension commitments (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £1,333,000 (2021: £1,335,000).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £992,000 (2021: £880,000), of which employer's contributions totalled £784,000 (2021: £701,000) and employees' contributions totalled £208,000 (2021: £179,000). The agreed contribution rates for future years are 23.2% for employers and 5.5% to 12.5% for employees. The updated future rates are expected imminently following the completion of the Triennial review.

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

Principal actuarial assumptions

	2022	2021
	%	%
Rate of increase in salaries	3.55	3.40
Rate of increase for pensions in payment/inflation	3.05	2.90
Discount rate for scheme liabilities	4.25	1.65
Inflation assumption (CPI)	3.05	2.90
Commutation of pensions to lump sums (Pre-April 2008)	50.00	50.00
Commutation of pensions to lump sums (Post-April 2008)	75.00	75.00

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

	2022	2021
	Years	Years
Retiring today		
Males	21.5	21.7
Females	24.0	24.2
Retiring in 20 years		
Males	22.4	22.6
Females	25.7	25.9

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Sensitivity analysis

	2022	2021
	£000	£000
Discount rate +0.1%	(310)	(539)
Discount rate -0.1%	310	539
Mortality assumption - 1 year increase	460	795
Mortality assumption - 1 year decrease	(460)	(795)
CPI rate +0.1%	271	456
CPI rate -0.1%	(271)	(456)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

29. Pension commitments (continued)

Share of scheme assets

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

	2022	2021
	£000	£000
Equities	6,110	5,288
Bonds	2,805	2,644
Property	901	638
Cash	200	547
Total market value of assets	10,016	9,117

The actual return on scheme assets was £158,000 (2021: £1,545,000).

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

	2022	2021
	£000	£000
Current service cost	(2,075)	(1,424)
Past service cost	(16)	-
Interest income	158	120
Interest cost	(346)	(255)
Total amount recognised in the Statement of Financial Activities	(2,279)	(1,559)

The Academy Trust expects to contribute £792,000 to its defined benefit pension scheme in 2023.

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

	2022	2021
	£000	£000
At 1 September	19,867	13,870
Transferred in on existing Academy joining the Trust	-	424
Current service cost	2,075	1,424
Past service cost	16	-
Interest cost	346	255
Employee contributions	208	179
Actuarial (gains)/losses	(10,940)	3,625
Benefits paid	(79)	(53)
Actuarial losses - change in financial assumptions	-	143
At 31 August	11,493	19,867

EMBRACE MULTI ACADEMY TRUST

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

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

	2022	2021
	£000	£000
At 1 September	9,117	6,435
Transferred in on existing Academy joining the Trust	-	310
Interest income	158	120
Actuarial (losses)/gains	(172)	1,425
Employer contributions	784	701
Employee contributions	208	179
Benefits paid	(79)	(53)
At 31 August	10,016	9,117

30. Operating lease commitments

At 31 August 2022 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Not later than 1 year	18	19
Later than 1 year and not later than 5 years	11	12
	29	31

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

31. Related party transactions

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

The Trustees of Embrace Multi Academy Trust, in agreement with the Board of Education of the Diocese of Leicester, occupy buildings and some open land on a rent free licence, the terms of which have been agreed between the Secretary of State and the Trustees of Embrace Multi Academy Trust, and within which is contained a termination clause on the Trustees of Embrace Multi Academy Trust by the Board of Education giving two years notice. Full details of the arrangement are detailed in note 16. Embrace Multi Academy Trust pays a fee to the Board of Education of the Diocese of Leicester for training courses and a Partnership Agreement which gives the Academy Trust access to advice and support throughout the year.

Rachel Roberts, headteacher of Croft Church of England Primary School, is the spouse of Evan Roberts, a Trustee of the Trust. Rachel's appointment was made in open competition and prior to Evan Robert's appointment as a Trustee. She is paid within the normal pay scale for her role and receives no special treatments as a result of her relationship to a Trustee. Take on procedures were in line with normal Trust guidelines, with DBS checks and references being sought.

Russell Andrews, Trustee at Embrace Multi Academy Trust is also a Trustee at RISE Multi Academy Trust. During the previous year Swinford Church of England Primary School transferred out of RISE Multi Academy Trust and transferred into Embrace Multi Academy Trust. All parties and the ESFA were aware of this conflict of interest and Russell Andrews was not involved in any judgements as to the transfer values.

No other related party transactions took place during the year of account, other than certain Trustee's remuneration and expenses already disclosed in note 13.

32. Company Limited by Guarantee

The Academy Trust is a company limited by guarantee and does not have share capital.

33. Members' liability

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