

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 2023

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2023

Members

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

Trustees

S Mullins, Academy Trust Leader and Accounting Officer
R Andrews, Chair of Trustees
L Carlisle, Trustee (Appointed 17 January 2023)
D Chadwick, Trustee
J Haggart, Trustee
M Poultney, Trustee
E Roberts, Trustee (Resigned 14 November 2023)
B Straw, Trustee (Appointed 17 January 2023)
P Gowland, Trustee
S Turner, Trustee (Resigned 13 September 2022)

Senior Management Team

S Mullins, Academy Trust Leader
L McWhinnie, Director of Education
M Burton, Chief Finance Officer (Appointed 1 January 2023)
C Clasper, HR Manager
T Chambers, Estates and Compliance Manager
J Baum, Network Manager

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
Building 4
Foundation Park
Roxborough Way
Maidenhead
SL6 3UD

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

Bankers

Lloyds Bank
High Street
Leicester
LE1 9FS

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

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TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their Annual Report together with the Financial Statements and Auditor's Report of the charitable company for the year 1 September 2022 to 31 August 2023. 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 2 secondary Academies in Leicestershire. Its Academies had a roll of 4,277 in the School census in October 2022 (includes Rawlins Academy roll).

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 are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Embrace Multi Academy Trust (Embrace).

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 Academy Trust has its own local governing body (LGB) that may include staff and parent Governors.

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 Trust buys into the Local Authority Governor Support & 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.

Organisational Structure

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

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TRUSTEES REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 Head Teacher. 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 Academy Trust Leader's pay on an annual basis and the Board of Trustees approves any pay review. A change in the scheme of delegation from September 2022 has meant that the Academy Trust Leader is now responsible for the reviews of the Head Teachers with Trustees considering the recommendations and LGBs will still be involved in those appraisals and recommendations. Each LGB (with the advice of the Trust Leader) reviews and approves the pay for their Senior Leadership Team (less the Headteacher). Determinations consider 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 5.
Full time equivalent employee number 4.64.

A small amount of School time and funds were spent during the year on trade union facility time. Time; 145 hrs and cost: £5,336.

Related Parties and other Connected Charities and Organisations

Embrace Multi Academy Trust continues to work with the Diocese of Leicester to uphold the Christian ethos of the Church of England Academies within the Academy Trust.

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.

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TRUSTEES REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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:

- 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
- 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 2022/2023.

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.

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TRUSTEES REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 the Central Team including the appointment of a Secondary Achievement Improvement Lead, Governance Manager, Assistant HR Manager and an updated structure of the Finance Team;
- strengthening of safeguarding processes which has included all Schools across the Trust completing an external review and use of the trust wide safeguarding concerns system;
- focus on phonics and early reading with primary Schools receiving an external review;
- implementation Trust-wide system for managing health & safety compliance and estates management; and
- integration project ensuring all Trust Schools share the same IT domain and platform, supporting collaboration.

The key priority area for Embrace Multi Academy Trust for 2022/2023 was:

- 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. A system for gathering evidence and quality assurance was implemented through the development of the School improvement cycle.

We have been able to increase our capacity for School improvement through external review and strategic improvement planning. Embrace has developed collaborative networks within our Schools.

Public Benefit

In setting our objective and planning out activities the Trustees have carefully considered the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and Performance

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 a secondary School 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.
- development of a well-being strategy as part of the development of a strong and sustainable workforce.

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TRUSTEES REPORT (continued)
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Development of Academy Trust policies and support across Schools ensured consistency of approach and structures. These have included:

- well-being strategy and website for employees across the Academy Trust to access;
- policy development;
- reviews for effective staffing structures;
- whole Academy Trust well-being morning with keynote speaker; and
- coaching for Head Teachers and leaders as part of their development and to support wellbeing.

Key Performance Indicators

Manorfield CE Primary School had a successful Ofsted inspection in June 2022, maintaining 'Good'. Sherrier CE Primary School had a successful Ofsted inspection in July 2022, maintaining 'Good'.

SCHOOL	Date of Last Ofsted Inspection	Ofsted Overall Effectiveness Rating
Arnesby CE Primary School	28/02/2018	Good
Brockington College	01/11/2017	Good
Croft CE Primary School	03/10/2016	Good
Huncote Primary School	15/03/2022	Good
Manorfield CE Primary	14/06/2023	Good
Rawlins	28/06/2022	Requires Improvement
Sherrier CE Primary	11/07/2023	Good
St. Peters CE Primary	12/12/2017	Requires Improvement
Swinford CE Primary	14/01/2020	Good

Our significant achievements across the Academy Trust include:

- phonics results across the Academy 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.

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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FINANCIAL REVIEW

Reserves Policy

At 31 August 2023 the total funds comprised:

		£
Unrestricted		1,940,000
Restricted:	Fixed asset funds	19,051,000
	Pension reserve	-
	Other	1,920,000
		<u>22,911,000</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 Trust in relation to financial planning and monitoring, however, one of the ways the Academy Trust 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.

A further key risk to Academies is the uncertainty of inflationary increases in expenditure. This includes the costs of supplies/services and staffing expenditure.

Trustees have agreed that an appropriate reserves balance would equate to a minimum of 5% of the DfE General Annual Grant (GAG). In addition, Embrace Schools are encouraged to set budgets with a 1% of GAG surplus to accommodate any fluctuations in expenditure.

The surplus 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 29.

Restricted funds are spent in accordance with the terms of the funding agreement. Unrestricted funds are for use on the general purposes of the Academy Trust, at the discretion of the Trustees. The aim of the Trustees has been to use this reserve to develop estates within schools.

Investment Policy

The Investment Policy ensures that the Academy Trust monitors cash flow on a regular basis and that surplus funds are deposited to maximise interest, with a consideration to only invest in risk free and short-term deposit accounts, whilst limiting liability. Investments held as at 31 August 2023 are as follows:

Account	Invested £	Interest Earned £
Saffron Building Society	£90,506.99	£5,513.96
Lloyds 32 Notice Account	£2,642,267.20	£33,802.80
Insignis Fixed Term Deposits (8 June 2023)	£799,874.84	£0*
Lloyds Current Account	-	£371.12

*Fixed Term Deposit Interest Paid on Maturity – Due in 2023/24 Financial Year.

Principal Risks and Uncertainties

Embrace Multi Academy Trust undertakes risk assessment through the Board of Trustees. Any major risks highlighted are brought to the main Board of Trustees with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

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

FUNDRAISING

Embrace 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 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.

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 2023 and beyond. These are essential for the Academy Trust to prosper as a Multi Academy Trust:

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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TRUSTEES REPORT (continued)
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AUDITOR

In so far as the Trustees are aware:

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

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on ...18th... December 2023 and signed on the Board's behalf by:

R Andrews
Chair of Trustees

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

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 the DfE Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Academy 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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
S Mullins	7	7
R Andrews, Chair of Trustees	7	7
L Carlisle	3	5
D Chadwick	5	7
J Haggart	6	7
M Poultney	3	7
E Roberts	6	7
B Straw	3	5
P Gowland	3	7
S Turner	0	0

GOVERNANCE

Two new Trustees joined the Board of Trustees in January 2023.

Four existing Trustees were reappointed by the Academy Trust Members for another term of office in April 2023.

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 Academy 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. Declarations of interest is a standing item on all Board of Trustees and Local Governing Board meeting agendas. If a conflicted matter arises in a meeting, the Trustee or Local Governor will leave the meeting for the duration of the discussion and any subsequent vote.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 of Trustees meetings per year, the Board of Trustees delegates work to the Finance & Audit Committee and the Standards Committee (School Improvement). The Finance & Audit Committee meet at least 3 times per year to ensure effective oversight of Trust funds and the Standards Committee meet at least 3 times per year. The Board of Trustees has appointed committees known as Local Governing Boards for each Academy.

Governance reviews:

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

All Trustees and Local Governors complete safeguarding training upon induction and this is regularly updated.

Local Governing Boards of Church Academies complete the Leicester Diocesan Annual Return for School Governing Boards.

The Board of Trustees will carry out its next self-assessment during the autumn/spring term 2023/24 to review its effectiveness and impact and to identify areas for improvement and development.

The Academy Trust employs a fully trained governance professional, 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 an Academy 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. Trustees complete a skills audit every two years to inform training needs and identify areas for future Trustee recruitment.

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 Academy 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 Board of Trustees 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
S Mullins, Academy Trust Leader	4	4
E Roberts, Chair of Finance & Audit Committee	4	4
D Chadwick	4	4
B Straw	2	2
P Gowland	2	4

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GOVERNANCE STATEMENT (continued)
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The Finance and Audit Committee is a committee of the main Board of Trustees. Its purpose is as follows:

1. Finance

- to review the Academy 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, considering the confirmed level of funding and agreed priorities of Embrace;
- to recommend the consolidated budget for approval by the Board of Trustees, 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 Academy Trust of the Academy Trust's pay policy and performance management policy;
- to review and approve the consolidated 3-year financial projections for the Academy Trust then recommend to the Board of Trustees, drawing to their attention any matters of concern or significance;
- to approve a reserves policy for recommendation to the Board of Trustees;
- 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 monthly 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 Academy 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 Academy 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 Academy 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 to the Board of Trustees on any action needed;
- to recommend to the members the appointment or reappointment of the external auditors of the Academy 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 2023

3. Risk

The committee has oversight of the Academy Trust's implementation of appropriate risk management and internal control systems, thus enabling the Board of Trustees 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 Board of Trustees for the Board of Trustees to agree a programme of work to address and provide assurance on those risks.

4. Relevant Policies

To approve policies as determined by the Board of Trustees through an Academy Trust policy framework.

5. General

To consider other areas, as determined by the Board of Trustees 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 of Trustees for approval.

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where 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 the Academy Trust payroll provider which has resulted in improved efficiencies;
- income generation, including lettings, across the Academy Trust to maximise income potential whilst providing the community with childcare and additional sporting and social opportunities; and
- centralising the procurement of certain goods / services to take advantage of discounts for larger orders.

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 at Embrace Multi Academy Trust for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the Annual Report and Financial Statements.

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GOVERNANCE STATEMENT (continued)
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CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the 1 September 2022 to 31 August 2023 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. 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 Audit 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.
- 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. In particular, the checks carried out in the current period included:

Internal Audit coverage:

- review of governance;
- review of payroll;
- review of strategic and operational; and
- review of income.

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

During 2023 an enhanced internal financial audit was conducted of all the Schools within the Academy Trust.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Academy 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;
- the work of the external auditor; and
- correspondence from ESFA.

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GOVERNANCE STATEMENT (continued)
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The Accounting Officer has been advised of the result of their review of the system of internal control.

The Finance and Audit Committee have been presented with 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 18th December 2023 and signed on its behalf by:

R Andrews
Chair of Trustees

S Mullins
Accounting Officer

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2023

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, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2022.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the ESFA:

Matter one – The Audit and Risk Committee - Capital expenditure

During the year, the ESFA brought to the Trusts attention that CIF returns in previous financial years failed to comply with the Academy Trust Handbook with the oversight requirements of Section 3.14 in ensuring information submitted to ESFA in respect of capital grants funding was compliant with funding criteria. Two claims made by the Academy for CIF funding amounting to £24,480 were out of scope claims made in 2020/2021. CIF funding of £24,480 has been returned to ESFA in the year to 31 August 2023 in relation to this funding claim.

.....
S Mullins
Accounting Officer

18th December..... 2023

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

The Trustees (who are also the Governors of the 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 2022 to 2023;
- 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:

..
S Mullins
Accounting Officer

Date: 18th December 2023

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 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Statement of Trustees' Responsibilities, 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;
- discussions 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.

Bianca Silva BA ACA DChA (Senior Statutory Auditor)

for and on behalf of

MHA

Maidenhead United Kingdom

Date: 21 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

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 dated 26 June 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Embrace Multi Academy Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy 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, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter one – The Audit and Risk Committee - Capital expenditure

During the year, the ESFA brought to the Trusts attention that CIF returns in previous financial years failed to comply with the Academy Trust Handbook with the oversight requirements of Section 3.14 in ensuring information submitted to ESFA in respect of capital grants funding was compliant with funding criteria. Two claims made by the Academy for CIF funding amounting to £24,480 were out of scope claims made in 2020/2021. CIF funding of £24,480 has been returned to ESFA in the year to 31 August 2023 in relation to this funding claim.

Reporting Accountant
MHA
Maidenhead, United Kingdom

Date: 21 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	As restated Total funds 2022 £000
Income from:						
Donations and capital grants	3	-	1,037	13,320	14,357	79
Other trading activities	4	609	116	-	725	565
Investments	5	39	-	-	39	3
Charitable activities:						
Funding for the Academy Trust's educational operations	6	-	21,397	-	21,397	15,161
Total income		648	22,550	13,320	36,518	15,808
Expenditure on:						
Raising funds	7	392	-	-	392	277
Charitable activities Academy Trust educational operations	8	-	22,244	718	22,962	16,950
Total expenditure		392	22,244	718	23,354	17,227
Net income/(expenditure)		256	306	12,602	13,164	(1,419)
Transfers between funds	21	(299)	(687)	986	-	-
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	29	-	2,250	-	2,250	10,768
Net movement in funds		(43)	1,869	13,588	15,414	9,349

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

		Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	As restated Total funds 2022 £000
	Note					
Reconciliation of funds:						
Total funds brought forward		1,983	51	5,463	7,497	(1,852)
Net movement in funds		(43)	1,869	13,588	15,414	9,349
Total funds carried forward	21	1,940	1,920	19,051	22,911	7,497

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

The notes on pages 30 to 70 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	16	18,128	5,549
		<u>18,128</u>	<u>5,549</u>
Current assets			
Stocks	17	-	6
Debtors	18	1,967	387
Cash at bank and in hand	26	4,654	4,327
		<u>6,621</u>	<u>4,720</u>
Creditors: amounts falling due within one year	19	(1,571)	(1,222)
Net current assets		<u>5,050</u>	<u>3,498</u>
Total assets less current liabilities		<u>23,178</u>	<u>9,047</u>
Creditors: amounts falling due after more than one year	20	(267)	(73)
Net assets excluding pension liability		<u>22,911</u>	<u>8,974</u>
Defined benefit pension scheme liability	29	-	(1,477)
Total net assets		<u><u>22,911</u></u>	<u><u>7,497</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	21	19,051	5,463
Restricted income funds	21	1,920	1,528
		<u>20,971</u>	<u>6,991</u>
Restricted funds excluding pension liability	21	20,971	6,991
Pension reserve	21	-	(1,477)
Total restricted funds	21	<u>20,971</u>	<u>5,514</u>
Unrestricted income funds	21	<u>1,940</u>	<u>1,983</u>
Total funds		<u><u>22,911</u></u>	<u><u>7,497</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

The financial statements on pages 25 to 70 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: 18 December 2023

The notes on pages 30 to 70 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 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	1,124	988
Cash flows from investing activities	25	(991)	(343)
Cash flows from financing activities	24	194	(4)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		327	641
Cash and cash equivalents at the beginning of the year		4,327	3,686
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	26	<u><u>4,654</u></u>	<u><u>4,327</u></u>

The notes on pages 30 to 70 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 2023

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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Embrace Multi Academy Trust meets the definition of a public benefit entity under 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 2023

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 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 'Income from 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 2023

1. Accounting policies (continued)

1.5 Tangible fixed assets

Assets costing £5,000 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, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following bases:

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 per annum
Furniture and fittings	- 20% straight-line per annum
Computer equipment	- 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 2023

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.

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.

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

1. Accounting policies (continued)

1.11 Pensions (continued)

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.

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.

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

1. Accounting policies (continued)

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 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

3. Donations and capital grants

	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Other donations	12	-	12
Capital grants	-	1,947	1,947
Donated from Academy joining Trust	1,025	11,373	12,398
Total 2023	1,037	13,320	14,357

Included with in donated from Academy joining Trust within restricted funds are amounts totalling £11,167,000 which relates to the transfer of fixed assets, £452,000 in relation to pension deficit, £10,000 in relation to Salix Loan, £216,000 unspent capital grants and £1,477,000 restricted funds. Of the amounts transferred and donated £1,591,000 was received in cash.

	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

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

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

4. Other trading activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Rental and hire facilities	204	-	204
Catering	392	-	392
Other income	13	-	13
Staff insurance claims	-	116	116
Total 2023	609	116	725

	As restated Unrestricted funds 2022 £000	As restated Total funds 2022 £000
Rental and hire facilities	149	149
Catering	277	277
Other income	43	43
Staff insurance claims	96	96
Total 2022 as restated	565	565

Staff insurance claims have been reclassified from other income from the Academy Trusts educational operations note 6.

5. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000
Investment income	39	39

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

5. Investment income (continued)

	Unrestricted funds 2022 £000	Total funds 2022 £000
Investment income	3	3

6. Funding for the Academy Trust's charitable activities

	Restricted funds 2023 £000	Total funds 2023 £000
Educational operations		
DfE/ESFA grants		
General Annual Grant (GAG)	17,829	17,829
Other DfE/ESFA grants		
Pupil Premium	623	623
Teachers' Pay and Pension Grant	33	33
UFSM	232	232
Schools supplementary grant	494	494
Trust Capacity Fund (TCaF)	81	81
Other	486	486
	19,778	19,778
Other Government grants		
Local Authority grants	936	936
Other Government grants	11	11
	947	947
Other income from the Academy Trust's educational operations	541	541
COVID-19 additional funding (DfE/ESFA)		
Other DfE/ESFA Covid-19 funding	131	131
	131	131
	21,397	21,397

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

6. Funding for the Academy Trust's charitable activities (continued)

	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
UFSM	227	227
Schools supplementary grant	160	160
Other	236	236
	<u>14,340</u>	<u>14,340</u>
Other Government grants		
Local Authority grants	476	476
	<u>476</u>	<u>476</u>
Other income from the Academy Trust's educational operations	272	272
COVID-19 additional funding (DfE/ESFA)		
Other DfE/ESFA Covid-19 funding	73	73
	<u>73</u>	<u>73</u>
	<u>15,161</u>	<u>15,161</u>

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

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

7. Expenditure on raising funds

	Unrestricted funds 2023 £000	Total funds 2023 £000
Catering costs	113	113
Kitchen and premises staff wages and salaries	218	218
Kitchen and premises staff national insurance	12	12
Kitchen and premises staff pension costs	49	49
Total 2023	392	392
	Unrestricted funds 2022 £000	Total funds 2022 £000
Catering costs	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

8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £000	Support costs 2023 £000	Total funds 2023 £000
Educational operations	16,339	6,624	22,963

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

8. Analysis of expenditure by activities (continued)

	Activities undertaken directly 2022 £000	Support costs 2022 £000	Total funds 2022 £000
Educational operations	12,455	4,495	16,950

Analysis of direct costs

	Total funds 2023 £000	Total funds 2022 £000
Direct staff costs	14,110	11,138
Direct depreciation	718	271
Direct technology costs	25	30
Examination fees	180	97
School trips and visits	333	176
Other direct costs	286	249
Direct learning resources	687	494
	16,339	12,455

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

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £000	Total funds 2022 £000
Pension finance costs (note 15)	214	188
Support staff costs	3,934	2,682
Support technology costs	257	136
Support premises costs	1,145	844
Legal costs – other	35	13
Other support costs	973	579
Governance costs	66	53
	<u>6,624</u>	<u>4,495</u>

9. Expenditure

	Staff Costs 2023 £000	Premises 2023 £000	Other 2023 £000	Total 2023 £000
Expenditure on raising funds:				
Direct costs	279	-	113	392
Academy Trust's educational operations:				
Direct costs	14,110	584	1,645	16,339
Allocated support costs	4,148	1,142	1,334	6,624
Total 2023	<u>18,537</u>	<u>1,726</u>	<u>3,092</u>	<u>23,355</u>

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

9. Expenditure (continued)

	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	811	4,495
Total 2022	<u>14,153</u>	<u>1,024</u>	<u>2,050</u>	<u>17,227</u>

10. Net income/(expenditure)

Net expenditure for the year includes:

	2023 £000	2022 £000
Operating lease rentals	71	151
Depreciation of tangible fixed assets	718	271
Fees paid to auditors for:		
- audit	39	37
- other services	6	4
	<u>794</u>	<u>463</u>

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

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023	2022
	£000	£000
Wages and salaries	13,155	9,496
Social security costs	1,221	829
Pension costs	3,120	3,451
	17,496	13,776
Agency staff costs	810	154
Staff restructuring costs	17	35
Pension finance cost (note 15)	214	188
	18,537	14,153

Staff restructuring costs comprise:

	2023	2022
	£000	£000
Redundancy payments	17	20
Other restructuring costs	-	15
	17	35

b. Staff numbers

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

	2023	2022
	No.	No.
Teaching	233	132
Administration and support	353	241
Management	26	27
	612	400

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

11. Staff (continued)

c. Higher paid staff

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

	2023 No.	2022 No.
In the band £60,001 - £70,000	6	5
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	3	-
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	2	1
	<hr/>	<hr/>

d. 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 Key Management Personnel benefits (including employer pension contributions and employer national insurance contributions) received by Key Management Personnel for their services to the Academy Trust was £506,379 (2022: £405,814).

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;
- financial support, audit and external accountancy services;
- estates and compliance;
- ICT Support;
- human resource; and
- governance.

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

The method used for the contribution of the individual Academies to the Central Services was a charge of 5% of ESFA GAG income, and associated GAG supplementary grants.

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

12. Central services (continued)

The actual amounts charged during the year were as follows:

	2023	2022
	£000	£000
Brockington College	345	329
Huncote Community Primary School	43	40
Croft Church of England Primary School	32	32
Manorfield Church of England Primary School	91	87
St Peter's Church of England Primary School	46	42
Sherrier Church of England Primary School	89	83
Arnesby Church of England Primary School	21	21
Swinford Church of England Primary School	30	28
Rawlins Academy	236	-
Total	933	662

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:

		2023	2022
		£000	£000
S Mullins	Remuneration	105 - 110	100 - 105
	Pension contributions paid	20 - 25	20 - 25

During the year ended 31 August 2023, no Trustees were reimbursed or paid directly for expenses they have incurred (2022: £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.

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

15. Pension finance cost

	2023	2022
	£000	£000
Expected return on pension scheme assets	583	158
Interest on pension scheme liabilities	(797)	(346)
	(214)	(188)

16. Tangible fixed assets

	Long-term leasehold land and property £000	Long-term leasehold property improvements £000	Furniture and fixtures £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 September 2022	3,886	2,144	290	454	-	6,774
Additions	-	1,894	108	90	38	2,130
Donation on Academy joining Trust	11,085	-	34	45	3	11,167
At 31 August 2023	14,971	4,038	432	589	41	20,071
Depreciation						
At 1 September 2022	203	533	174	315	-	1,225
Charge for the year	297	287	39	91	4	718
At 31 August 2023	500	820	213	406	4	1,943
Net book value						
At 31 August 2023	14,471	3,218	219	183	37	18,128
At 31 August 2022	3,683	1,611	116	139	-	5,549

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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 for the time being, but does not vest any rights over the land in the Academy Trust. 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-term leasehold land and property is land valued at £1,062,500 (2022: £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-term leasehold land and property is land valued at £369,900 (2022: £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-term leasehold land and property is land valued at £1,432,900 (2022: £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-term leasehold land is land valued at £211,000 (2022: £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 (2022: £204,000) transferred in from Swinford Church of England Primary School on joining the MAT.

For Rawlins Academy included in long-term leasehold property is property valued at £11,084,196 on conversion in March 2023 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's transactions relating to land and buildings included property valued at £11,084,196 transferred in from Rawlins Academy on joining the MAT.

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

17. Stocks

	2023	2022
	£000	£000
Finished goods and goods for resale	-	6

18. Debtors

	2023	2022
	£000	£000
Trade debtors	11	9
VAT recoverable	204	117
Other debtors	-	1
Prepayments and accrued income	1,752	260
	1,967	387

19. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Other loans	18	13
Trade creditors	-	260
Other taxation and social security	-	196
Other creditors	-	158
Accruals and deferred income	1,553	595
	1,571	1,222

	2023	2022
	£000	£000
Deferred income at 1 September 2022	270	225
Resources deferred during the year	463	270
Amounts released from previous periods	(270)	(225)
Deferred income at 31 August 2023	463	270

At the balance sheet date the Academy Trust was holding funds received in advance for the School coach and rates funding for the 2023/2024 Academic year.

Included within other loans falling due within one year are three loans amounting to £18,008 (2022:

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NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due within one year (continued)

£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 (2022: £3,162), which is repayable in instalments, no interest is charged.

Salix Finance loan for heating system replacement of £1,069 (2022: £1,069), which is repayable in instalments, no interest is charged.

ESFA CIF loan for roofing repairs of £8,777 (2022: £8,777), which is repayable in instalments, no interest is charged.

Salix Finance loan of £5,000, which is repayable in instalments, no interest is charged. The loan was transferred from Rawlins Academy on 1 March 2023.

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

	2023	2022
	£000	£000
Other loans	267	73

Included within other loans falling due within one year are three loans amounting to £266,837 (2022: £73,130) 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 £1,581 (2022: £4,743), which is repayable in instalments, no interest is charged.

Salix Finance loan for heating system replacement of £5,879 (2022: £6,948), which is repayable in instalments, no interest is charged.

ESFA CIF loan for roofing repairs of £52,662 (2022: £61,439), which is repayable in instalments, interest is charged.

ESFA CIF loan for roofing repairs of £203,850 (2022: £Nil), which is repayable in instalments, interest is charged.

Salix Finance loan of £2,865, which is repayable in instalments, no interest is charged. The loan was transferred from Rawlins Academy on 1 March 2023.

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

21. Statement of funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2023 £000
Unrestricted funds						
Designated funds						
Astro turf pitch	160	-	-	10	-	170
General funds						
General Funds	1,823	648	(392)	(309)	-	1,770
Total Unrestricted funds	1,983	648	(392)	(299)	-	1,940

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

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2023 £000
Restricted general funds						
General Annual Grant (GAG)	1,528	17,829	(18,227)	790	-	1,920
Pupil Premium	-	623	(623)	-	-	-
Teachers' Pay and Pension Grant	-	33	(33)	-	-	-
UIFSM	-	232	(232)	-	-	-
Schools supplementary grant	-	494	(494)	-	-	-
Other DfE/ESFA grants	-	386	(386)	-	-	-
Local Authority grants	-	936	(936)	-	-	-
Other Government grants	-	11	(11)	-	-	-
Other income	-	757	(757)	-	-	-
Donations	-	12	(12)	-	-	-
Donated from Academy joining Trust	-	1,025	-	(1,025)	-	-
Catch-up Premium	-	-	-	-	-	-
Other DfE/ESFA COVID-19 funding	-	131	(131)	-	-	-
Trust Capacity Fund (TCaF)	-	81	(81)	-	-	-
Pension reserve	(1,477)	-	(321)	(452)	2,250	-
	51	22,550	(22,244)	(687)	2,250	1,920

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

21. Statement of funds (continued)

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2023 £000
Restricted fixed asset funds						
Net book value of fixed assets	5,549	-	(718)	13,297	-	18,128
Capital grants (DFC)	-	101	-	(100)	-	1
Capital grants (CIF)	-	1,283	-	(144)	-	1,139
Capital grants (Additional Energy Improvement Funding)	-	147	-	(135)	-	12
Capital grants (Section 106)	-	416	-	(360)	-	56
Donation on Academy joining Trust	-	11,373	-	(11,373)	-	-
Salix loans	(16)	-	-	(4)	-	(20)
CIF loan	(70)	-	-	(195)	-	(265)
	<u>5,463</u>	<u>13,320</u>	<u>(718)</u>	<u>986</u>	<u>-</u>	<u>19,051</u>
Total Restricted funds	<u>5,514</u>	<u>35,870</u>	<u>(22,962)</u>	<u>299</u>	<u>2,250</u>	<u>20,971</u>
Total funds	<u>7,497</u>	<u>36,518</u>	<u>(23,354)</u>	<u>-</u>	<u>2,250</u>	<u>22,911</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 £10,000 transferred from unrestricted funds to designated funds 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. Transfers of £299,000 transferred from unrestricted to restricted funds for overspend of GAG.

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

21. Statement of funds (continued)

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 2023. Transfers of £971,000. from restricted funds to the restricted fixed asset fund represents allocations from GAG towards fixed assets. Transfers of £15,000 from restricted funds to restricted fixed asset funds represents allocations of restricted funds towards the repayment of the Salix loans and CIF loans. Transfers of £299,000 transferred from unrestricted to restricted funds for overspend of GAG.

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. Transfers of £452,000 into the pension reserve from restricted general funds relating to transfers of pension liability from Academy joining the MAT.

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 currently in surplus, the surplus is not recognised in the accounts as this is not considered recoverable. Transfers of £452,000 into the pension reserve from restricted general funds relating to transfers of pension liability from Academy joining the MAT.

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 £986,000 from restricted funds to the restricted fixed asset fund represents allocations from GAG towards fixed assets.

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

21. Statement of funds (continued)

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.

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 £15,000 from restricted funds to restricted fixed asset funds represents allocations of restricted funds towards the repayment of the Salix loans and CIF loans.

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

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

	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

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

21. Statement of funds (continued)

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2022 £000
Restricted general funds						
General Annual Grant (GAG)	1,814	13,247	(13,256)	(277)	-	1,528
Pupil Premium	-	470	(470)	-	-	-
Teachers' Pay and Pension Grant	-	-	-	-	-	-
UIFSM	-	227	(227)	-	-	-
Schools supplementary grant	-	160	(160)	-	-	-
Other DfE/ESFA grants	-	236	(236)	-	-	-
Local Authority grants	-	476	(476)	-	-	-
Other Government grants	-	-	-	-	-	-
Other income	-	272	(272)	-	-	-
Donations	5	9	(14)	-	-	-
Catch-up Premium	-	57	(57)	-	-	-
Other DfE/ESFA COVID-19 funding	-	16	(16)	-	-	-
Trust Capacity Fund (TCaF)	-	-	-	-	-	-
Pension reserve	(10,750)	-	(1,495)	-	10,768	(1,477)
	<u>(8,931)</u>	<u>15,170</u>	<u>(16,679)</u>	<u>(277)</u>	<u>10,768</u>	<u>51</u>

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

21. Statement of funds (continued)

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (losses) £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>

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

21. Statement of funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2023 were allocated as follows:

	2023	2022
	£000	£000
Brockington College	1,525	2,469
Huncote Community Primary School	133	160
Croft Church of England Primary School	38	118
Manorfield Church of England Primary School	302	300
St Peter's Church of England Primary School	66	43
Sherrier Church of England Primary School	280	310
Arnesby Church of England Primary School	-	31
Swinford Church of England Primary School	50	24
Embrace Multi Academy Trust	(69)	56
Rawlins Academy	1,535	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	3,860	3,511
Restricted fixed asset fund	19,051	5,463
Pension reserve	-	(1,477)
	<hr/>	<hr/>
Total	22,911	7,497
	<hr/>	<hr/>

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

	Deficit
	£000
Embrace Multi Academy Trust	(69)
	<hr/>

Central budget was used to provide additional funding for capital projects to St Peter's Church of England Primary School £85,000 and Arnesby Church of England Primary School £15,000.

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

The loans will be repaid by way of additional contributions over the next 10 years (10% per year repayable).

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

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 2023 £000
Brockington College	4,715	1,459	12	1,312	7,498
Huncote Community Primary School	688	96	4	231	1,019
Croft Church of England Primary School	585	180	2	165	932
Manorfield Church of England Primary School	1,484	158	3	346	1,991
St Peter's Church of England Primary School	697	204	7	164	1,072
Sherrier Church of England Primary School	1,387	222	6	345	1,960
Arnesby Church of England Primary School	372	29	-	152	553
Swinford Church of England Primary School	439	43	2	148	632
Embrace Multi Academy Trust	74	988	-	123	1,185
Rawlins Academy	3,563	768	(12)	1,154	5,473
Academy Trust	14,004	4,147	24	4,140	22,315

EMBRACE MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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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 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	-	18,128	18,128
Current assets	1,940	3,473	1,208	6,621
Current liabilities	-	(1,553)	(18)	(1,571)
Non-current liabilities	-	-	(267)	(267)
Total 2023	1,940	1,920	19,051	22,911

Analysis of net assets between funds - prior year

	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

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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

	2023 £000	2022 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	13,164	(1,419)
Adjustments for:		
Depreciation (note 16)	718	271
Capital grants from DfE and other capital income (note 3)	(1,947)	(70)
Interest receivable (note 5)	(39)	(3)
Defined benefit pension scheme cost less contributions payable (note 29)	107	1,307
Defined benefit pension scheme finance cost (note 15)	214	188
Decrease/(increase) in stocks (note 17)	6	(1)
(Increase)/decrease in debtors (note 18)	(88)	169
Increase in creditors (note 19)	(204)	546
Donations from new MAT member, net if cash transferred (note 34)	(10,807)	-
Net cash provided by operating activities	1,124	988

24. Cash flows from financing activities

	2023 £000	2022 £000
Cash inflows from new borrowing (notes 19 and 20)	204	-
Repayments of borrowing (notes 19 and 20)	(10)	(4)
Net cash provided by/(used in) financing activities	194	(4)

25. Cash flows from investing activities

	2023 £000	2022 £000
Interest received (note 5)	39	3
Purchase of tangible fixed assets (note 16)	(1,806)	(416)
Capital grants from DfE Group (note 3)	776	70
Net cash used in investing activities	(991)	(343)

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

26. Analysis of cash and cash equivalents

	2023	2022
	£000	£000
Cash in hand and at bank	4,563	4,236
Notice deposits (less than 3 months)	91	91
Total cash and cash equivalents	4,654	4,327

27. Analysis of changes in net debt

	At 1 September 2022 £000	Cash flows £000	Academy joining MAT £000	At 31 August 2023 £000
Cash at bank and in hand	4,327	(1,264)	1,591	4,654
Debt due within 1 year	(13)	-	(5)	(18)
Debt due after 1 year	(73)	(189)	(5)	(267)
	4,241	(1,453)	1,581	4,369

28. Capital commitments

	2023	2022
	£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 £Nil were payable to the schemes at 31 August 2023 (2022: £157,960) and are included within creditors.

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

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; and
- 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 £1,546,000 (2022: £1,333,000).

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 2023 was £1,441,000 (2022: £992,000), of which employer's contributions totalled £1,161,000 (2022: £784,000) and employees' contributions totalled £280,000 (2022: £208,000). The agreed contribution rates for future years are 26% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.45	3.55
Rate of increase for pensions in payment/inflation	2.95	3.05
Discount rate for scheme liabilities	5.20	4.25
Inflation assumption (CPI)	2.95	3.05
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:

	2023	2022
	Years	Years
Retiring today		
Males	21.4	21.5
Females	24.3	24.0
Retiring in 20 years		
Males	21.4	22.4
Females	25.6	25.7

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

29. Pension commitments (continued)

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate +0.1%	(461)	(310)
Discount rate -0.1%	461	310
Mortality assumption - 1 year increase	787	460
Mortality assumption - 1 year decrease	(787)	(460)
CPI rate +0.1%	418	271
CPI rate -0.1%	(418)	(271)

Share of scheme assets

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

	2023	2022
	£000	£000
Equities	11,304	6,110
Bonds	6,743	2,805
Property	1,388	901
Cash	397	200
Total market value of assets	19,832	10,016

The actual return on scheme assets was £583,000 (2022: £158,000).

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

	2023	2022
	£000	£000
Current service cost	(1,213)	(2,075)
Past service cost	(55)	(16)
Interest income	583	158
Interest cost	(797)	(346)
Total amount recognised in the Statement of Financial Activities	(1,482)	(2,279)

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

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

	2023	2022
	£000	£000
At 1 September	11,493	19,867
Transferred in on existing Academies joining the trust	9,240	-
Current service cost	1,213	2,075
Past service cost	55	16
Interest cost	797	346
Employee contributions	280	208
Actuarial gains	(12,485)	(10,940)
Benefits paid	(282)	(79)
Actuarial losses - change in financial assumptions	9,353	-
At 31 August	19,664	11,493

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

	2023	2022
	£000	£000
At 1 September	10,016	9,117
Transferred in on existing Academy joining the trust	8,788	-
Interest income	583	158
Actuarial losses	(882)	(172)
Employer contributions	1,161	784
Employee contributions	280	208
Benefits paid	(282)	(79)
At 31 August	19,664	10,016

The Academy Trust expects to contribute £1,223,000 to its defined benefit pension scheme in 2024.

The actuarial reports in terms of the LGPS pension schemes suggest a surplus of assets over liabilities of £168,000. In accordance with FRS102, a pension scheme asset is only recognised to the extent that it is recoverable. As the Academy Trust cannot demonstrate that this asset is recoverable via a cash payment or reduction in future premiums it has not been recognised in the primary statements. A £Nil position has been reflected.

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

30. Operating lease commitments

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

	2023 £000	2022 £000
Not later than 1 year	99	18
Later than 1 year and not later than 5 years	71	11
	<u>170</u>	<u>29</u>

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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy 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, Head Teacher 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.

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.

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

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 they are a member, or within one year after they ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceases to be a member.

34. Transfer of existing Academies into the Academy Trust

Rawlins Academy

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Long-term leasehold property	11,084	11,084
Furniture and equipment	34	34
Computer equipment	45	45
Motor vehicles	3	3
Current assets		
Debtors due within one year	322	322
Cash at bank and in hand	1,591	1,591
Liabilities		
Creditors due within one year	(224)	(224)
Creditors due after one year	(5)	(5)
Pensions		
Pensions - pension scheme assets	8,788	8,788
Pensions - pension scheme liabilities	(9,240)	(9,240)
Net assets	<u>12,398</u>	<u>12,398</u>