

Company Registered Number: 08138965 (England and Wales)

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2020**

Members

C Lewis
Bishop G Francis-Dehqani
Ven. C Wood
R Dunnett
S Bray

Trustees

R Andrews, Chair of Trustees
D Chadwick, Trustee
J Haggart, Trustee
S Piggot, Trustee
M Poultney, Trustee
C Southall, Trust Leader and Accounting Officer
J Toman, Trustee (Resigned 29/10/2020)
S Turner, Trustee
E Roberts (Appointed 15/11/2019)
P Gowland (Appointed 02/12/2019)

Senior Management Team

Christopher Southall, Trust Leader
Beverley Cuppelditch, Chief Financial Officer

Company Name

Embrace Multi Academy Trust

Principal and registered office

Brockington College
Blaby Road
Enderby
Leicester
LE19 4AQ

Company registered number

08138965

Independent Auditor

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

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2020**

Bankers

Lloyds Bank
High Street
Leicester
LE1 9FS

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

**EMBRACE MULTI ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their Annual Report together with the financial statements and Auditors' Reports of the charitable company for the year 1 September 2019 to 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates 6 primary and 1 secondary Academies in South Leicestershire. Its Academies have a combined pupil capacity of 2605 and had a roll of 2640 in the school census in May 2020.

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 is known as Embrace Multi Academy Trust.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

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 provided in note 14.

Method of Recruitment and Appointment or Election of Trustees

Recruitment of Trustees is outlined in the Memorandum and Articles of Association. Members shall appoint up to 11 Trustees. Each Academy within the Trust has its own local governing body that may include staff and parent 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 Academy buys into the Local Authority Governor Development Service, who across the Board of Trustees offers further Trustee training. A skills matrix is kept to identify areas of strength and weakness within the Board of Trustees.

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

Organisational Structure

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

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

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

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

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

Arrangements for setting pay and remuneration of key management personnel

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

Employees and Disabled Persons

Disabled Employees

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.

Employee Consultation

As a result of the global pandemic, the Trust consulted with all employees in respect of Covid secure risk assessments. These risk assessments supported the partial opening of schools after the first national lockdown and the full opening of schools in August 2020. All risk assessments were strongly influenced by staff consultation.

The Trust has consulted with all employees on both the teacher and support staff pay policies. Other policies have been developed based upon union consultation as representatives of our employees. The Trust regularly seeks the views of employees in respect of staff workload and has signed the Leicestershire and Rutland School Sports wellbeing pledge as a commitment to supporting workload reduction and wellbeing for members of staff. As a new Multi Academy Trust, we invited all members of staff to attend our launch event in August 2019. The vision and values of the Trust were shared and employees informed that their views on the development of the Trust would be sought and valued.

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

Trade union facility time

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

Relevant Union Officials

Number of employees who were relevant union officials 2
Full time equivalent employee number 1.8

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

Related parties and other connected charities and organisations.

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

Objectives and Activities

Scope

The following information reviews the priorities held by Embrace Multi Academy Trust for the financial year 2019-20.

Objectives, Strategies and Activities 2019-20

The key priority areas for Embrace Multi Academy Trust for 2019-20 were:

1. To develop shared service provision across Embrace

Our aim was to grow our central team, in order to be able to better support all Academies by ultimately improving effectiveness within education and finance.

In this year we wish to explore the benefit of shared services across finance, HR, payroll and IT. These services will support all Academies and the central team and lead to financial savings, whilst allowing capacity for growth.

2. Strategy for growth

We are committed to growing as a Trust. We believe that we have lots to offer to other schools that may wish to join us and that we have a moral imperative to support other schools and their pupils that need support. Growth will also enable us to optimise shared services and to restrict the cost of shared services for all Academies. We would like to grow by at least one Academy during the year

3. Communication

Internal communication is essential in order to ensure that all stakeholders share and understand our vision. Additionally, we need to reach out to others in order to share our successes, such that our individual academies attract pupils and employees and so that we can grow as a trust through new academies joining Embrace Multi Academy Trust.

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

Embrace Multi Academy Trust: Key Performance Indicators

Clearly this has been a year like no other. All schools and the Trust have had to compromise on priorities because of the global pandemic. From March 2020, the priority became to provide safe education for vulnerable pupils and key worker children, whilst providing home learning for all other children.

As a result, it became impossible to continue to work towards our key priority areas, as we dealt with the unfolding situation and the need to plan and re-plan for the wider opening of schools at the end of August.

Finances were utilised during this period in the following ways:

- Resources for the vast number of pupils, to enable working from home;
- PPE and cleaning equipment across all schools; and
- Easter and May half-term provision for all vulnerable and key worker children across the Trust.

In terms of our key priorities, these shifted to:

- Education of all vulnerable children (and some key worker children) at schools;
- Home learning education for the vast majority of children;
- Safeguarding of all children;
- Supporting school leaders with communication, advice and guidance;
- Risk assessment development and updating to ensure the safety of all within schools;
- Provision of Easter and May Half-Term holiday provision for all vulnerable children and the children of key workers;
- Developing and employing a system to generate accurate centre assessed grades for Year 11 pupils; and
- Preparing all children, members of staff and parents/carers for a return to full school opening.

On reflection of how we met these new priorities, the Trust can be very proud that we provided excellent support for our communities throughout this period. Some of the successes can be recorded as follows:

- Outstanding resilience shown by leaders across the Trust and within individual Academies to react successfully to the changing environment and with little or no leave over this period;
- Reduction of potential learning gaps as much as possible through the provision of home learning and regular contact and support from schools to homes;
- Continuation of safeguarding remotely such that there was only a small increase in safeguarding cases at the start of the autumn term;
- Risk assessments in place that were robust and received high assurance feedback through a review led by Cooper Parry Accountants as well as gaining the support and confidence of all stakeholders;
- Wellbeing support for vulnerable children and children of key workers through the provision of holiday activities;
- Confidence that Year 11 pupils received accurate grades that reflected their ability and work; and
- Being ready to welcome all pupils and members of staff back to school in August, which has been a smooth process as a result of our work.

In regards to our original key priorities, we have accomplished the following:

1. To develop shared service provision across Embrace
 - Moved to new payroll provider – Strictly Education;
 - Appointment of IT Strategic Manager;
 - Appointment of IT Mobile Technician;
 - Plans developed for further central team growth;
 - Strategy for growth;
 - Commitment to transfer into Embrace made by Swinford Church of England Primary School. This transfer would have been completed in the 2019-20 financial year, but was delayed due to the priorities

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**TRUSTEES' REPORT (continued)
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- of the pandemic and completed on 1 January 2021; and
- Commitment to transfer into Embrace made by Lutterworth College. Discussions ongoing between the Trust and the college, ESFA and DfE.

2. Communication

- Communication as per growth section with new Academies;
- Regular communication across schools and closer working as a result of the pandemic;
- Regular communication with parents/carers by the trust and individual Academies; and
- Regular remote communication at all levels of governance that successfully supported the Trust and all academies during challenging times.

Public Benefit

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

Key Financial Performance Indicators

Brockington College and the other schools/Academy that joined Embrace Multi Academy Trust, had cumulative surpluses when the Trust was formed leading to healthy reserves.

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.

Financial Review

Reserves Policy

At 31 August 2020 the total funds comprised:

	£'000
Unrestricted:	1,719
Restricted:	
Fixed asset funds	4,169
Capital grants unspent	663
Salix & CIF loans	(93)
GAG	1,426
Pension reserve	(7,435)
Other	94
Total	543

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

Trustees have agreed that an appropriate reserves balance would equate to 4 weeks of expenditure (excluding depreciation and pension adjustment), both in terms of salaries and invoices. This would equate to £1,050,000 the actual reserves available are £1,719,000 unrestricted funds plus £1,520,000 restricted reserves which in total £3,239,000 sufficiently meets the 4 weeks expenditure.

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The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the Teachers' Pension Scheme, separate assets are held to fund future liabilities as discussed in note 29. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

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

Investment Policy

The Investment Policy ensures that the Academy monitor cash flow on a regular basis and that surplus funds are deposited so as to maximise interest, with a consideration to only invest in risk free and short-term deposit accounts, whilst limiting liability. Investments held at 31 August 2020 are as follows:

	Invested £	Interest Earned £
Saffron Building Society	88,405	1,520
Lloyds 32-day notice account (05/02/2018 – ongoing)	607,731	2,672

Principal Risks and Uncertainties

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

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

The current top risks are around the following items:

- Due to a lack of funding, there is not the capacity to create a shared service team;
- 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, including in relation to coronavirus.

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

Fundraising

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

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**TRUSTEES' REPORT (continued)
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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 2021 and beyond. These are essential for the Trust to prosper as a Multi Academy Trust.

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

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 25 January 2021 and signed on the board's behalf by:

.....
Russell Andrews
Chair of Trustees

.....
Chris Southall
Accounting Officer

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

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.

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

Governance

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

The Board of Trustees of Embrace Multi Academy Trust formally met 8 times during the year with increased Microsoft Teams meetings taking place due to Covid-19. Attendance during the year at the meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Andrews, Chair of Trustees	7	8
D Chadwick, Trustee	8	8
J Haggart, Trustee	8	8
S Piggot, Trustee	7	8
M Poultney, Trustee	6	8
C Southall, Trust Leader and Accounting Officer	8	8
J Toman, Trustee (Resigned 29/10/2020)	5	8
S Turner, Trustee	7	8
P Gowland, Trustee (Appointed 02/12/2019)	7	7
E Roberts, Trustee (Appointed 15/11/2019)	7	7

Governance Reviews

Full board meetings for Trustees take place at least 4 times per year. The Trust employs a fully trained clerk and minutes are produced and made available to all Trustees via GovernorHub.

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

Trustees have been recruited with a view to possessing the business, financial and educational skills required to lead a Trust. We feel that we have a set of Trustees that meet this aim and they come from a background of leadership within the business, financial and educational world. A skills audit will take place every two years, with the next one scheduled for April 2021.

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

- Finance and Audit
- Standards

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

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

The Finance and Audit Committee of Embrace Multi Academy Trust formally met three times during the year with finance then being incorporated into full board meetings, via Microsoft Teams, due to Covid19 and guidance regarding committee meetings. However, between formal meetings, all trustees are updated through receipt of monthly management accounts via GovernorHub. Attendance during the year at the meetings of the Finance and Audit Committee was as follows:

Trustee	Meetings attended	Out of a possible
R Andrews, Chair of Trustees	2	3
D Chadwick, Trustee	3	3
C Southall, Trust Leader and Accounting Officer	3	3
P Gowland, Trustee (Appointed 02/12/2019)	0	2
E Roberts, Trustee (Appointed 15/11/2019)	3	3
J Toman, Trustee (Resigned 29/10/2020)	0	2

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

1. Finance

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

2. Audit

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

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020**

- To annually review and approve the Trust's financial Scheme of Delegation and appropriate financial regulations.

3. Risk

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

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

4. Relevant Policies

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

5. General

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

6. Review

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

Review of Value for Money

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

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

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

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Embrace Multi Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020**

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and 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;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council 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. On an annual basis, the internal auditor reports to the Board of Trustees, through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustee's financial responsibilities. In the current period, it was not possible to undertake audit visits to schools due to Covid19, and therefore Internal Audit provided a review of the trust-wide Finance Policy and Procedures.

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- Cooper Parry accountants to review Covid risk assessments; and
- the work of staff within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020**

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

Approved by order of the members of the Board of Trustees on 25 January 2021 and signed on its behalf by:

.....
Russell Andrews
Chair of Trustees

.....
Chris Southall
Accounting Officer

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

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 ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

.....
Chris Southall
Accounting Officer

Date: 25 January 2021

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 DfE/ESFA 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:

.....
Russell Andrews
Chair of Trustees

Date: 25 January 2021

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 2020 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 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & 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 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & 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

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

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

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 Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative details, the Trustees' Report including the Strategic Report and the Director's Report, the Governance Statement, the Statement of Regularity, Propriety and Compliance, and the Trustees' Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (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 and the Directors' Report.

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

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, set out on page 16, 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.

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.

Use of our report

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

Helen Blundell LLB FCA FCIE DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 27 January 2021

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**

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

This report is made solely to Embrace Multi Academy Trust and the 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 Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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, testing as appropriate and making appropriate enquires of the Accounting Officer;
- 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
- considerations of governance issues.

Conclusion

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

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 27 January 2021

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020	Total funds 2019
Note	£000	£000	£000	£000	£000
Income from:					
Donations and capital grants	3	(3)	13	907	917
Funding for the Academy Trust's educational operations	4	55	13,543	65	13,662
Other trading activities	5	593	-	-	593
Investments	6	5	-	-	5
		<u>650</u>	<u>13,556</u>	<u>972</u>	<u>15,178</u>
Total income					11,440
Expenditure on:					
Raising funds	7	643	-	-	643
Academy Trust educational operations	8	-	13,852	101	13,953
	9	<u>643</u>	<u>13,852</u>	<u>101</u>	<u>14,596</u>
Total expenditure					9,873
		<u>7</u>	<u>(296)</u>	<u>871</u>	<u>582</u>
Net income/(expenditure)					1,567
Transfers between funds	21	113	(117)	4	-
Other recognised losses:					
Actuarial losses on defined benefit pension schemes	29	-	(291)	-	(291)
		<u>120</u>	<u>(704)</u>	<u>875</u>	<u>291</u>
Net movement in funds					(537)
Reconciliation of funds:					
Total funds brought forward	21	1,599	(5,211)	3,864	252
Net movement in funds	21	120	(704)	875	291
		<u>1,719</u>	<u>(5,915)</u>	<u>4,739</u>	<u>543</u>
Total funds carried forward					252

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

The notes on pages 26 to 64 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	16	4,169	3,864
		<u>4,169</u>	<u>3,864</u>
Current assets			
Stocks	17	2	2
Debtors	18	1,010	974
Cash at bank and in hand	26	3,845	2,666
		<u>4,857</u>	<u>3,642</u>
Liabilities			
Creditors: amounts falling due within one year	19	(958)	(919)
		<u>3,899</u>	<u>2,723</u>
Net current assets			
		<u>8,068</u>	<u>6,587</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	20	(90)	-
		<u>7,978</u>	<u>6,587</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	29	(7,435)	(6,335)
		<u>543</u>	<u>252</u>
Total net assets			
Funds of the Academy Trust			
Restricted funds:			
Restricted fixed asset funds	21	4,739	3,864
Restricted income funds	21	1,520	1,124
		<u>6,259</u>	<u>4,988</u>
Restricted funds excluding pension liability	21	6,259	4,988
Pension reserve	21	(7,435)	(6,335)
		<u>(1,176)</u>	<u>(1,347)</u>
Total restricted funds	21	(1,176)	(1,347)
Unrestricted income funds	21	1,719	1,599
		<u>543</u>	<u>252</u>
Total funds		<u><u>543</u></u>	<u><u>252</u></u>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 22 to 64 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

.....
R Andrews
Chair of Trustees

.....
C Southall
Accounting Officer

Date: 25 January 2021

The notes on pages 26 to 64 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 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	489	1,244
Cash flows from investing activities	25	667	326
Cash flows from financing activities	24	23	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		1,179	1,570
Cash and cash equivalents at the beginning of the year		2,666	1,096
Cash and cash equivalents at the end of the year	26	3,845	2,666
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 64 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 2020

1. Accounting policies

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

1.1 Basis of preparation 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Embrace Multi Academy Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office, principal place of operation and registered number are detailed on pages 1 and 2. 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 the expected impact of Covid-19 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 2020

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 period is deducted from income and recognised as a liability.

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

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an 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 as a transfer on conversion within 'Donations and Capital Grants' to the net assets received.

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.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **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.

1.5 Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over their expected useful lives, as follows;

Long-term leasehold land	- 125 years life of lease
Long-term leasehold property	- 2% straight-line per annum
Long-term leasehold property improvements	- 2% straight-line and 33% straight-line per annum
Furniture and fittings	- 20% straight-line per annum
Computer equipment	- 33% straight-line per annum

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

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

1.6 Operating leases

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

1.7 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.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Taxation (continued)

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.

1.8 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.

1.9 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.

1.10 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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.10 Pensions (continued)

the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.11 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.

1.12 Fund accounting

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

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.

1.13 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.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Licence to occupy (continued)

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 the 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The judgements that have had a significant effect on the amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

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3. Donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Local Authority transferred on conversion	(3)	-	(17)	(20)
Capital Improvement fund	-	-	896	896
S106	-	-	28	28
Donations	-	13	-	13
Total 2020	(3)	13	907	917
	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Local Authority surplus transferred on conversion	655	(1,779)	1,465	341
Donated gift from single Academy Trust	133	(325)	1,291	1,099
Donations	-	2	3	5
Total 2019	788	(2,102)	2,759	1,445

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NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	11,301	11,301
Pupil Premium	-	492	492
Devolved Formula Capital	-	65	65
Other DfE/ESFA grants	-	1,013	1,013
	<u>-</u>	<u>12,871</u>	<u>12,871</u>
Other Government grants			
Local Authority grants	-	457	457
	<u>-</u>	<u>457</u>	<u>457</u>
Other funding			
Trips and parental contributions	-	168	168
Insurance claims	55	80	135
	<u>55</u>	<u>248</u>	<u>303</u>
Exceptional Government funding			
Coronavirus Job Retention Scheme grant	-	32	32
	<u>-</u>	<u>32</u>	<u>32</u>
Total 2020	<u><u>55</u></u>	<u><u>13,608</u></u>	<u><u>13,663</u></u>

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The Academy furloughed some of its lettings, catering and breakfast club staff under the government's CJRS. The funding received of £32k relates to staff costs in respect of 14 staff which are included within note 11 below as appropriate.

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	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	7,912	7,912
Pupil Premium	-	304	304
Capital grants	-	124	124
Other DfE/ESFA grants	-	478	478
	-	8,818	8,818
Other Government grants			
Local Authority grants	-	161	161
	-	161	161
Other funding			
Trips and parental contributions	-	251	251
Insurance claims	54	-	54
	54	251	305
Total 2019	54	9,230	9,284

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

5. Other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000
Rental and hire of facilities	115	115
Catering	290	290
Other income	184	184
Vending machines	4	4
Total 2020	593	593

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	Unrestricted funds 2019 £000	Total funds 2019 £000
Rental and hire of facilities	146	146
Catering	414	414
Other income	138	138
Vending machines	4	4
	702	702
	702	702

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000
Investment income	5	5
	5	5

	Unrestricted funds 2019 £000	Total funds 2019 £000
Investment income	9	9
	9	9

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NOTES TO THE FINANCIAL STATEMENTS
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7. Expenditure on raising funds

	Unrestricted funds 2020 £000	Total funds 2020 £000
Catering	466	466
Kitchen and premises staff wages and salaries	140	140
Kitchen and premises staff national insurance	4	4
Kitchen and premises staff pension costs	33	33
Total 2020	<u>643</u>	<u>643</u>

	Unrestricted funds 2019 £000	Total funds 2019 £000
Catering	357	357
Kitchen and premises staff wages and salaries	129	129
Kitchen and premises staff national insurance	1	1
Kitchen and premises pension costs	31	31
Total 2019	<u>518</u>	<u>518</u>

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8. Charitable activities

	Direct costs 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Educational operations	10,203	3,750	13,953

	Direct costs 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational operations	6,623	2,732	9,355

Analysis of direct costs

	Educational operations 2020 £000	Total funds 2020 £000
Educational supplies	205	205
Examination fees	99	99
Staff development	40	40
Other direct costs	205	205
Staff costs	9,553	9,553
Depreciation	101	101
Total 2020	10,203	10,203

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8. Charitable activities (continued)

Analysis of direct costs (continued)

	Educational operations 2019 £000	Total funds 2019 £000
Educational supplies	225	225
Examination fees	108	108
Staff development	23	23
Other direct costs	203	203
Staff costs	5,983	5,983
Depreciation	81	81
	<hr/>	<hr/>
Total 2019	6,623	6,623
	<hr/> <hr/>	<hr/> <hr/>

Analysis of support costs

	Educational operations 2020 £000	Total funds 2020 £000
Pension finance cost (note 15)	126	126
Travel and subsistence	19	19
Recruitment and support	13	13
Maintenance of premises and equipment	255	255
Cleaning	155	155
Rent and rates	243	243
Energy costs	166	166
Insurance	175	175
Catering	36	36
Professional fees	174	174
Other support costs	234	234
Governance costs	42	42
Staff costs	2,112	2,112
	<hr/>	<hr/>
Total 2020	3,750	3,750
	<hr/> <hr/>	<hr/> <hr/>

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

8. Charitable activities (continued)

Analysis of support costs (continued)

	Educational operations 2019 £000	Total funds 2019 £000
Pension finance cost (note 15)	74	74
Travel and subsistence	27	27
Recruitment and support	14	14
Maintenance of premises and equipment	204	204
Cleaning	72	72
Rent and rates	212	212
Energy costs	119	119
Insurance	107	107
Catering	31	31
Professional fees	94	94
Other support costs	148	148
Governance costs	144	144
Staff costs	1,486	1,486
Total 2019	<u>2,732</u>	<u>2,732</u>

9. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Expenditure on raising funds:				
Direct costs	158	-	485	643
Academy Trust's educational operations:				
Direct costs	9,534	61	608	10,203
Allocated support costs	2,225	667	858	3,750
Total 2020	<u>11,917</u>	<u>728</u>	<u>1,951</u>	<u>14,596</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on raising funds:				
Direct costs	160	-	358	518
Academy Trust's educational operations:				
Direct costs	5,981	81	561	6,623
Allocated support costs	1,560	604	568	2,732
Total 2019	7,701	685	1,487	9,873

10. Net income/(expenditure)

This is stated after charging:

	2020 £000	2019 £000
Operating lease rentals	153	142
Depreciation of tangible fixed assets	101	81
Fees paid to auditors for:		
- audit	33	25
- other services	3	3

11. Staff

a. Staff costs

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NOTES TO THE FINANCIAL STATEMENTS
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11. Staff (continued)

Staff costs during the year were as follows:

	2020	2019
	£000	£000
Wages and salaries	8,294	5,759
Social security costs	693	463
Pension costs	2,590	1,407
	11,577	7,629
Agency staff costs	255	-
Staff restructuring costs	11	-
Other costs	126	-
	11,969	7,629

Staff restructuring costs comprise:

	2020	2019
	£000	£000
Severance payments	11	-
	11	-

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

Included in staff restructuring costs are non-statutory severance payments totalling £10,510 (2019: £Nil). Individually, the payments were £9,414 and £1,096.

c. Staff numbers

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

	2020	2019
	No.	No.
Teaching	115	121
Administration and support	213	213
Management	28	27
	356	361

Staff numbers are similar in 2020 and 2019. However, staff costs are not as 2019 was not a complete year with some schools joining the MAT part way through 2019.

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

11. Staff (continued)

d. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	4	2
In the band £70,001 - £80,000	3	-
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-
	<u><u>1</u></u>	<u><u>3</u></u>

e. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page . The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £263,575 (2019: £310,217).

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

12. Central services

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

- Provision of CEO & CFO services
- Primary improvement lead
- External accountancy services

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

3% top slice from GAG funding.

The actual amounts charged during the year were as follows:

	2020	2019
	£000	£000
Brockington College	180	74
Huncote Community Primary School	20	8
Croft Church of England Primary School	18	7
Manorfield Church of England Primary School	43	18
St Peter's Church of England Primary School	26	11
Sherrier Church of England Primary School	42	11
Arnesby Church of England Primary School	10	4
Total	339	133

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:

		2020	2019
		£000	£000
C Southall	Remuneration	110 - 115	105 - 110
	Pension contributions paid	25 - 30	15 - 20
K Neville (Staff Trustee to 1 July 2019)	Remuneration	-	40 - 45
	Pension contributions paid	-	10 - 15
L Mayes (Staff Trustee to 1 July 2019)	Remuneration	-	20 - 25
	Pension contributions paid	-	0 - 5

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019: £46 was reimbursed or paid directly to 1 Trustee in respect of travel expenses).

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

14. Trustees' and Officers' insurance

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

15. Pension finance cost

	2020	2019
	£000	£000
Expected return on pension scheme assets	116	107
Interest on pension scheme liabilities	(242)	(181)
	<u>(126)</u>	<u>(74)</u>

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16. Tangible fixed assets

	Long-term leasehold land and property £000	Leasehold property improvements £000	Assets under constructi- on £000	Furniture and fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 September 2019	3,682	459	-	201	258	4,600
Additions	-	250	143	8	5	406
At 31 August 2020	<u>3,682</u>	<u>709</u>	<u>143</u>	<u>209</u>	<u>263</u>	<u>5,006</u>
Depreciation						
At 1 September 2019	74	313	-	114	235	736
Charge for the year	42	19	-	26	14	101
At 31 August 2020	<u>116</u>	<u>332</u>	<u>-</u>	<u>140</u>	<u>249</u>	<u>837</u>
Net book value						
At 31 August 2020	<u><u>3,566</u></u>	<u><u>377</u></u>	<u><u>143</u></u>	<u><u>69</u></u>	<u><u>14</u></u>	<u><u>4,169</u></u>
At 31 August 2019	<u><u>3,608</u></u>	<u><u>146</u></u>	<u><u>-</u></u>	<u><u>87</u></u>	<u><u>23</u></u>	<u><u>3,864</u></u>

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16. Tangible fixed assets (continued)

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

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

For Brockington College, included in long leasehold land and property is land valued at £1,062,500 (2019; £1,062,500) on conversion in 2012 by the Education and Skills Funding Agency, Graham Tyerman MRICS, using the depreciation replacement method. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2012.

For Huncote Community Primary School, included in long leasehold land and property is land valued at £369,900 (2019; £369,900) on conversion in 2012 by the Leicestershire County Council, Andrea Hopkins BSc (Hons) MRICS, using the depreciation replacement method. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2012.

For Croft Church of England Primary School, Manorfield Church of England Primary School and Sherrier Church of England Primary School, included in long leasehold land and property is land valued at £1,432,900 (2019; £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.

17. Stocks

	2020	2019
	£000	£000
Finished goods and goods for resale	2	2

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18. Debtors

	2020	2019
	£000	£000
Trade debtors	5	10
Other debtors	-	630
VAT recoverable	85	119
Prepayments and accrued income	920	215
	1,010	974
	1,010	974

19. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Other loans	3	-
Trade creditors	-	346
Other taxation and social security	105	172
Other creditors	208	85
Accruals and deferred income	642	316
	958	919
	958	919
	2020	2019
	£000	£000
Deferred income at 1 September 2019	242	124
Resources deferred during the year	307	242
Amounts released from previous periods	(242)	(124)
	307	242
Deferred income at 31 August 2020	307	242

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, rates reimbursement, trips, pre school funding, and a SEN Covid-19 top-up funding for the 2020/21 academic year.

Included within other loans is a loan totalling £3,162 (2019: £Nil) from Salix Finance. The loan is interest free and repayable in instalments over 1 to 8 years. The loan were pre-approved by the Secretary of State, and provided from The Education and Skills Funding Agency through the Conditional Improvement Fund for LED lighting upgrade.

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

	2020	2019
	£000	£000
Other loans	90	-

Included within other loans are three loans totalling £89,835 (2019: £Nil) from Salix and CIF Finance. The loan is interest free and repayable in instalments over 8 years. The loan was pre-approved by the Secretary of State, and provided from The Education and Skills Funding Agency through the Conditional Improvement Fund for LED lighting upgrade, heating system replacement and roof repairs.

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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Designated funds						
Astro turf pitch	130	-	-	10	-	140
Modular building	128	-	-	32	-	160
	<u>258</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>300</u>
General funds						
General Funds	1,341	650	(643)	71	-	1,419
	<u>1,599</u>	<u>650</u>	<u>(643)</u>	<u>113</u>	<u>-</u>	<u>1,719</u>
Restricted general funds						
General Annual Grant (GAG)	1,037	11,301	(10,814)	(98)	-	1,426
Pupil premium	-	492	(492)	-	-	-
Devolved Formula Capital (DFC)	4	-	(4)	-	-	-
Other DfE/ESFA grants	78	405	(469)	-	-	14
Local Authority grants	-	1,065	(1,065)	-	-	-
Other income	-	261	(181)	-	-	80
Donations	5	-	(5)	-	-	-
Exceptional Government funding	-	32	(13)	(19)	-	-
Pension reserve	(6,335)	-	(809)	-	(291)	(7,435)
	<u>(5,211)</u>	<u>13,556</u>	<u>(13,852)</u>	<u>(117)</u>	<u>(291)</u>	<u>(5,915)</u>
Restricted fixed asset funds						
Net book value of fixed assets	3,864	-	(101)	406	-	4,169
Capital Improvement Fund	-	975	-	(324)	-	651
Devolved Formula Capital	-	65	-	(53)	-	12
S106	-	28	-	(28)	-	-
Salix loans	-	(26)	-	3	-	(23)
CIF loans	-	(70)	-	-	-	(70)
	<u>3,864</u>	<u>972</u>	<u>(101)</u>	<u>4</u>	<u>-</u>	<u>4,739</u>
Restricted funds	<u>(1,347)</u>	<u>14,528</u>	<u>(13,953)</u>	<u>(113)</u>	<u>(291)</u>	<u>(1,176)</u>

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

21. Statement of funds (continued)

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Total funds		252	15,178	(14,596)	-	(291)
		543				

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

Designated funds

The designated fund pot includes transfers of £32,000 from unrestricted funds which transfers on a regular basis to cover the predicted future cost of purchasing the modular building when its lease expires.

It also 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.

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 £240,000 from unrestricted funds to restricted funds is in respect of overspends on GAG income for two Academies.

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 2020. Transfers of £353,000 from restricted funds to the unrestricted general funds represents the GAG contribute towards the Academy Trust's catering provision. Transfers of £61,000 from the restricted funds to the restricted fixed assets funds represents allocations from GAG towards fixed asset additions.

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.

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.

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.

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

Other income

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

Pension reserve

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

Restricted Fixed asset funds

The restricted fixed asset fund was funded predominately by the funds inherited on conversion to an Academy Trust from Local Authority following the transfer of assets. It included further amounts invested in leasehold property improvements, furniture and fittings and computer equipment. Also included in the funds is depreciation charged on fixed assets held. Transfers of £60,000 from the restricted fixed asset funds to restricted funds represents capital grants spent on revenue expenditure.

Salix & CIF Loans

This fund includes loan from the ESFA which were taken out to fund LED lighting upgrade, heating system replacement and roof repairs. The fund is in deficit and the balance is being paid off through the GAG over the terms of the loans. Transfers of £3,000 to restricted funds from restricted fixed asset funds represents allocations of GAG towards the repayment of the LED lighting upgrade loan.

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

Total funds analysis by Academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	2019
	£000	£000
Brockington College	2,214	1,742
Huncote Community Primary School	122	165
Croft Church of England Primary School	226	176
Manorfield Church of England Primary School	370	244
St Peter's Church of England Primary School	67	66
Sherrier Church of England Primary School	114	161
Arnesby Church of England Primary School	27	39
Embrace Multi Academy Trust	99	130
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	3,239	2,723
Restricted fixed asset fund	4,739	3,864
Pension reserve	(7,435)	(6,335)
	<hr/>	<hr/>
Total	543	252
	<hr/> <hr/>	<hr/> <hr/>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

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 2020 £000
Brockington College	4,169	1,246	119	1,186	6,720
Huncote Community Primary School	558	103	11	164	836
Croft Church of England Primary School	604	61	13	108	786
Manorfield Church of England Primary School	1,269	134	18	283	1,704
St Peter's Church of England Primary School	666	212	15	160	1,053
Sherrier Church of England Primary School	1,275	192	18	261	1,746
Arnesby Church of England Primary School	310	34	12	75	431
Embrace Multi Academy Trust	-	307	-	103	410
Academy Trust	8,851	2,289	206	2,340	13,686

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

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 2019 £000
Brockington College	3,953	1,285	191	1,379	6,808
Huncote Community Primary School	217	43	3	50	313
Croft Church of England Primary School	232	33	2	36	303
Manorfield Church of England Primary School	480	63	7	88	638
St Peter's Church of England Primary School	274	84	11	58	427
Sherrier Church of England Primary School	298	40	8	76	422
Arnesby Church of England Primary School	125	13	3	17	158
Embrace Multi Academy Trust	-	84	-	163	247
Academy Trust	<u>5,579</u>	<u>1,645</u>	<u>225</u>	<u>1,867</u>	<u>9,316</u>

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. Statement of funds (continued)

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Designated funds						
Astro turf pitch	120	-	-	10	-	130
Modular building	96	-	-	32	-	128
	<u>216</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>258</u>
General funds						
General Funds	348	1,553	(518)	(42)	-	1,341
	<u>564</u>	<u>1,553</u>	<u>(518)</u>	<u>-</u>	<u>-</u>	<u>1,599</u>
Total Unrestricted funds						
Restricted general funds						
General Annual Grant (GAG)	718	7,912	(7,593)	-	-	1,037
Pupil premium	-	304	(304)	-	-	-
Devolved Formula Capital (DFC)	-	124	(76)	(44)	-	4
Other DfE/ESFA grants	-	361	(283)	-	-	78
Local Authority grants	-	278	(278)	-	-	-
Other income	-	251	(251)	-	-	-
Donations	5	13	(13)	-	-	5
Donated from single Academy Trust	-	(336)	-	336	-	-
Transfer on conversion	-	(1,779)	-	1,779	-	-
Pension reserve	(1,640)	-	(476)	(2,115)	(2,104)	(6,335)
	<u>(917)</u>	<u>7,128</u>	<u>(9,274)</u>	<u>(44)</u>	<u>(2,104)</u>	<u>(5,211)</u>
Restricted fixed asset funds						
Net book value of fixed assets	1,142	3	(81)	2,800	-	3,864
Transfer of Academy assets into Trust	-	1,291	-	(1,291)	-	-
Transfer on conversion	-	1,465	-	(1,465)	-	-
	<u>1,142</u>	<u>2,759</u>	<u>(81)</u>	<u>44</u>	<u>-</u>	<u>3,864</u>
Total Restricted funds	225	9,887	(9,355)	-	(2,104)	(1,347)
Total funds	<u>789</u>	<u>11,440</u>	<u>(9,873)</u>	<u>-</u>	<u>(2,104)</u>	<u>252</u>

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Analysis of net assets between funds

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	4,169	4,169
Current assets	1,719	2,475	663	4,857
Current liabilities	9	(955)	(12)	(958)
Creditors due in more than one year	(9)	-	(81)	(90)
Pension scheme liability	-	(7,435)	-	(7,435)
Total 2020	1,719	(5,915)	4,739	543

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	3,864	3,864
Current assets	1,599	2,043	-	3,642
Current liabilities	-	(919)	-	(919)
Pension scheme liability	-	(6,335)	-	(6,335)
Total 2019	1,599	(5,211)	3,864	252

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

	2020	2019
	£000	£000
Net income for the period (as per Statement of Financial Activities)	582	1,567
Adjustments for:		
Depreciation (note 16)	101	81
Capital grants from DfE/ESFA and other capital income (notes 3 and 4)	(1,068)	(124)
Interest receivable (note 6)	(5)	(9)
Defined benefit pension scheme cost less contributions payable (note 29)	683	402
Defined benefit pension scheme finance cost (note 15)	126	74
Decrease in stocks (note 17)	-	6
Increase in debtors (note 18)	(36)	(746)
(Decrease)/increase in creditors (note 19)	106	634
Donations from new MAT members, net of cash transferred	-	(641)
Net cash provided by operating activities	489	1,244

24. Cash flows from financing activities

	2020	2019
	£000	£000
Cash inflows from new borrowing (note 19 and 20)	26	-
Repayments of borrowing	(3)	-
Net cash provided by financing activities	23	-

25. Cash flows from investing activities

	2020	2019
	£000	£000
Interest received (note 6)	5	9
Purchase of tangible fixed assets (note 16)	(406)	(47)
Proceeds from maturity of current asset investments	-	240
Capital grants from DfE/ESFA and other capital income (notes 3 and 4)	1,068	124
Net cash provided by investing activities	667	326

EMBRACE MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26. Analysis of cash and cash equivalents

	2020	2019
	£000	£000
Cash in hand	3,845	2,666
Total cash and cash equivalents	3,845	2,666

27. Analysis of changes in net debt

	At 1	Cash flows	At 31
	September	£000	August 2020
	2019	£000	£000
Cash at bank and in hand	2,666	1,179	3,845
Debt due within 1 year	-	(3)	(3)
Debt due after 1 year	-	(90)	(90)
	2,666	1,086	3,752

28. Capital commitments

	2020	2019
	£000	£000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	651	13

29. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for 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 2012 and of the LGPS 31 March 2016.

Contributions amounting to £208,351 were payable to the schemes at 31 August 2020 (2019: £85,519) and are included within creditors.

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

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 teachers in Academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,253,000 (2019:£584,000).

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
FOR THE YEAR ENDED 31 AUGUST 2020

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 2020 was £814,000 (2019: £556,000), of which employer's contributions totalled £654,000 (2019: £444,000) and employees' contributions totalled £160,000 (2019: £112,000). The agreed contribution rates for future years are 24.2% 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 Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.70	3.30
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.20	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.5	21.2
Females	23.8	23.4
<i>Retiring in 20 years</i>		
Males	22.2	22.2
Females	25.2	24.7

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

29. Pension commitments (continued)

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(394)	(355)
Discount rate -0.1%	394	355
Mortality assumption - 1 year increase	555	481
Mortality assumption - 1 year decrease	(555)	(481)
CPI rate +0.1%	326	279
CPI rate -0.1%	(326)	(279)
	<u><u> </u></u>	<u><u> </u></u>

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

	2020	2019
	£000	£000
Equities	3,797	3,305
Bonds	1,866	1,767
Property	515	456
Cash	257	171
	<u><u> </u></u>	<u><u> </u></u>
Total market value of assets	6,435	5,699
	<u><u> </u></u>	<u><u> </u></u>

The Academy Trust expects to contribute £660,000 to its defined benefit pension scheme in 2021.

The actual return on scheme assets was £116,000 (2019: £356,000).

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

	2020	2019
	£000	£000
Current service cost	(1,296)	(679)
Past service cost	(41)	(167)
Interest income	116	107
Interest cost	(242)	(181)
	<u><u> </u></u>	<u><u> </u></u>
Total amount recognised in the Statement of Financial Activities	(1,463)	(920)
	<u><u> </u></u>	<u><u> </u></u>

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

29. Pension commitments (continued)

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

	2020	2019
	£000	£000
At 1 September	12,034	4,451
Conversion of Academy Trusts	-	3,327
Transferred in on existing Academies joining the Trust	-	806
Current service cost	1,296	679
Past service cost	41	167
Interest cost	242	181
Employee contributions	160	112
Actuarial losses	146	2,070
Actuarial losses - changes in financial assumptions	-	283
Benefits paid	(49)	(42)
At 31 August	13,870	12,034

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

	2020	2019
	£000	£000
At 1 September	5,699	2,811
Conversion of Academy Trusts	-	1,548
Transferred in on existing Academies joining the Trust	-	470
Interest income	116	107
Actuarial (losses)/gains	(145)	249
Employer contributions	654	444
Employee contributions	160	112
Benefits paid	(49)	(42)
At 31 August	6,435	5,699

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

30. Operating lease commitments

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

	2020	2019
	£000	£000
Not later than 1 year	153	146
Later than 1 year and not later than 5 years	560	560
Later than 5 years	34	144
	<hr/> 747 <hr/>	<hr/> 850 <hr/>

31. Related party transactions

Owing to the nature of the Academy Trust's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the year of account:

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 access to advice and support throughout the year.

The PE Classroom, a company which is owned by the son of Mr C Southall, a Trustee and Accounting Officer of the Trust. During the year the Trust purchased services from The PE Classroom totalling £268.

Rachel Roberts, headteacher of Croft Church of England Primary School, is the spouse of Evan Roberts, a Trustee of the Trust. Rachel's appointment was made in open competition and prior to Evan Robert's appointment as a Trustee. She is paid within the normal pay scale for her role and receives no special treatments as a result of her relationship to a Trustee.

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. Post balance sheet events

On 1 January 2021 Swinford Church of England Primary School joined the Trust.

33. 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 2020

34. Members' liability

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