

Company Registered Number: 08138965 (England and Wales)

**EMBRACE MULTI ACADEMY TRUST
(Formerly Brockington College)**

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

EMBRACE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 12
Governance Statement	13 – 18
Statement on Regularity, Propriety and Compliance	19
Trustees' Responsibilities Statement	20
Independent Auditors' Report	21 – 23
Independent Reporting Accountant's Assurance Report on Regularity	24 – 25
Statement of Financial Activities Incorporating Income and Expenditure Account	26 – 27
Balance Sheet	28 – 29
Statement of Cash Flows	30
Notes to the Financial Statements Incorporating Statement of Accounting Policies and Other Notes to the Financial Statements	31 - 64

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members up to 31 March 2019

C Lewis
R Andrews
J Taylor

Members from 1 April 2019

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

Trustees up to 31 March 2019

J Swinfield-Wells, Trustee (Resigned 01/07/2019)
R Andrews, Chair of Trustees
M Brown, Trustee (Resigned 01/07/2019)
K Slipp, Trustee (Resigned 01/07/2019)
F Speake, Trustee (Resigned 01/07/2019)
G Spencer, Trustee (Resigned 01/07/2019)
J Taylor, Trustee (Resigned 01/07/2019)
M Walton, Trustee (Resigned 01/07/2019)
P Johnson, Trustee (Resigned 14/01/2019)
C Southall, Principal and Accounting Officer
R Dunnett, Trustee (Resigned 01/07/2019)
C Nash, Trustee (Resigned 01/07/2019)
K Saadat, Trustee (Resigned 01/07/2019)
P Graham, Trustee (Resigned 01/07/2019)
C Bates, Trustee (Resigned 01/07/2019)
L Mayes, Staff Trustee (Resigned 01/07/2019)
SR Moseley, Trustee (Resigned 01/07/2019)
S Wright, Trustee (Resigned 01/07/2019)
K Neville, Staff Trustee (Resigned 01/07/2019)
D Richardson, Trustee (Resigned 21/09/2018)
K White, Trustee (Appointed 01/11/2018 and Resigned 01/07/2019)

Trustees from 1 April 2019

R Andrews, Chair of Trustees
D Chadwick, Trustee (Appointed 01/04/2019)
J Haggart, Trustee (Appointed 01/04/2019)
S Piggot, Trustee (Appointed 01/04/2019)
M Poultney, Trustee (Appointed 01/04/2019)
C Southall, Trust Leader and Accounting Officer
J Toman, Trustee (Appointed 01/04/2019)
S Turner, Trustee (Appointed 01/04/2019)
E Roberts (Appointed 15/11/2019)

Senior Management Team up to 31 March 2019

Christopher Southall, Principal
Clare Darby Vice Principal (Resigned 06/01/2019)
Beverley Cuppelditch, Business Manager
Sue Lawrence Assistant Principal
Victoria Carr, Assistant Principal
Jon Barton, Assistant Principal (Appointed Vice Principal 04/01/2019)
Rakesh Patel, Assistant Principal

From 1 April 2019

Christopher Southall, Trust Leader
Beverley Cuppelditch, Chief Financial Officer

Company Name

Brockington College up to 12 November 2018
Embrace Multi Academy Trust from 12 November 2018

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

**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Principal and registered office

Blaby Road
Enderby
Leicester
LE19 4AQ

Company registered number

08138965

Independent Auditor

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

Bankers

Lloyds Bank
High Street
Leicester
LE1 9FS

Solicitors

Lee Bolton Monier-Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and Auditors' Reports of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law. On 12 November 2018 the charitable company changed its name from Brockington College to Embrace Multi Academy Trust.

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 2653 in the school census in May 2019.

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 a minimum of 3 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Organisational Structure

As **Brockington College**, the Board of Members met 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 received reports from the following committees:

1. Finance and Audit Committee – which meets at least 3 times per year
2. Leadership and Management Committee – which meets at least 3 times per year
3. Teaching and Learning Committee – which meets at least 3 times per year
4. Pupil Outcomes Committee – which meets at least 3 times per year
5. Pupil Wellbeing and Safety Committee – which meets at least 3 times per year

The day to day management of the academy is delegated to the Principal, who operates with a senior leadership team that meets on a weekly basis to discuss both strategic and day to day responsibilities.

As **Embrace Multi Academy Trust**, 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 received 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

As **Brockington College**, the Board of Trustees reviewed the Headteacher's pay on an annual basis and the Board approved any pay review. The Board of Trustees reviewed and approved the pay for the Senior Leadership Team on an annual basis and in making such determinations took into account 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.

As **Embrace Multi Academy Trust**, 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 takes into account 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 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.

The trust has consulted with all employees on both the teacher and support staff pay policies. Other policies to date have been developed based upon union consultation as representatives of our employees. The Trust is actively seeking the views of employees in respect of staff workload.

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 4
Full time equivalent employee number 3.8

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 both Brockington College and 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 Brockington College for the financial year 2018-19. For the financial year 2019-20, the objectives and priorities reflect the plans for Embrace Multi Academy Trust.

Objectives, Strategies and Activities 2018-19

The key priority areas for **Brockington College** for 2018-19 were:

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Ensure that Leadership and Management across the college provide the climate for all children to prosper. For 2018-19, we aim to ensure that all leaders work together to provide the culture where Key Stage 3 and Key Stage 4 pupils can thrive as individuals and academically.
2. Further develop Teaching and Learning practices to an optimum level. For 2018-19, we will continue to challenge our teaching members of staff to perform at the level that our skill level descriptor (appraisal) document indicates for each individual. This will reflect pay and experience levels. This in turn will ensure that our teaching and learning is outstanding.
3. Ensure that, through inclusive practices, barriers to learning are reduced so that all children make high levels of progress in all areas. We aim to continue to narrow the gap for disadvantaged children alongside targets given within the SIP and to further raise the level of achievement for more and most able pupils. This will be undertaken, whilst continuing to develop the character of all our learners.
4. For 2018-19, pupil outcomes will be for KS4 exam results to generate a progress 8 score of +0.2 and for those receiving pupil premium funding to generate a progress 8 score of 0.
5. Seek additional opportunities for pupils through our extensive range of partnerships. For 2018-19, this will include forming a Multi-Academy Trust, whilst developing and strengthening initiatives that support teaching, learning and intervention, especially at KS4 as we continue to grow the school to become an outstanding 11-16 establishment in respect of culture first and academia second.

These priorities were achieved in the following ways:

1. At the end of the 2018-19 academic year, we completed our third experience of taking a Key Stage 4 cohort through GCSE accreditation. The trustees were fully informed throughout the two years of how this was progressing and improved their knowledge and skills via committee meetings and explicit training; the senior leadership team has led a massive bulge in pupil numbers, staffing and facilities as a result of age range change, over the first few years of being an 11-16 school. At one stage there were 1370 pupils on roll (increase from 880), an increase in staffing by 40% and an increase in physical resources to match; The extended senior leadership team led initiatives specifically supporting our pupil premium children, careers provision, work experience, pastoral leadership, maths faculty leadership and English faculty leadership; Middle leadership has written and followed schemes of work for Key Stage 4 in all subjects and in most subjects, two schemes of work given that new specifications have been introduced from 2016-17. Our third set of GCSE results were pleasing across several areas, although did not match the standards of 2017-18.
 2. The college has a rigorous and robust monitoring and evaluation schedule in relation to teaching and learning. We ensure that we have the data available that allows us to reward, celebrate and share good practice, with the teacher on a page initiative now able to give each teacher an overview of their teaching over time performance which is viewed in relation to specific career stage for each member of staff. Additionally, we are able to prioritise support for members of staff when it is required. A high priority for the college is CPD for members of staff and we invest heavily in our most precious resource, in this manner. As a result of this work, the vast majority of teaching staff receive a pay award as a result of improving standards. Clearly, the outcomes for pupils reflect the quality of teaching and learning across the college.
 3. In 2018-19, we continued with our small group intervention classes for English and maths to work predominantly with pupil premium children across the school. Our ESLT Pupil Premium Champion represents PP children and advocates for them. She undertook several creative initiatives in 2018-19, which have made a difference to the outcomes of PP children. As a result, there were many opportunities for PP children and specific support towards their GCSE exams. The school counsellor,
-

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

appointed in 2015-16 has seen many PP children and is an outstanding support mechanism for them.

4. As part of rigorous monitoring, we continue to track the progress of all pupils so that we are able to respond through targeted intervention. The use of small group intervention at Brockington, has continued to be successful and has led to improved pupil performance and the narrowing of achievement gaps between groups of pupils. This is in addition to the support offered for PP pupils and the MAMA. On top of this there are a significant amount of intervention classes that take place after school, at weekends and during school holidays.

5. We are a lead strategic partner in a local teaching and learning alliance (TELA) for which the trust leader is the Chair of the Strategic Heads' Group. This has given us access to a wide range of training opportunities. Additionally, our CPD budget means that all teaching staff have access to training externally and internally. All subject areas have also worked hard to develop links with other local schools around key stage 4 that has enabled us to share resources and develop expertise around working with Key Stage 4 pupils at Brockington. The 'excellence groups' which involve 8 other recently converted age range change schools, have been a real success and have led to improved pupil outcomes. We are also a member of PiXL (Partners in Excellence), which has facilitated national training and initiatives. Our greatest collaboration over the past year has been alongside a further six schools to form Embrace Multi Academy Trust which officially opened on April 1, 2019. Much of the work to reach this milestone was undertaken by Brockington College employees and has provided the basis that will allow all seven schools to prosper within this new educational climate.

Brockington College and Brockington College within Embrace Multi Academy Trust: Key Performance Indicators 2018-2020

<u>Progress 8 and Attainment 8</u>	Current Predicted 2020	School GCSE 2019 (unvalidated)	School GCSE 2018	Local authority state-funded schools 2018	England state-funded schools 2018
Number of pupils	233	272	280	6838	523636
Average KS2 Prior Attainment	4.88 (-0.01)	4.89 (+0.1)	4.79	N/A	N/A
Progress 8 score	+0.35(+0.52)	-0.17 (-0.29)	+0.12	-0.04	-0.02
Progress 8 score: English	+0.23(+0.36)	-0.13 (-0.25)	+0.12	-0.04	0.04
Progress 8 score: Maths	+0.46(+0.72)	-0.26 (-0.4)	+0.14	0.09	-0.02
Progress 8 score: EBacc slots	+0.32(+0.57)	-0.26 (-0.37)	+0.11	0.05	-0.03
Progress 8 score: Open slots:	+0.39(+0.46)	-0.07 (-0.17)	+0.10	-0.22	-0.04
Attainment 8 score	52.4 (+5.9)	46.5 (-2.1)	48.6	46.2	46.5
Attainment 8 score: English	10.8(+0.8)	10.0 (-0.4)	10.4	9.9	9.9
Attainment 8 score: Maths	10.5(+1.6)	8.9 (-0.6)	9.5	9.2	9.0
Attainment 8 score: EBacc slots	15.0(+1.9)	13.1 (-0.9)	14.0	13.5	13.4
Attainment 8 score: Open slots:	16.0(+1.6)	14.4 (-0.4)	14.8	13.6	14.2

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

<u>Headline Figures</u>	Current Predicted 2020	School GCSE 2019 (unvalidated)	School GCSE 2018	Local Authority state-funded schools 2018	England state-funded school 2017
Grade 5 or above in English and maths GCSEs	57.9%(+16.7)	41.2% (-1.1)	42.3%	43.6%	43.3%
Achieving the EBacc at grade 5/C or above	27.5%(+21.6)	5.9% (+1.3)	4.6%	14.4%	16.7%
Grade 4 or above in English and maths GCSEs	76.7%(+14.2)	62.5% (-4.8)	67.3%	67.1%	64.2%
Achieving the EBacc at grade 4/C or above	34.6%(+26.9)	7.7% (-1.2)	8.9%	21.5%	24.1%
Entering EBacc	41.3%(+28.1)	13.2% (+1.5)	11.7%	34.6%	38.4%

Objectives, Strategies and Activities 2018-19

The key priority areas for **Embrace Multi Academy Trust** from 1st April 19 are:

1. To develop shared service provision across Embrace

Shared financial services are our initial key development area because it will provide compliance across and within academies. Additionally, expertise in this area will allow us to move towards making savings through joint procurement and through developing further shared services.

We also wish to explore the benefit of shared services across payroll, IT, site and HR. We require these services to support all academies and the central team and believe that shared services in these areas will lead to financial savings, increased effectiveness and will increase our 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.

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.

Embrace Multi Academy Trust: Key Performance Indicators 1st April 2019 – August 2019

Key performance indicators for Brockington College are shown in the table above. The table below sets out the key performance indicators for all primary schools within Embrace Multi academy Trust:

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

	EYFS	Y1 Phonics	KS1 R/W/M	KS2 R	KS2 W	KS2 M	KS2 R/W/M
National	71.8%	81.8%	64.9%	73%	78%	79%	65%
Arnesby CE Primary	87.5%	70.0%	44.4%	100%	71%	100%	71%
Croft CE Primary	73.3%	91.7%	70.0%	77%	85%	92%	69%
Huncote Primary	75.0%	89.7%	62.5%	78%	83%	96%	78%
Manorfield CE Primary	75.0%	94.5%	75.0%	80%	86%	84%	66%
Sherrier CE Primary	80.4%	96.7%	75.0%	87%	85%	89%	75%
St Peter's CE Primary	69.2%	93.5%	61.8%	63%	75%	69%	59%
Embrace Multi Academy Trust	75.7%	92.8%	69.1%	80%	83%	85%	70%

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 single academy that joined Embrace Multi Academy Trust, year on year, since Academy conversion, have had an in year surpluses which has led to healthy reserves. The Local Authority is currently finalising the transfers on conversion to the trust for each of the 5 previous maintained schools which will again increase the level of 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 2019 the total funds comprised:

		£'000
Unrestricted:		1,599
Restricted:	Fixed asset funds	3,864
	GAG	1,037
	Pension reserve	(6,335)
	Other	87
Total		<u><u>252</u></u>

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

Trustees have agreed that an appropriate reserves balance would equate to 4 weeks of expenditure, both in terms of salaries and invoices.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 27. 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 2019 are as follows:

	Invested £	Interest Earned £
Saffron Building Society	85,442	1,325
Lloyds 32 day notice account (05/02/2018 – ongoing)	300,000	0.57% increased to 0.82% 3/8/18

Principal Risks and Uncertainties

The principal risks facing **Brockington College** are included in their Risk Register and Management Plan and include:

- Reputational Risk
- Performance Risk
- Financial Risk – reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs
- Risks associated with Personnel

Control measures are identified in the Risk Register and Management Plan to manage these risks. The Leadership Team and the Board of Trustees hold regular discussions on how the Academy can improve further. This involves ensuring teaching and learning is monitored, reviewed and improved as well as ensuring students are fully supported in preparation for their exams or external assessments. Budgets are monitored carefully to facilitate any reduction in funding or change in pupil numbers due to demographic decline.

The Academy also has an insurance policy to mitigate the risk of the Local Government Pension Scheme deficit, which the Academy currently holds within its accounts and a number of the academies within the trust insure against staff long term absence.

Embrace Multi Academy Trust undertakes risk assessment through the Board of Trustees and in particular the Finance and Audit Committee. Trustees received Risk Management training during the year and Finance and Audit Committee meetings 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 significant financial deficit
- Risk of financial loss due to changes in funding and impact of external political factors on this
- Delegation risk: committees and local governing boards not established with effectively delegated authority

Fundraising

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

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 2020 and beyond. These are essential for the Trust to prosper as a new 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2019 and signed on the board's behalf by:

.....
Russell Andrews
Chair of Trustees

.....
Chris Southall
Accounting Officer

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

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 Brockington College formally met 4 times during the year. Although the Board of Trustees has formally met 4 times during the year, which is less than the requirement of 6 times in the year. However, between formal trustee meetings, all trustees are updated through receipt of monthly management accounts, minutes of Finance and other committees and regular updates from the CFO.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee		Meetings attended	Out of a possible
J Swinfield-Wells, Trustee	(Resigned 01/07/2019)	4	4
R Andrews, Chair of Trustees		3	4
M Brown, Trustee	(Resigned 01/07/2019)	2	4
K Slipp, Trustee	(Resigned 01/07/2019)	4	4
F Speake, Trustee	(Resigned 01/07/2019)	4	4
G Spencer, Trustee	(Resigned 01/07/2019)	4	4
J Taylor, Trustee	(Resigned 01/07/2019)	4	4
M Walton, Trustee	(Resigned 01/07/2019)	4	4
P Johnson, Trustee	(Resigned 14/01/2019)	1	2
C Southall, Principal and Accounting Officer		4	4
R Dunnett, Trustee	(Resigned 01/07/2019)	3	4
C Nash, Trustee	(Resigned 01/07/2019)	4	4
K Saadat, Trustee	(Resigned 01/07/2019)	2	4
P Graham, Trustee	(Resigned 01/07/2019)	4	4
C Bates, Trustee	(Resigned 01/07/2019)	3	4
D Richardson, Staff Trustee	(Resigned 21/09/2018)	0	1
L Mayes, Staff Trustee	(Resigned 01/07/2019)	4	4
SR Moseley, Trustee	(Resigned 01/07/2019)	4	4
K Neville, Staff Trustee	(Resigned 01/07/2019)	4	4
S Wright Trustee	(Resigned 01/07/2019)	1	4
K White Trustee	(Appointed 01/11/2018 & Resigned 01/07/2019)	3	3

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The Board of Trustees of Embrace Multi Academy Trust formally met twice during the year. 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		1	2
D Chadwick, Trustee	(Appointed 01/04/2019)	1	2
J Haggart, Trustee	(Appointed 01/04/2019)	2	2
S Piggot, Trustee	(Appointed 01/04/2019)	2	2
M Poultney, Trustee	(Appointed 01/04/2019)	1	2
C Southall, Trust Leader and Accounting Officer		1	2
J Toman, Trustee	(Appointed 01/04/2019)	2	2
S Turner, Trustee	(Appointed 01/04/2019)	1	2

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.

Prior to the formation of Embrace, the Trustees of Brockington College completed a skills audit in April 2018, which was subsequently reviewed during the academic year 2018-19. This led to discussions at committee and trustee level about broadening the skill set and experience across the trustees, via appropriate training and skills-based recruitment of Trustees when vacancies arise.

As Embrace is a new Trust, 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 2020.

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

- Finance and Audit
- Standards

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The Finance and Audit Committee of Embrace Multi Academy Trust formally met four times during the year. Attendance during the year at the meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Brown, Trustee	3	4
R Dunnett, Trustee (Resigned 01/07/2019)	4	4
C Southall, Trust Leader and Accounting Officer	2	3
G Spencer, Trustee (Resigned 01/07/2019)	1	4
J Swinfield-Wells, Trustee (Resigned 01/07/2019)	3	4
M Walton, Trustee (Resigned 01/07/2019)	4	4
S Batstone	1	1

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

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

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 all contracts for services and re-negotiating or changing provider. This includes gas and electric and Broadband which have resulted in major savings and improved efficiencies. Payroll provision is currently being reviewed to improve value for money.
- Lettings across the Trust are to be reviewed to maximise income potential whilst providing the community with 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 Brockington College and subsequently Embrace Multi Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 2018 to 31 August 2019 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 particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase systems;
- testing of control account/bank reconciliations;
- review of the financial procedures and financial policies document;
- review of Trustees meetings and minutes;
- review of cash flow;
- inventory checks;
- review of preparation, approval and monitoring of budgets; and
- review of private funds

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

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 12 December 2019 and signed on its behalf by:

.....
Russell Andrews
Chair of Trustees

.....
Chris Southall
Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2019**

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 2018.

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 2018.

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

12 December 2019

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on its behalf by:

.....
Russell Andrews
Chair of Trustees

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') for the year ended 31 August 2019 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 2018 to 2019 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's affairs as at 31 August 2019 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 2018 to 2019 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 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'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 Reference and Administrative details, Trustees Report, incorporating the Strategic Report and the Directors 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic 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 28, the Trustees (who are also the Directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy 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's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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: 18 December 2019

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 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggest that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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
and Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 18 December 2019

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	788	(2,102)	2,759	1,445	77
Funding for the Academy Trust's educational operations	4	54	9,230	-	9,284	6,410
Other trading activities	5	702	-	-	702	461
Investments	6	9	-	-	9	2
Total income		1,553	7,128	2,759	11,440	6,950
Expenditure on:						
Raising funds	7,8	518	-	-	518	358
Academy Trust educational operations	9	-	9,274	81	9,355	6,844
Total expenditure		518	9,274	81	9,873	7,202
Net income/ (expenditure)		1,035	(2,146)	2,678	1,567	(252)
Transfers between funds	21	-	(44)	44	-	-
Net movement in funds before other recognised gains/(losses)		1,035	(2,190)	2,722	1,567	(252)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	27	-	(2,104)	-	(2,104)	562
Net movement in funds		1,035	(4,294)	2,722	(537)	310

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Note					
Reconciliation of funds:					
Total funds brought forward	564	(917)	1,142	789	479
Net movement in funds	1,035	(4,294)	2,722	(537)	310
Total funds carried forward	1,599	(5,211)	3,864	252	789

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

The notes on pages 31 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 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	16	3,864	1,142
		<u>3,864</u>	<u>1,142</u>
Current assets			
Stocks	17	2	8
Debtors	18	974	228
Investments	19	-	240
Cash at bank and in hand	25	2,666	1,096
		<u>3,642</u>	<u>1,572</u>
Current liabilities			
Creditors: amounts falling due within one year	20	(919)	(285)
		<u>2,723</u>	<u>1,287</u>
Net current assets			
		<u>6,587</u>	<u>2,429</u>
Total assets less current liabilities			
Defined benefit pension scheme liability	27	(6,335)	(1,640)
		<u>252</u>	<u>789</u>
Total net assets			
Funds of the Academy			
Restricted funds:			
Restricted fixed asset funds	21	3,864	1,142
Restricted income funds	21	1,124	723
		<u>4,988</u>	<u>1,865</u>
Restricted funds excluding pension liability	21	4,988	1,865
Pension reserve	21	(6,335)	(1,640)
		<u>(1,347)</u>	<u>225</u>
Total restricted funds	21	(1,347)	225
Unrestricted income funds	21	1,599	564
		<u>252</u>	<u>789</u>
Total funds		<u>252</u>	<u>789</u>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 26 to 64 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:

.....
R Andrews
Chair of Trustees

.....
C Southall
Accounting Officer

The notes on pages 31 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 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	1,244	107
Cash flows from investing activities	24	326	(225)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		1,570	(118)
Cash and cash equivalents at the beginning of the year		1,096	1,214
Cash and cash equivalents at the end of the year	25	2,666	1,096
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 31 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 2019

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Embrace Multi Academy Trust meets the definition of a public benefit entity under FRS 102. It is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operations 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 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 to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the year 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 year it is receivable and to the extent the Academy has provided the goods or services.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy on conversion to an Academy, 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. An equal amount of income is recognised as a transfer on conversion within 'Donations and Capital Grants' to the net assets received.

• **Transfer of existing Academies into the Academy**

Where assets and liabilities are received on the transfer of an existing Academy into the Academy, 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. An equal amount of income is recognised for the transfer of an existing academy into the Academy within 'Donations and Capital Grants' to the net assets acquired.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

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 to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy 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.

1.6 Tangible fixed assets

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

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Long leasehold land	- 125 years life of lease
Long leasehold property	- 2% straight line per annum
Long 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

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.

1.7 Stocks

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Provisions

Provisions are recognised when the Academy 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.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 note 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 Operating leases

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

1.13 Pensions

Retirement benefits to employees of the Academy 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.14 Fund accounting

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

1.15 Licence to occupy

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

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 fixed assets, and note 1.6 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 27, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The 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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Local Authority surplus transferred on conversion	655	(314)	341	-
Donated gift from single Academy Trust	133	966	1,099	-
Similar incoming resources	-	5	5	77
Total 2019	788	657	1,445	77
Total 2018	-	77	77	

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants (continued)

Included within Local Authority surplus transferred on conversion from joiner Academies within restricted funds, are amounts totalling £1,465,000 which relates to the transfer of fixed assets and £1,779,000 in relation to the pension deficit.

Include within Donated gifts from single Academy Trusts within restricted funds are amounts totalling £1,291,000 which relates to the transfer of fixed assets, £133,000 received in unrestricted funds, £11,000 received in restricted funds and £336,000 in relation to the pension deficit. Of the amounts transferred and donated, £162,000 was received as cash.

4. Funding for the Academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,912	7,912	5,699
Pupil Premium	-	304	304	213
Devolved Formula Capital	-	124	124	27
Other ESFA/DfE grants	-	361	361	56
	-	8,701	8,701	5,995
Other government grants				
Local Authority grant	-	278	278	104
	-	278	278	104
Other funding				
Trips and parental contributions	-	251	251	238
Insurance claims	54	-	54	63
Other income	-	-	-	10
	54	251	305	311
Total 2019	54	9,230	9,284	6,410
Total 2018	63	6,347	6,410	

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Rental and hire of facilities	146	146	115
Catering	414	414	329
Other income	138	138	16
Vending machines	4	4	1
	<u>702</u>	<u>702</u>	<u>461</u>

All of the income received in 2018 from other trading activities was in relation to unrestricted funds.

6. Investments

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	<u>9</u>	<u>9</u>	<u>2</u>

All of the income received in 2018 from investments was in relation to unrestricted funds.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs	Premises	Other	Total	Total
	2019	2019	2019	2019	2018
	£000	£000	£000	£000	£000
Expenditure on raising voluntary income:					
Raising funds	160	-	358	518	358
Academy Trust educational operations:					
Direct costs	5,981	81	559	6,621	4,806
Allocated support costs	1,560	604	570	2,734	2,038
Total 2019	<u>7,701</u>	<u>766</u>	<u>1,406</u>	<u>9,873</u>	<u>7,202</u>
Total 2018	<u>5,444</u>	<u>690</u>	<u>1,068</u>	<u>7,202</u>	

In 2018, of the total expenditure on charitable educational activities of £7,202,000, £421,000 was from unrestricted funds, £176,000 was from restricted fixed asset funds and £6,605,000 was from restricted funds.

8. Raising funds

	Unrestricted	Total	Total
	funds	funds	funds
	2019	2019	2018
	£000	£000	£000
Catering	357	357	176
Premises costs	-	-	20
Kitchen and premises staff - wages and salaries	129	129	134
Kitchen and premises staff - NI	1	1	-
Kitchen and premises staff - pension costs	31	31	28
	<u>518</u>	<u>518</u>	<u>358</u>

All of the expenses incurred in 2018 for raising funds were in relation to unrestricted funds.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Charitable activities

	Direct costs	Support	Total	Total
	2019	costs	funds	funds
	£000	2019	2019	2018
		£000	£000	£000
Academy Trust educational operations	6,621	2,734	9,355	6,844
Total 2018	4,806	2,038	6,844	

Analysis of direct costs

	Total	Total
	funds	funds
	2019	2018
	£000	£000
Staff costs	5,981	4,201
Depreciation	81	176
Educational supplies	225	67
Examination fees	108	107
Staff development	23	17
Other direct costs	203	237
Loss on disposal	-	1
	6,621	4,806

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Charitable activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Pension finance cost (note 15)	74	51
Staff costs	1,486	1,030
Travel and subsistence	27	37
Recruitment and support	14	11
Maintenance of premises and equipment	204	145
Cleaning	72	20
Rent and rates	212	247
Energy costs	119	82
Insurance	107	81
Catering	31	24
Legal and professional	94	44
Other support costs	149	112
Other services	-	143
Governance costs	144	11
	<u>2,734</u>	<u>2,038</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	142	167
Depreciation of tangible fixed assets	81	176
Loss on disposal of fixed assets	-	1
Fees paid to auditors for:		
- audit	25	10
- other services	3	2
	<u>251</u>	<u>356</u>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£000	£000
Wages and salaries	5,586	3,974
Social security costs	463	323
Pension costs	1,407	960
	7,456	5,257
Agency staff costs and apprenticeship levy	171	116
Staff restructuring costs	-	20
Pension finance costs (note 15)	74	51
	7,701	5,444

Staff restructuring costs comprise:

	2019	2018
	£000	£000
Severance payments	-	20
	-	20

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

Included in staff restructuring costs are non-statutory severance payments totalling £Nil (2018 - £20,000). Individually, the payments were £10,000 and £10,000.

c. Staff numbers

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

	2019	2018
	No.	No.
Teaching	121	68
Administration and support	213	91
Management	27	7
	361	166

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

c. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Teaching	109	61
Administration and support	133	69
Management	25	7
	<hr/> 267 <hr/>	<hr/> 137 <hr/>

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	-
In the band £70,001 - £80,000	-	1
In the band £100,001 - £110,000	1	1
	<hr/> 1 <hr/>	<hr/> 1 <hr/>

The above employees contribute to the Teachers Pension Scheme. The annualised contributions for the employees were £44,012 (2018 - £29,213) to Teachers Pension Scheme.

e. Key management personnel

The Key Management Personnel of the Academy Trust comprise the Staff Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by Key Management Personnel for their services to the Academy Trust was £310,217 (2018 - £666,585).

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Central services

The Academy 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 charges for these services on the following basis:

3% top slice from GAG funding.

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
Brockington College	74	-
Huncote Community Primary School	8	-
Croft Church of England Primary School	7	-
Manorfield Church of England Primary School	18	-
St Peter's Church of England Primary School	11	-
Sherrier Church of England Primary School	11	-
Arnesby Church of England Primary School	4	-
Total	133	-

13. Related Party Transactions - Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. 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:

		2019	2018
		£000	£000
C Southall	Remuneration	105 - 110	100 - 105
	Pension contributions paid	15 - 20	15 - 20
K Neville (Staff Trustee to 1/7/19)	Remuneration (10 Months)	40 - 45	30 - 35
	Pension contributions paid	10 - 15	5 - 10
L Mayes (Staff Trustee to 1/7/19)	Remuneration (10 Months)	20 - 25	20 - 25
	Pension contributions paid	0 - 5	5 - 10
E Hawthorne	Remuneration	-	5 - 10
	Pension contributions paid	-	0 - 5

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Related Party Transactions - Trustees' remuneration and expenses (continued)

During the year ended 31 August 2019, expenses totalling £46 were reimbursed or paid directly to 1 Trustee (2018 - £180 to 2 Trustees). The expenses were to reimburse the Trustee for travel expenses incurred whilst undertaking Trust based activities.

Other related party transactions involving Trustees are set out in note 29.

14. Trustees' and Officers' insurance

The Academy 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 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

	2019	2018
	£000	£000
Interest income on pension scheme assets	107	63
Interest on pension scheme liabilities	(181)	(114)
	(74)	(51)

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Tangible fixed assets

	Long leasehold land and property £000	Leasehold property improvements £000	Furniture and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2018	1,062	355	139	241	1,797
Additions	-	33	9	5	47
Transfers on conversion	2,620	71	53	12	2,756
At 31 August 2019	<u>3,682</u>	<u>459</u>	<u>201</u>	<u>258</u>	<u>4,600</u>
Depreciation					
At 1 September 2018	52	294	89	220	655
Charge for the year	22	19	25	15	81
At 31 August 2019	<u>74</u>	<u>313</u>	<u>114</u>	<u>235</u>	<u>736</u>
Net book value					
At 31 August 2019	<u><u>3,608</u></u>	<u><u>146</u></u>	<u><u>87</u></u>	<u><u>23</u></u>	<u><u>3,864</u></u>
At 31 August 2018	<u><u>1,010</u></u>	<u><u>61</u></u>	<u><u>50</u></u>	<u><u>21</u></u>	<u><u>1,142</u></u>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 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 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 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 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 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

	2019	2018
	£000	£000
Finished goods and goods for resale	2	8

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Debtors

	2019	2018
	£000	£000
Trade debtors	10	-
Other debtors	630	-
Prepayments and accrued income	215	201
VAT recoverable	119	27
	974	228
	974	228

19. Current asset investments

	2019	2018
	£000	£000
Unlisted investments (liquid)	-	240
	-	240
	-	240

20. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	346	-
Other taxation and social security	257	87
Other creditors	-	6
Accruals and deferred income	316	192
	919	285
	919	285
	2019	2018
	£000	£000
Deferred income at 1 September 2018	124	156
Resources deferred during the year	242	124
Amounts released from previous periods	(124)	(156)
	242	124
Deferred income at 31 August 2019	242	124

At the balance sheet date the Academy Trust was holding funds received in advance for school trips, rates reimbursement, universal infant free school meals income and other income relating to the next academic year.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/(out) £000	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
Total Unrestricted funds	<u>564</u>	<u>1,553</u>	<u>(518)</u>	<u>-</u>	<u>-</u>	<u>1,599</u>
Restricted general funds						
General Annual Grant (GAG)	718	7,912	(7,593)	-	-	1,037
Devolved Formula Capital (DFC)	-	124	(76)	(44)	-	4
Other DfE/ESFA grants	-	361	(283)	-	-	78
Pupil premium	-	304	(304)	-	-	-
Other income	-	251	(251)	-	-	-
Other grants	-	278	(278)	-	-	-
Donations	5	13	(13)	-	-	5
Donated from single Academy	-	(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>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
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	<u>225</u>	<u>9,887</u>	<u>(9,355)</u>	<u>-</u>	<u>(2,104)</u>	<u>(1,347)</u>
Total funds	<u><u>789</u></u>	<u><u>11,440</u></u>	<u><u>(9,873)</u></u>	<u><u>-</u></u>	<u><u>(2,104)</u></u>	<u><u>252</u></u>

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

Designated funds

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

It also includes of a transfer of £10,000 transferred from unrestricted funds which is 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 objects of the Academy at the discretion of the Trustees.

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 was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Devolved Formula Capital

Devolved formula capital is ESFA grant monies to be spent on premises. Transfers of £44,000 from restricted funds to the restricted fixed asset fund represents contributions towards computer equipment, furniture and other equipment.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

Other DfE/ESFA Grants

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

Pupil premium

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

Other grants

These funds include High Needs Funding from the Local Authority, pupil premium for looked after children and funding from the Department for Work and Pensions.

Other income

These consist of income from all other sources to be used primarily for the Academy's educational operations. Transfers into the pension reserve of £2,115,000 from restricted general funds relate to the pension liability for Academies joining the MAT, transferred from the total net assets transferred.

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. Transfers of £2,115,000 into the pension reserve relate to transfers of liabilities from Academies joining the MAT.

Restricted Fixed asset funds

The net book value of fixed asset fund has been set up to recognised the tangible assets held by the Academy Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

Transfer on conversion

These funds represent the amount transferred in from schools joining the Multi Academy Trust during the year on conversion. This includes unrestricted funds, restricted general funds and restricted fixed asset funds.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£000	£000
Brockington College	1,742	1,287
Huncote Community Primary School	165	-
Croft Church of England Primary School	176	-
Manorfield Church of England Primary School	244	-
St Peter's Church of England Primary School	66	-
Sherrier Church of England Primary School	161	-
Arnesby Church of England Primary School	39	-
Embrace Multi Academy Trust	130	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,723	1,287
Restricted fixed asset fund	3,864	1,142
Pension reserve	(6,335)	(1,640)
	<hr/>	<hr/>
Total	252	789
	<hr/> <hr/>	<hr/> <hr/>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 £000	Total 2018 £000
Brockington College	3,953	1,285	191	1,379	6,808	7,026
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	402	159	-	162	723	-
Academy	5,981	1,720	225	1,866	9,792	7,026

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains £000	Balance at 31 August 2018 £000
Unrestricted funds						
Designated funds						
Astro turf pitch	-	-	-	120	-	120
Modular building	32	-	-	64	-	96
	<u>32</u>	<u>-</u>	<u>-</u>	<u>184</u>	<u>-</u>	<u>216</u>
General funds						
General Funds	427	526	(421)	(184)	-	348
Total Unrestricted funds	<u>459</u>	<u>526</u>	<u>(421)</u>	<u>-</u>	<u>-</u>	<u>564</u>
Restricted general funds						
General Annual Grant (GAG)	624	5,700	(5,606)	-	-	718
Devolved Formula Capital (DFC)	-	27	(14)	(13)	-	-
Other DfE/ESFA grants	-	56	(56)	-	-	-
Pupil premium	-	213	(213)	-	-	-
Other income	-	257	(257)	-	-	-
Other grants	-	104	(104)	-	-	-
Donations	-	67	(62)	-	-	5
Pension reserve	(1,909)	-	(293)	-	562	(1,640)
	<u>(1,285)</u>	<u>6,424</u>	<u>(6,605)</u>	<u>(13)</u>	<u>562</u>	<u>(917)</u>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/(out) £000	£000	Balance at 31 August 2018 £000
Restricted fixed asset funds						
Net book value of fixed assets	1,305	-	(176)	13	-	1,142
Total Restricted funds	20	6,424	(6,781)	-	562	225
Total funds	479	6,950	(7,202)	-	562	789

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	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	1,599	(5,211)	3,864	252

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	1,142	1,142
Current assets	564	1,008	-	1,572
Current liabilities	-	(285)	-	(285)
Pension scheme liability	-	(1,640)	-	(1,640)
Total	564	(917)	1,142	789

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

	2019 £000	2018 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	1,567	(252)
Adjustments for:		
Depreciation	81	176
Capital grants from DfE and other capital income	(124)	(27)
Interest receivable	(9)	(1)
Defined benefit pension scheme cost less contributions payable	402	242
Defined benefit pension scheme finance cost	74	51
Decrease/(increase) in stocks	6	(1)
Increase in debtors	(746)	(59)
Increase/(decrease) in creditors	634	(23)
Loss on sale of fixed assets	-	1
Donations from new MAT members, net of cash transferred	(641)	-
Net cash provided by operating activities	1,244	107

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Cash flows from investing activities

	2019	2018
	£000	£000
Interest received	9	2
Purchase of tangible fixed assets	(47)	(14)
Purchase of current asset investments	-	(240)
Proceeds from maturity of current asset investments	240	-
Capital grants from DfE/ESFA	124	27
Net cash provided by/(used in) investing activities	326	(225)

25. Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Cash in hand	2,666	1,096
Total cash and cash equivalents	2,666	1,096

26. Capital commitments

	2019	2018
	£000	£000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	13	-
	13	-

27. Pension commitments

The Academy'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 2016 and of the LGPS 31 March 2016.

Contributions amounting to £86,515 were payable to the schemes at 31 August 2019 (2018 - £Nil) and are included within creditors.

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuationreport.aspx>.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Pension commitments (continued)

subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £584,000 (2018 - £435,000).

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 2019 was £556,000 (2018 - £360,000), of which employer's contributions totalled £444,000 (2018 - £284,000) and employees' contributions totalled £112,000 (2018 - £76,000). The agreed contribution rates for future years are 25.3% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.3	3.3
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums	50	50

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.4	24.3
<i>Retiring in 20 years</i>		
Males	22.2	23.8
Females	24.7	26.2

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Pension commitments (continued)

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(355)	(126)
Discount rate -0.1%	355	126
Mortality assumption - 1 year increase	481	178
Mortality assumption - 1 year decrease	(481)	(178)
CPI rate +0.1%	279	99
CPI rate -0.1%	(279)	(99)

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

	At 31	At 31 August
	August 2019	2018
	£000	£000
Equities	3,305	1,743
Debt instruments	1,767	759
Property	456	253
Cash and other liquid assets	171	56
Total market value of assets	5,699	2,811

The Academy expects to contribute £420,000 to its defined benefit pension scheme in 2020.

The actual return on scheme assets was £356,000 (2018 - £119,000).

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

	2019	2018
	£000	£000
Current service cost	(679)	(526)
Past service cost	(167)	-
Interest income	107	63
Interest cost	(181)	(114)
Total amount recognised in the Statement of Financial Activities	(920)	(577)

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Pension commitments (continued)

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

	2019	2018
	£000	£000
At 1 September	4,451	4,281
Conversion of Academy Trusts	3,327	-
Transferred in on existing Academies joining the Trust	806	-
Current service cost	679	526
Interest cost	181	114
Employee contributions	112	76
Actuarial losses/(gains)	2,070	(506)
Benefits paid	(42)	(40)
Past service costs	167	-
Actuarial losses - changes in financial assumptions	283	-
	<hr/>	<hr/>
At 31 August	12,034	4,451
	<hr/> <hr/>	<hr/> <hr/>

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

	2019	2018
	£000	£000
At 1 September	2,811	2,372
Conversion of Academy Trusts	1,548	-
Transferred in on existing Academies joining the Trust	470	-
Interest income	107	63
Actuarial gains	249	56
Employer contributions	444	284
Employee contributions	112	76
Benefits paid	(42)	(40)
	<hr/>	<hr/>
At 31 August	5,699	2,811
	<hr/> <hr/>	<hr/> <hr/>

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

28. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy	Academy
	2019	2018
	£000	£000
Not later than 1 year	146	140
Later than 1 year and not later than 5 years	560	536
Later than 5 years	144	276
	<hr/> 850 <hr/>	<hr/> 952 <hr/>

29. Related party transactions

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

The following related party transactions took place in the period 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.

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.

30. Controlling party

The Academy is ultimately controlled by the Governing Body, which includes the Chief Executive Officer.

31. Company Limited by Guarantee

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

EMBRACE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. 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.

33. Transfer of existing Academies into the Academy

Huncote Community Primary School

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Long leasehold land & buildings	1,187	1,187
Long leasehold property improvements	73	73
Furniture and equipment	25	25
Computer equipment	6	6
Current assets		
Debtors due within one year	36	36
Cash at bank and in hand	162	162
Liabilities		
Creditors due within one year	(54)	(54)
Pensions		
Pensions - pension scheme assets	470	470
Pensions - pension scheme liabilities	(806)	(806)
Net assets	1,099	1,099