

Company Registration Number: 11717748 (England & Wales)

EMBARK MULTI ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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EMBARK MULTI ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|--|
| Members | A Allsop S Armitage M Jakhara M Mallender |
| Trustees | S E Armitage, Chair of Trustees M J Crawford, Chief Executive E J Hedley D E Outhwaite I R Paxton A Round D King (appointed 1 April 2020) P Ricketts (appointed 1 January 2020) |
| Company registered number | 11717748 |
| Company name | Embark Multi Academy Trust |
| Principal and registered office | Office 40 Derwent Business Centre Clarke Street Derby DE1 2BU |
| Chief executive officer | M J Crawford |
| Senior management team | M J Crawford, Chief Executive Officer P Se arson, Head Teacher (Longford CofE Primary School) K Mason, Head Teacher (Richardson Endowed Primary School) R Hull, Head Teacher (Kilburn Junior School) L Pilling, Head Teacher (Howitt Primary School) E Peach, Head Teacher (Horsley Woodhouse Primary School) J Lynch, Head Teacher (Heath Primary School) J Evans, Head Teacher (Aldercar Infant School) A Upton, Head Teacher (Chaucer Junior School) C Beattie, Head Teacher (Chaucer Infant and Nursery School) |
| Independent auditors | Smith Cooper Audit Limited St Helens House King Street Derby DE1 3EE |
| Bankers | Lloyds Bank plc Chesterfield S40 1LR |
| Solicitors | Flint Bishop LLP St Michael's Court Derby DE1 3HQ |

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the audited financial statements and independent auditor's report of the charitable company for the period ended 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a director's report under company law.

Structure, governance and management

a. Constitution

The multi-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 multi-academy trust. The Trustees of Embark Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Embark Multi Academy Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

There have been no qualifying third-party indemnity provisions in place for the year 1 September 2019 to 31 August 2020 (2019: none).

d. Method of recruitment and appointment or election of Trustees

The method of recruitment and appointment of Trustees is described in the articles and memorandum of association. There must be a minimum quorum of three Trustees, one of which will be the Chief Executive Officer. The members may appoint up to six through such process as they may determine. Including the Chief Executive Officer, the number of Trustees who are also employees shall not exceed one third of the total number of Trustees. The Trustees may also choose to appoint up to three 'Co-opted Trustees'.

Trustees serve a term of office of four years and may be re-appointed or re-elected.

e. Policies adopted for the induction and training of Trustees

The Trustees have a vital role in our organisation. We aim to attract and retain people who have commitment, experience and the necessary skills to make a difference in the communities that we serve.

Training for the Trustees is recorded, and delivered on four levels:

- Trustee development is reviewed during the year and where appropriate opportunities explored to develop learning
- External speakers deliver key elements, particularly covering statutory responsibilities
- This is supplemented by attendance at regional events
- Email alerts from National Bodies

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

Structure, governance and management (continued)

f. Organisational structure

The Trust Leader is the Accounting Officer of the Trust and, as such has ultimate responsibility for the operations and controls in place. At the point of approval of these financial statements Embark Multi Academy Trust included the following academies:

| <u>Academy</u> | <u>Date of Conversion</u> | <u>Type</u> |
|-----------------------------------|---------------------------|-------------|
| Aldercar Infant School | 1 January 2019 | Convertor |
| Heath Primary School | 1 January 2019 | Convertor |
| Horsley Woodhouse Primary School | 1 January 2019 | Convertor |
| Howitt Primary School | 1 January 2019 | Convertor |
| Kilburn Junior School | 1 January 2019 | Convertor |
| Longford Primary School | 1 August 2019 | Convertor |
| Richardson Endowed Primary School | 1 June 2019 | Convertor |
| Chaucer Junior School | 1 April 2020 | Convertor |
| Chaucer Infant School | 1 May 2020 | Convertor |
| Field House Infant School | 1 December 2020 | Convertor |
| Ladywood Primary School | 1 December 2020 | Convertor |
| Waingroves Primary School | 1 December 2020 | Convertor |

Embark Multi Academy Trust has an experienced Board of Trustees in place, which are responsible for identifying and establishing strategies and policies and for ensuring they are implemented. Where appropriate, duties are delegated to committees, and employees of Embark Multi Academy Trust.

During the year to 31 August 2020 the Board of Trustees operated two committees; Finance, Audit and Risk Committee and a School Performance Committee to assist them in carrying out their responsibilities.

Committee terms of reference will be reviewed and agreed on an annual basis by the Board of Trustees. The Trustees have a detailed scheme of delegation for effective and efficient decision making for its committees and senior staff throughout the Trust.

The appointment of Trustees, auditors, approval of annual financial statements and budgets, along with the approval of policies and procedures implemented within the Trust remain the responsibility of the Board.

The Trust has strengthened the Board of Trustees during the year to include individuals with commercial and financial experience. The Trust has commenced a process of Trustee self-evaluation during the year and intends to continue with this work during 2020/21. The structure of the Trust has also evolved during the year with Trustees agreeing to the operation of four geographical areas to ensure that robust governance arrangements can be maintained as the Trust continues to grow these will be introduced during 2020/21.

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

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

When considering and setting salary levels across the Trust a clear set of principles are followed to ensure transparency. During the reporting period no decisions on senior pay were made. When considering and setting salary levels across the trust a clear set of principles are followed to ensure transparency. During the reporting period the Board of Trustees commissioned an experienced and independent external adviser to support the Board on developing the decision-making process for remuneration of the Trust Leader role. This was reviewed, adopted and subsequently enacted by the Board in relation to a decision on Trust Leader pay. Decisions on Headteacher pay were made by the Trust Leader and reviewed by Trustees.

Trade union facilities time

Embark Multi Academy Trust subscribes to the Derbyshire County Council arrangement for Trade Union facilities time. The service allows representation from Derbyshire County Council's recognized trade unions to represent their members in Derbyshire schools on an individual or collective basis. This is a statutory obligation (Trade Union and Labour Relations (Consolidated) Act 1992 and the Employment Act 2002) on all schools to provide facilities time. This arrangement provides the following benefits:

- The Trade Union facilities time plays a very useful role in ensuring basic employer rights so that all staff have a consistent city-wide representation;
- Schools benefit from access to the experienced full time officers within schools across the city;
- Without this input, the Trust would have to reach agreements directly with each Trade Union to ensure the statutory rights of Trade Unions and employees are met.

h. Related parties and other connected charities and organisations

During the reporting period there were no transactions with related parties, connected charities or organisations other than those disclosed in note 28. The Trust has a pecuniary and business interests policy, details of relevant entries can be viewed on the Trusts website.

i. Objectives and activities

Objects and aims

Our Core Purpose

Our core purpose is to ensure we all **Love Learning and Love Life**, to nurture and develop the pure spark of potential that exists in everyone. We want our Embark Family to grow, thrive and be inspired for a life-long journey of learning.

Our Vision

At Embark Federation our vision is to create 'stand out' schools at the heart of their communities.

Our Core Beliefs

Our four core beliefs of **Family, Integrity, Teamwork** and **Success** guide us on this quest and in all that we do.

Family

Family is very important to our Trust. Like every family we want our children to feel safe and secure. In our family we care for each other and hope, dream, learn and play together. We are part of our own school family but also a wider Trust family. All stakeholders are important to our family and we work together to achieve the very best for our children. We believe in strong family values and want everyone in the Trust to feel loved and that they belong.

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

(continued)

a. Objects and aims (cont.)

Integrity

Integrity to us means 'doing the right thing when nobody is watching.' Trust and respect are key values to us and are inherent in everything that we do in our schools and as a Trust. We expect everyone in our Trust to maintain high standards in all that they do. To have integrity you must be committed, courageous, honest, disciplined, and resilient.

Teamwork

We truly believe that we are stronger together which is why we have formed this Trust. Sharing ideas or excellent practice, supporting our friends to overcome hurdles and achieve greater things give us great satisfaction. We are proud of each other and our achievements, rely on one another and understand that everyone has a part to play in our success. Teamwork creates synergy and we believe that when we work together the effect is greater than the sum of our individual parts. Being part of a team empowers all team members.

Success

Success to us means every child and member of our team fulfilling their potential. We will not put a ceiling on what can be achieved, and we strive for everyone in our Trust to 'be the best they can be.' Our focus is relentlessly placed on 'whatever it takes' to make a difference to a child. Academic success is important to us but only a part of education here. Providing the best possible opportunities for children in Science, the Arts, Physical Education, Modern Foreign Languages, Humanities, and other subjects is just as important to us. We want all our children to be inquisitive, confident, happy learners and wish to bring the very best out of everyone. We will celebrate all our successes at every opportunity and look to encourage all our team.

In summary our core purpose, vision and core beliefs act as a compass to set the direction for our Trust and to help us find a balance between the benefit of Trust-wide systems and procedures and the autonomy and freedom for our schools to shape a curriculum for their own unique context. We want our schools to enjoy the full fruits of being part of our Trust family and have the support and space to make the most of what makes them special.

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

(continued)

b. Objectives, strategies and activities

This year has seen significant development towards clarifying a 5 year strategic plan for Embark. In line with our core beliefs, this has involved our trustees working alongside our growing Executive Leadership Team to create alignment around a shared future vision and plan.

Our Trust Leader has also sought advice and mentoring support from senior system leaders and our own Members in shaping the strategic direction. In October, we held a 1.5 day 'strategic intensive' with the chair of trustees, trust board committee chairs and the Executive Leadership Team involved in deeper thinking and sharing of ideas on the content of this plan.

In broad terms, this brought clarification of 5 'critical success factors' for the Trust:

1. Optimise children's learning experiences
2. Engage families and communities
3. Create an enriching employee and volunteer experience
4. Building the foundations for business excellence
5. Connect with our extended family

These add further clarity our current three strategic goals; the **Embark Performance**, **Embark Offer** and **Embark Way** which set out our ambitions for the trust.

Strategic Goal 1 – Embark Performance

We encourage and support all our schools to deliver a creative and effective curriculum that meets the needs of its learners and delivers on our purpose. We strive to provide impactful professional development of our staff to help meet this aim and encourage open, collaborative sharing across the trust.

Our Directory of Excellence helps reference and highlight exceptional teaching and learning across our schools. It enables our schools to tap into the expertise and specialisms that exist, both in terms of teaching and learning, subject leadership, curriculum development, and more. Schools then know where to look within the trust (and beyond) for expert advice, guidance, and knowledge. Our aim is to continually grow as a learning community and to share approaches that have truly made a difference to our learners, freely and openly.

We aim to provide a learning climate that is both nurturing and stretching for our children. Our staff develop the skills to read the needs and abilities of learners and provide teaching that is (ideally) enjoyable and challenge-based, enabling children to develop skills alongside embedding deeper knowledge. Children thrive when they are encouraged to be curious, independent learners, and when they feel safe in a nurturing and supportive environment to experiment and stretch themselves.

Our Ambitions:

- To become a 'stand out' provider of education, creating and upholding our own performance standards
- To provide system leadership, contributing to the advancement of the teaching profession, to sector improvement and to government policy
- To develop and sustain good governance practice at school and trust level to support and challenge our ongoing performance

Strategic Goal 2 – Embark Offer

As a trust we are determined for the offer for our children and families to be clear, valued and defined by aspiration, enrichment, and opportunity. The Embark Award is at the heart of this and is our commitment to our pupils.

It details 100 activities, themed around our core beliefs, setting out life experiences that we would want our children to have had by the time they leave primary school. It is our hope that the Embark Award encourages family learning and for those children who may not get these life chances at home we will make sure they do at school.

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

(continued)

In addition to this, we expect all our schools to deliver a broad, balanced, and exciting curriculum that meets children's needs and is not predominantly geared towards the end of key stage tests. We want our schools to achieve success in all areas and do not dismiss the importance of high academic standards. We believe this can be achieved by learning key skills through other subjects.

Our Ambitions:

- All schools have an educational offer defined by aspiration, enrichment and opportunity that provides social, personal, and cultural capital
- In Embark schools' children and staff will benefit from an exceptional learning environment
- Through schools that stand-out at the heart of their communities, we aim drive the transformation of socially disadvantaged communities

Strategic Goal 3 – Embark Way

This is all about the learning culture in our schools and how we create a compassionate and constructive climate for children, staff, and parents. We are committed to positive behaviour management and ideally want interactions and approaches to be respectful, kind and yet clear enough to challenge any behaviours that are seen to be barriers to learning. In setting out the Embark Way, we aim for a culture of 'emotional safety', where reflection is encouraged, and honest feedback is openly given and received.

The Embark Way is also lived out through our commitment to staff well-being. Embark was selected for a national case study on staff workload and well-being that was used for the main national teacher's union. We recognise the importance of our staff being fresh so they can deliver exciting lessons in the classroom and bring their passions into school to make it a richer environment.

We will also ensure that all staff enjoy the benefit of supportive performance and career development conversations, such that they grow personally and professionally within the trust. We are committed to providing interesting and inspiring development and career opportunities for our staff, meaning that want to remain within Embark wherever possible. We want our staff to thrive as much as we want our children too.

Visitors often comment on the positive atmosphere and family feel of our schools. We will always work hard at this as a trust.

Integrity at every level is important to Embark. The way we speak to our children, staff and parents is very important to us. 'Doing the right thing when nobody is watching' has become a key mantra for Embark and we expect the highest standards at all levels including our trust leadership and governance.

Our Ambitions:

- We recruit, retain, and develop exceptional staff as the leading provider of primary education across Derbyshire
- All schools develop 'stand out' buildings so they are exceptional places to learn
- The trust is an efficient and effective organisation with fit for purpose systems and processes that deliver on our ambitions and mitigate against any risk and processes that deliver on our ambitions and mitigate against any risk.

c. Public benefit

In pursuing the Trust's objectives outlined above, the Trustees have complied with their duty to have due regard to the Charity Commission's general guidance on public benefit and supplementary guidance on education as published on their website.

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

(continued)

a. Strategic report

We have been delighted with our first twenty-one months as a trust and look forward to improving our schools further and creating schools that 'stand out' at the heart of their community. Embark Federation was established in December 2018 with seven schools across Derbyshire. Our family has grown to twelve schools now and we serve four areas within Derbyshire: Amber Valley, Erewash, Chesterfield and South Derbyshire.

We are looking forward to building strong teams of schools in these areas and making a difference to the communities we serve. A number of our schools are in areas of high deprivation and as such we aim to provide children with an educational offer defined by aspiration, enrichment, and opportunity. This includes magical and memorable trust-led events and our Embark Award which enables learning through broad life experiences and enjoyable activities.

We have high aspirations for our children and staff and want to 'stand out' for all the right reasons which means exceptional education and broad exciting curricula in a compassionate climate. We want our staff to thrive both personally and professionally within the trust such that they want to stay with us and feeling cared for and developed.

We hope that you share our ambition for our children, staff and communities and would like to contribute to us achieving our shared vision.

Due to the pandemic and the Government decision not to hold key stage tests the strategic report this year focusses on the Trusts efforts during this challenging time to support children, staff, and families. Prior to the pandemic the Trust had been involved in some amazing areas of work including the development and delivery of some fantastic experiences for children often supported through strategic relationships that have been forged with the business sector, strengthened governance arrangements and lastly all this has led to growth in the Trust. Below are a few of the highlights:

Experiences for Children

- Our children have come together for several events, including activities such as World Book Week with the West End Stars.
- We took 42 children on an incredible trip to London, dancing at Pineapple Dance Studios with cast members from the Lion King before watching the matinee performance.

Strategic Relationships

- We have worked in partnership with Hot House Jazz who have hosted a day for all our children and in some individual schools. A successful grant purchased a class set of instruments to be used across the trust.
- We have continued to develop strong business partnerships through our networking with Marketing Derby, we have connected with businesses such as Mount Cook, Cosy Direct and Oxford University Press.
- We have been asked to celebrate the work of our Trust at prestigious events such as the Bett Show and the Optimus MAT Summit.
- We have recently agreed an exciting partnership with Chatsworth House and staff from all our schools have met with their education leads to discuss a project for 2020/21.
- We have continued to attract sponsorship to enable special events to be organised such as the Lion King experience, musical opportunities with Hot House Jazz, and we had in place plans for an Embark Olympics that will now be delivered in 2021.

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

(continued)

Governance Arrangements

- We have strengthened further our Local Governors and Trustees and they have continued to support and challenge the schools and Trust and we have excellent practice which is shared across the UK.

Growth

- We have added five new schools to our Embark Family! It has been wonderful to welcome Chaucer Infants, Chaucer Juniors, Fieldhouse Infants, Ladywood Primary and Waingroves Primary, and we have been approved to add St George's Primary school in 2021.
- We successfully secured over £1.5 million of additional funding from the Government to improve the condition on our school buildings.

Finally, the work on our Rising Strong Recovery Programme (see annex 1), which was intended to support children in Embark schools on their return to school after lockdown, has received acclaim from leaders across the UK and even in Australia and New Zealand. It is simply amazing what has been achieved by our trust during the last few months.

Annex 1 - Rising Strong Recovery Programme

Our trust of nine primaries across Derbyshire began to plan early on for supporting children on their return to school after lockdown. That work has resulted in the "reconnection to recovery and resilience programme" that has garnered attention from as far as Australia and New Zealand and been sent out to schools by the Welsh government.

It is a project that has already gone far beyond anything we could have predicted, impacting on so many more children than expected. But that global impact has been assured by thinking and acting locally.

We knew that our students' experiences of the Covid-19 crisis would be hugely varied. Some may have thrived, but many will have suffered a range of effects from poor to no home-schooling to poverty, from economic precariousness to the traumas of bereavement and domestic abuse.

That range means we had to be ready for a challenging period of readjustment for them and for us. We want all our students to thrive, so to bring our school communities back together around that aim we fell back on our core trust values family, integrity, teamwork, and success. They are universal, yes, but their global appeal is precisely because their focus is as local as can be.

It became obvious that to be successful for all our students, we would need to grow the team around the project. We enlisted the support of leaders and staff from across the trust, from local secondary and special schools, and sought external support from several specialist and national leaders of education.

One such specialist, an expert in supporting young people experiencing social emotional and mental health difficulties, has been instrumental in creating this programme. We ensured everyone within Embark was able to contribute openly and freely. We did not want to make any assumptions, so through sensitive outreach school leaders allowed all stakeholders to feel safe in sharing their personal experiences of the pandemic. The result was a detailed picture of the kind of support that was needed for children – and for parents, staff, and local communities.

We set up nine teams, each focused on a waypoint on the pathway to recovery, according to their expertise and strengths. That pathway starts with connection to the community, then with looking after our staff. Next comes gathering and circulating information and ensuring everyone is well-resourced. Only then can risk assessments properly inform the creation of safe spaces. That is stage six of nine on our road to recovery.

One of our teams focussed on planning and resourcing the interim recovery curriculum itself, under the theme of "rising strong". It is an extensive resource bank of activities that includes social and therapeutic stories, transition ideas, wellbeing support and opportunities for outdoor learning. And while Embark is a mainstream, primary-only trust, the resources are for ages 3 to 18 as well as special schools.

Through this and ongoing work at every stage, we can begin the final steps towards full recovery. Stage seven is about ensuring all stakeholders are supported to heal; stage eight about understanding what our new normal is. Taking all assumptions and preconceptions out of the equation means it will take that long to truly understand it. Stage nine acknowledges that support will need to be ongoing.

We know the range of experiences, and we know that different members of Embarks family will be at different stages on the journey from rupture to reparation at different times. But it is only together that we will truly emerge from this disruption, and the solidarity across our trust and our communities gives us solid grounds for hope and optimism that we soon will.

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

(continued)

Trust Progress

Infrastructure

- Strengthened capacity within the Trust Board and Executive Leadership Team
- Improved risk management processes introduced.
- Better use of data analysis tools to track performance.
- Budget set and approved, with surplus 2020/23 (3 years)
- Investment to support building condition issues in our schools totalling £1.5m
- Successful growth funding application made to the ESFA which will support professional development, introduction of specialist capacity and the development of an estate's strategy.

Working together

- Joint recruitment processes taking place between schools and the Trust
- Multiple opportunities for joint working and development
- Curriculum focussed teams working on joint projects.
- Attendance levels for the Trust are at 95.6% above the national average of 96%.
- New business connections developed

Growth

- The Trust has developed an 'area team' model to facilitate future growth
- Two schools joined the Trust during the academic year, and a further three schools joined the Trust on the 1 December 2020.
- A further school has been approved by the Headteacher Board to join the Trust during 2021.

b. 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.

c. Reporting

Regular update reports are completed by the Trust Leader, who reports progress on the plan to the Board of Trustees and key issues affecting individual schools. This will be driven in 2021 by the key priorities defined in the Trust five-year plan with performance being measured and reviewed against key performance indicators.

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TRUSTEES' REPORT (CONTINUED)
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(continued)

. Financial review

Embark Multi Academy Trust income is derived in the main from the Department of Education (DFE) via the Education & Skills Funding Agency (ESFA) in the form of revenue and capital grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned.

Incoming resources during the year ended 31 August 2020 totalled £11,426,326 and were sufficient to cover outgoing resources and provided a surplus of £1,885,267 before transfers and other recognised gains and losses.

At the 31 August 2020, the net book value of fixed assets was £15,940,494. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust. At the 31 August 2020, the net assets excluding pension liability was £16,664,608.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions since December 2016 have increased and it is expected that they will continue to increase further. Overall, the academy has a healthy balance sheet and will be using reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and the short term in conjunction with the school development plan and school aims.

Within the reserves policy users should note that, because of accounting for Local Government Pension Scheme (LGPS), the academy recognises a significant pension fund deficit totaling £5,149,000. This deficit is included in restricted funds. This does not lead to an immediate liability for this amount

The presence of a pension deficit will generally result in a cash flow effect for the Trust in the form of an increase in employer's pension contributions over a period of years. The Trust is confident it can meet the increase in contribution levels, and this has been factored into future financial plans.

a. Reserves policy

For individual schools joining the Trust, reserves brought forward on conversion are accounted for in their individual statement.

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst in keeping with the principle object of the academy.

Total reserves at the end of the period amounted to £11,515,608, this balance includes unrestrictive funds (free reserves) of £593,309 which is considered appropriate for the Academy Trust, and restricted funds excluding pension and fixed assets of £130,805.

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

(continued)

b. Investment policy

A Trust has developed a simple Investment policy considering low risk opportunities. Any potential investment opportunities would be escalated to the Board for consideration. As of 31st August 2020, no investments were held.

c. Principal risks and uncertainties

Like all other Multi Academy Trusts, Embark Multi Academy Trust is operating through a continuing period of uncertainty regarding future funding, both locally and nationally. The Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks.

A key uncertainty highlighted by the Trust Board is the pace and level of future growth, any such growth will result in additional funding; potential additional risk and may result in additional capacity being required to support the central infrastructure of the Trust.

Given the Trust's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Trust's system of internal controls ensures risk is minimal in these areas.

The Trust has partnered with a national multi academy trust to improve its risk management processes; this has supported the Trust to introduce a more rigorous process with schools which will lead to a more simplified reporting arrangement. Most risks identified can be mitigated at school level, those risks that cannot be mitigated at school level will be escalated.

The presence of a pension deficit will generally result in a cash flow effect for the Trust in the form of an increase in employer's pension contributions over a period of years. The Trust is confident it can meet the increase in contribution levels, and this has been factored into future financial plans.

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TRUSTEES' REPORT (CONTINUED)
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(continued)

d. Fundraising

The Board is responsible for ensuring that the organisation operates within a responsible, sustainable financial framework and that the organisation has adequate resources to carry out its work.

- Trustees have the responsibility of ensuring the survival and continuation of the Trust. This includes responsibility for ensuring funding is available to support the activities of the organisation.
- While Trustees may delegate many of the operations of fundraising to other parts of the organisation, the Board retains the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation, and demonstrating their leadership in this area.
- The Board are committed to ensuring that fundraising activities are carried out in an ethical manner.
- The guiding fundraising principle is a simple one – we will only use techniques that we would be happy to be used on ourselves.

In doing so, the organisation will adhere to the following standards:

- The Board will have regard to the Charity commissions publication 'Charity Fundraising' (CC20)
- Fundraising activities carried out by individual Academies, including their PTA will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the Academies' stated mission and purpose.
- All personal information collected by the Academy is confidential and is not for sale or to be given away or disclosed to any third party without consent.
- Nobody directly or indirectly employed by or volunteering for the Academy shall accept commissions, bonuses or payments for fundraising activities on behalf of the organisation.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the Academy.
- Financial contributions will only be accepted from companies, organisations and individuals the Board considers ethical.
- All Governors, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the organisation to significant financial risk.
- Complaints will be dealt with in accordance with the Trusts complaints procedure.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Plans for the future

Embark Performance

- To become a 'stand out' provider of education, creating and upholding our own performance standards.
- To provide system leadership, contributing to the advancement of the teaching profession, to sector improvement and to government policy
- To develop and sustain good governance practice at school and trust level to support and challenge our ongoing performance.

Embark Offer

- All schools have an educational offer defined by aspiration, enrichment and opportunity that provides social, personal, and cultural capital.
- In Embark schools' children and staff will benefit from an exceptional learning environment
- Through schools that stand-out at the heart of their communities, we aim drive the transformation of socially disadvantaged communities.

Embark Way

- We recruit, retain, and develop exceptional staff as the leading provider of primary education across Derbyshire.
- All schools develop 'stand out' buildings so they are exceptional places to learn.
- The trust is an efficient and effective organisation with fit for purpose systems and processes that deliver on our ambitions and mitigate against any risk and processes that deliver on our ambitions and mitigate against any risk.

Employee involvement and employment of the disabled

The Academy Trust encourages employees to have a voice concerning the Trust, its performance and management. This is undertaken through formal and informal routes, which include staff feedback about how it felt to be part of the Embark Family this included words like supportive, opportunity; exciting, valued, part of a family. The results are summarised and disseminated to all staff with a view to implementing ideas of improvement.

The Academy Trust continues to offer vacancies to all, making sure that if an individual has a disability the training, support or adjustments that can be made to ensure the individual is able to fulfil the role, are investigated and implemented.

In accordance with the Equality and Equal Opportunities in Employment Policies, the Academy Trust has established fair employment practices in the recruitment, selection, training, support, and retention of disabled staff

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Disclosure of information to auditors


Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Auditors

The auditors, Smith Cooper Audit Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 27 January 2021 and signed on its behalf by:



S E Armitage
(Chair of Trustees)

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Embark 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 Embark 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.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The board of Trustees has formally met 5 times during the year.

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

| Trustee | Meetings attended | Out of a possible |
|---------------------------------|-------------------|-------------------|
| S E Armitage, Chair of Trustees | 5 | 5 |
| M J Crawford, Chief Executive | 5 | 5 |
| E J Hedley | 5 | 5 |
| D E Outhwaite | 5 | 5 |
| I R Paxton | 4 | 5 |
| A Round | 3 | 5 |
| D King | 2 | 2 |
| P Ricketts | 2 | 3 |

Embark Multi Academy Trust has an experienced Board of Trustees in place, which are responsible for identifying and establishing strategies and policies and for ensuring they are implemented. Where appropriate, duties are delegated to committees, and employees of Embark Multi Academy Trust.

The Board of Trustees has appointed a number of sub-committees to ensure robust oversight of the Academy Trust is maintained, and the scope of their work is set out in clear, written terms of reference. Each committee provides rigorous scrutiny of the educational and financial performance of the academies, and in addition to the five meetings of the Trust Board, there were sub-committee meetings as follows:

The Finance, Audit and Risk Committee is a sub-committee of the main board of Trustees. Its purpose is to:

- assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees responsibility for ensuring sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------|-------------------|-------------------|
| M Crawford | 2 | 2 |
| A Round | 1 | 1 |
| I Paxton | 2 | 2 |
| P Ricketts | 2 | 2 |
| D King | 0 | 1 |

The School Performance Committee is also a sub-committee of the main board of Trustees. Its purpose is to:

- ensure a constant review of standards, progress and performance across all academies.
- identify and disseminate best practice across the Trust.
- put in place effective strategies to accelerate progress for all children in all year groups.
- ensure high quality provision at all academies and that all academies are on an improvement trajectory in terms of OFSTED judgements.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| S Armitage | 2 | 2 |
| D Outhwaite | 2 | 2 |
| E Hedley | 2 | 2 |
| M Crawford | 2 | 2 |

Key priorities for the next year will be to build the membership of the Trust Board to provide a range of skills and

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

experience to support the growth of the Trust and combat any going concerns.

Procurement of services that will benefit our academies by achieving better quality, delivering economies of scale and consistent outcomes across our academies.

Review of value for money

As accounting officer, the Trust Leader has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes 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 available.

During 2020 the Trust benefited from a School Resource Management Advisor (SMRA) visit which reviewed key metrics across the Trust the feedback from this process was positive and provided some broad areas where the Trust could consider opportunities to achieve efficiencies.

The accounting officer for the academy Trust has delivered improved value for money during the year in the following ways:

- The Trust has applied for additional funding from the ESFA's Condition Improvement Fund (CIF). The aim of this work has been to improve the general condition of the schools and to improve their suitability for high quality provision whilst not negatively impacting on the individual school budgets.
- The Trust has implemented a budget setting process for 2020/23, this process has supported the development of internal benchmarking information and subsequently a range of efficiencies have been identified across schools. Where staffing vacancies have arisen in individual schools' consideration has been given to the most suitable arrangements moving forward; either direct replacement; sharing expertise across schools or not filling the post.
- As the Trust continues to grow, contracts are subject to review prior to renewal and are procured at Trust rather than individual school level making use of both national and local frameworks, this increased bargaining power drives out efficiency savings for each of the Trusts individual academies and ensures that value for money and efficient procurement in one academy is replicated in its other academies, thus, creating increased economies of scale and enhanced financial literacy amongst academy business staff.

In each of these examples, the Trust is using its budgets wisely to improve the resources available to pupils and staff and, in turn, for this to positively impact upon outcomes. This is clear in the assessment and test tables set out above, which show clear impact and, in turn, good value for money.

The purpose of the system of internal control

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

EMBARK MULTI ACADEMY TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

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

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Smith Cooper Audit Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period include:

Testing of payroll systems;

Testing of purchasing systems;

Testing of control account/bank reconciliations;

Testing of controls around other areas such as fixed assets, expense claims, credit card transactions, petty cash income, related party transactions and other compliance matters.

The internal auditor reports to the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The Academy Trust's internal auditor has delivered its schedule of work for the 2019/2020 academic year as planned and has raised no material issues as a result of its work.

Following the publication of the new FRC Ethical Standards for Auditors, Smith Cooper Audit Limited will no longer be eligible to carry out this work and alternative arrangements have been entered into for the 2020/21 financial year.

The 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:

- 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 Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines delegation of authority and segregation of duties
- Identification and management of risks

On a regular basis, the Finance Leader reports to the Board of Trustees, through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

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 auditors;
- the work of the leadership team within the Trust who have responsibility for the development and maintenance of the internal control framework;
- increased prescription in the operational financial expectations of the Trust including written guidance; monthly checklists; training and 1-1 mentoring. The introduction of a Financial Controller also provides additional capacity to support these developments and ensure compliance.

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

Approved by order of the members of the board of Trustees and signed on their behalf by:



S E Armitage
Chair of Trustees
Date: 27 January 2021



M J Crawford
Accounting Officer

EMBARK MULTI ACADEMY TRUST

(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Embark Multi Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



M J Crawford

Accounting Officer

Date: 27 January 2021

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

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 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



S E Armitage
(Chair of Trustees)
Date: 27 January 2021

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Embark Multi Academy Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Smith Cooper Audit Limited

James Delve (senior statutory auditor)

for and on behalf of

Smith Cooper Audit Limited

St Helens House

King Street

Derby

DE1 3EE

29 January 2021

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 9 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Embark Multi Academy Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Embark 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 Embark 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 Embark Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Embark Multi Academy Trust's funding agreement with the Secretary of State for Education dated 19 December 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- Planned our assurance procedures including identifying key risks;
- Carried out a program of substantive testing, including review of the program of work and findings in relation to internal scrutiny;
- Undertook controls testing where considered appropriate;
- Concluded on the procedures undertaken.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

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

Smith Cooper Audit Limited

Smith Cooper Audit Limited
St Helens House
King Street
Derby
DE1 3EE

Date: 29 January 2021

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

| | | Unrestricted funds Year ended 31 August 2020 £ | Restricted funds Year ended 31 August 2020 £ | Restricted fixed asset funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ | Total funds Period ended 31 August 2019 £ |
|---|------|---|---|--|--|--|
| | Note | | | | | |
| Income from: | | | | | | |
| Donations and capital grants: | 3 | | | | | |
| Transfer from local authority on conversion | | 25 | (1,386,000) | 3,612,000 | 2,226,025 | 11,201,436 |
| Other donations and capital grants | | - | 24,326 | 404,795 | 429,121 | 54,754 |
| Charitable activities | | - | 8,360,825 | - | 8,360,825 | 4,141,898 |
| Other trading activities | | 234,076 | 175,794 | - | 409,870 | 119,153 |
| Investments | 6 | 485 | - | - | 485 | 218 |
| Total income | | 234,586 | 7,174,945 | 4,016,795 | 11,426,326 | 15,517,459 |
| Expenditure on: | | | | | | |
| Charitable activities | 8 | - | 9,240,199 | 300,860 | 9,541,059 | 4,703,118 |
| Total expenditure | | - | 9,240,199 | 300,860 | 9,541,059 | 4,703,118 |
| Net income/(expenditure) | | 234,586 | (2,065,254) | 3,715,935 | 1,885,267 | 10,814,341 |
| Transfers between funds | 18 | (112,034) | 122,529 | (10,495) | - | - |
| Net movement in funds before other recognised gains/(losses) carried forward | | 122,552 | (1,942,725) | 3,705,440 | 1,885,267 | 10,814,341 |

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

| | | Unrestricted funds Year ended 31 August 2020 £ | Restricted funds Year ended 31 August 2020 £ | Restricted fixed asset funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ | Total funds Period ended 31 August 2019 £ |
|---|------|---|---|--|--|--|
| | Note | | | | | |
| Net movement in funds before other recognised gains/(losses) brought forward | | 122,552 | (1,942,725) | 3,705,440 | 1,885,267 | 10,814,341 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 24 | - | 31,000 | - | 31,000 | (1,215,000) |
| Net movement in funds | | 122,552 | (1,911,725) | 3,705,440 | 1,916,267 | 9,599,341 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 470,757 | (3,106,470) | 12,235,054 | 9,599,341 | - |
| Net movement in funds | | 122,552 | (1,911,725) | 3,705,440 | 1,916,267 | 9,599,341 |
| Total funds carried forward | | 593,309 | (5,018,195) | 15,940,494 | 11,515,608 | 9,599,341 |

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 65 form part of these financial statements.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 11717748

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|--|------|--------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 15,940,494 | 12,235,054 |
| | | <u>15,940,494</u> | <u>12,235,054</u> |
| Current assets | | | |
| Stocks | | 41 | 41 |
| Debtors | 16 | 701,847 | 444,305 |
| Cash at bank and in hand | | 1,233,519 | 724,740 |
| | | <u>1,935,407</u> | <u>1,169,086</u> |
| Creditors: amounts falling due within one year | 17 | (1,211,293) | (630,799) |
| Net current assets | | <u>724,114</u> | <u>538,287</u> |
| Total assets less current liabilities | | <u>16,664,608</u> | <u>12,773,341</u> |
| Net assets excluding pension liability | | <u>16,664,608</u> | <u>12,773,341</u> |
| Defined benefit pension scheme liability | 24 | (5,149,000) | (3,174,000) |
| Total net assets | | <u><u>11,515,608</u></u> | <u><u>9,599,341</u></u> |
| Funds of the Academy Trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 18 | 15,940,494 | 12,235,054 |
| Restricted income funds | 18 | 130,805 | 67,530 |
| | | <u>16,071,299</u> | <u>12,302,584</u> |
| Restricted funds excluding pension asset | 18 | 16,071,299 | 12,302,584 |
| Pension reserve | 18 | (5,149,000) | (3,174,000) |
| Total restricted funds | 18 | <u>10,922,299</u> | <u>9,128,584</u> |
| Unrestricted income funds | 18 | <u>593,309</u> | <u>470,757</u> |
| Total funds | | <u><u>11,515,608</u></u> | <u><u>9,599,341</u></u> |

The financial statements on pages 30 to 65 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

S E Armitage

S E Armitage
 (Chair of Trustees)
 Date: 27 January 2021

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 11717748

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The notes on pages 35 to 65 form part of these financial statements.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | | Year ended 31 August 2020 | Period ended 31 August 2019 |
|---|-------------|--|--|
| | Note | £ | £ |
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | 4,514,619 | 13,117,034 |
| Cash flows from investing activities | 21 | (4,005,840) | (12,392,294) |
| Change in cash and cash equivalents in the year | | 508,779 | 724,740 |
| Cash and cash equivalents at the beginning of the year | | 724,740 | - |
| Cash and cash equivalents at the end of the year | 22 | 1,233,519 | 724,740 |

The notes on pages 35 to 65 form part of these financial statements

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Embark Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling which is the functional currency of the Academy Trust and rounded to the nearest £.

1.2 Going concern

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

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

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1.4 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

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

1. Accounting policies (continued)

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the statement of financial activities as the related expenditure is incurred.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following basis:

| | | |
|------------------------------|---|-------|
| Long-term leasehold land | - | 0.8% |
| Long-term leasehold property | - | 2.5% |
| Furniture and equipment | - | 20.0% |
| Computer equipment | - | 33.0% |

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.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.10 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.

1.11 Liabilities

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

1.12 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 17. 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.

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

1. Accounting policies (continued)

1.13 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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.

1.14 Fund accounting

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

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.

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

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Academy Trust 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.

Local Government Pension Scheme Valuation

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

Land and Building valuation

The Trust has estimated the value of land and buildings transferred in from the local authority on conversion as it has not been considered value for money to obtain 9 professional valuation reports.

Richardson Endowed Primary School has been valued by Eddisons Real Estate & Business valuers, an independent RICS qualified valuer. This valuation has been used to estimate the value of the other schools, with land valuations based on square meterage and buildings valuation based on number of pupils. Each site has then been considered for any impairment or significant factors that would lead to a difference in valuation method. Finally each site has been compared to values of similar sized schools in the local area to ensure none of the values are significantly under or overstated.

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

3. Income from donations and capital grants

| | Unrestricted funds Year ended 31 August 2020 £ | Restricted funds Year ended 31 August 2020 £ | Restricted fixed asset funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ |
|---|---|---|--|--|
| Donations | - | 24,326 | - | 24,326 |
| Transfer from local authority on conversion | 25 | (1,386,000) | 3,613,000 | 2,227,025 |
| Capital grants | - | - | 403,795 | 403,795 |
| Total 2020 | 25 | (1,361,674) | 4,016,795 | 2,655,146 |

| | Unrestricted funds Period ended 31 August 2019 £ | Restricted funds Period ended 31 August 2019 £ | Restricted fixed asset funds Period ended 31 August 2019 £ | Total funds Period ended 31 August 2019 £ |
|---|---|---|--|--|
| Donations | - | 21,290 | - | 21,290 |
| Transfer from local authority on conversion | 581,436 | (1,736,000) | 12,356,000 | 11,201,436 |
| Capital grants | - | - | 33,464 | 33,464 |
| Total 2019 | 581,436 | (1,714,710) | 12,389,464 | 11,256,190 |

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

4. Funding for the Academy Trust's educational operations

| | Restricted funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ |
|---------------------------------------|---|--|
| DfE/ESFA grants | | |
| General Annual Grant (GAG) | 6,050,439 | 6,050,439 |
| Other DfE/ESFA Grants | 1,215,512 | 1,215,512 |
| Start up Grants | 50,000 | 50,000 |
| | <hr/> | <hr/> |
| | 7,315,951 | 7,315,951 |
| Other Government grants | | |
| Local Authority grants | 1,031,075 | 1,031,075 |
| Exceptional government funding | | |
| Coronavirus exceptional support | 13,799 | 13,799 |
| | <hr/> | <hr/> |
| Total 2020 | 8,360,825 | 8,360,825 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | Restricted funds Period ended 31 August 2019 £ | Total funds Period ended 31 August 2019 £ |
| DfE/ESFA grants | | |
| General Annual Grant (GAG) | 3,081,037 | 3,081,037 |
| Other DfE/ESFA Grants | 409,686 | 409,686 |
| Start up Grants | 175,000 | 175,000 |
| | <hr/> | <hr/> |
| | 3,665,723 | 3,665,723 |
| Other Government grants | | |
| Local Authority grants | 476,175 | 476,175 |
| | <hr/> | <hr/> |
| Total 2019 | 4,141,898 | 4,141,898 |
| | <hr/> <hr/> | <hr/> <hr/> |

EMBARK MULTI ACADEMY TRUST
(A company limited by guarantee)

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

5. Income from other trading activities

| | Unrestricted funds Year ended 31 August 2020 £ | Restricted funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ |
|--------------------|--|--|---|
| Hire of facilities | 2,632 | - | 2,632 |
| Catering income | - | 116,755 | 116,755 |
| Sale of uniforms | 1,962 | - | 1,962 |
| Other income | 229,482 | 59,039 | 288,521 |
| | <u>234,076</u> | <u>175,794</u> | <u>409,870</u> |

| | Unrestricted funds Period ended 31 August 2019 £ | Restricted funds Period ended 31 August 2019 £ | Total funds Period ended 31 August 2019 £ |
|--------------------|--|--|---|
| Hire of facilities | 122 | - | 122 |
| Catering income | - | 40,120 | 40,120 |
| Other income | 50,050 | 28,861 | 78,911 |
| | <u>50,172</u> | <u>68,981</u> | <u>119,153</u> |

6. Investment income

| | Unrestricted funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ |
|---------------------|--|---|
| Short term deposits | <u>485</u> | <u>485</u> |

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

6. Investment income (continued)

| | Unrestricted funds Period ended 31 August 2019 £ | Total funds Period ended 31 August 2019 £ |
|---------------------|---|--|
| Short term deposits | 218 | 218 |

7. Expenditure

| | Staff Costs Year ended 31 August 2020 £ | Premises Year ended 31 August 2020 £ | Other Year ended 31 August 2020 £ | Total Year ended 31 August 2020 £ |
|-------------------------|---|--|---|---|
| Educational operations: | | | | |
| Direct costs | 6,084,627 | - | 391,233 | 6,475,860 |
| Allocated support costs | 1,398,633 | 1,095,180 | 571,386 | 3,065,199 |
| Total 2020 | 7,483,260 | 1,095,180 | 962,619 | 9,541,059 |

| | Staff Costs Period ended 31 August 2019 £ | Premises Period ended 31 August 2019 £ | Other Period ended 31 August 2019 £ | Total Period ended 31 August 2019 £ |
|-------------------------|---|--|---|---|
| Educational operations: | | | | |
| Direct costs | 3,029,731 | - | 183,555 | 3,213,286 |
| Allocated support costs | 638,776 | 310,227 | 540,829 | 1,489,832 |
| Total 2019 | 3,668,507 | 310,227 | 724,384 | 4,703,118 |

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

8. Analysis of expenditure on charitable activities

Summary by fund type

| | Restricted funds Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ |
|------------------------|---|--|
| Educational operations | 9,541,059 | 9,541,059 |

| | Restricted funds Period ended 31 August 2019 £ | Total funds Period ended 31 August 2019 £ |
|------------------------|---|--|
| Educational operations | 4,703,118 | 4,703,118 |

9. Analysis of expenditure by activities

| | Activities undertaken directly Year ended 31 August 2020 £ | Support costs Year ended 31 August 2020 £ | Total funds Year ended 31 August 2020 £ |
|------------------------|---|--|--|
| Educational operations | 6,475,860 | 3,065,199 | 9,541,059 |

| | Activities undertaken directly Period ended 31 August 2019 £ | Support costs Period ended 31 August 2019 £ | Total funds Period ended 31 August 2019 £ |
|------------------------|---|--|--|
| Educational operations | 3,213,286 | 1,489,832 | 4,703,118 |

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

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Total funds Year ended 31 August 2020 £ | Total funds Period ended 31 August 2019 £ |
|-------------------------|--|--|
| Staff costs | 6,084,627 | 3,029,731 |
| Technology costs | 42,593 | 10,908 |
| Educational supplies | 129,048 | 31,440 |
| Examination fees | - | 1,050 |
| Staff development | 49,013 | 13,753 |
| Educational consultancy | 92,321 | 53,022 |
| Other direct costs | 78,258 | 73,382 |
| | <u>6,475,860</u> | <u>3,213,286</u> |

Analysis of support costs

| | Total funds Year ended 31 August 2020 £ | Total funds Period ended 31 August 2019 £ |
|---------------------|--|--|
| Staff costs | 1,398,633 | 638,776 |
| Depreciation | 300,860 | 157,458 |
| Technology costs | 76,743 | 12,619 |
| Premises costs | 515,418 | 154,197 |
| Other support costs | 742,795 | 506,138 |
| Governance costs | 30,750 | 20,644 |
| | <u>3,065,199</u> | <u>1,489,832</u> |

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

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 £ | 2019 £ |
|---------------------------------------|----------------|----------------|
| Depreciation of tangible fixed assets | 300,860 | 157,458 |
| Fees paid to auditors for: | | |
| - audit | 10,550 | 10,550 |
| - other services | 3,350 | 4,436 |
| | <u>300,860</u> | <u>157,458</u> |

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

| | Year ended 31 August 2020 £ | Period ended 31 August 2019 £ |
|-----------------------|--------------------------------------|--|
| Wages and salaries | 5,233,632 | 2,702,087 |
| Social security costs | 422,561 | 223,591 |
| Pension costs | 1,730,472 | 699,699 |
| | <u>7,386,665</u> | <u>3,625,377</u> |
| Agency staff costs | 96,595 | 43,130 |
| | <u>7,483,260</u> | <u>3,668,507</u> |

b. Staff numbers

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

| | Year ended 31 August 2020 No. | Period ended 31 August 2019 No. |
|-------------------|--|--|
| Teachers | 110 | 77 |
| Admin and support | 237 | 147 |
| | <u>347</u> | <u>224</u> |

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

11. Staff costs (continued)

c. Higher paid staff

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

| | Year ended 31 August 2020 No. | Period ended 31 August 2019 No. |
|---------------------------------|--|--|
| In the band £60,001 - £70,000 | 6 | 1 |
| In the band £100,001 - £110,000 | 1 | - |

d. Key management personnel

The key management personnel of the Academy trust comprise the Trustees and other senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £795,613 (2019: £329,881).

12. Central services

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

- finance, administration and systems
- educational consultancy
- professional services
- publicity and marketing

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

5% of GAG income

The actual amounts charged during the year were as follows:

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Aldercar Infant and Nursery School | 32,573 | 20,311 |
| Heath Primary School | 60,887 | 39,483 |
| Horsley Woodhouse Primary School | 25,715 | 16,144 |
| Howitt Community Primary School | 65,315 | 44,405 |
| Kilburn Junior School | 34,130 | 20,456 |
| Richardson Endowed Primary | 38,158 | 9,247 |
| Longford Primary | 16,912 | 1,358 |
| Chaucer Infant and Nursery School | 12,958 | - |
| Chaucer Junior School | 21,574 | - |
| Total | 308,222 | 151,404 |

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

13. Trustees' remuneration and expenses

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

| | | Year ended | Period ended |
|-------------------------------|----------------------------|-------------------|---------------------|
| | | 31 August | 31 August |
| | | 2020 | 2019 |
| | | £ | £ |
| M J Crawford, Chief Executive | Remuneration | 100,000 - | 60,000 - |
| | | 105,000 | 65,000 |
| | Pension contributions paid | 20,000 - | 10,000 - |
| | | 25,000 | 15,000 |

During the year ended 31 August 2020, travel and subsistence expenses totalling £298 were reimbursed or paid directly to 1 Trustee (2019 - £408 to 1 Trustee).

14. Trustees' and Officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy 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.

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

15. Tangible fixed assets

| | Long-term leasehold property and improvements £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|------------------------------------|----------------------------|-------------------|
| Cost or valuation | | | | |
| At 1 September 2019 | 12,356,000 | 32,584 | 3,929 | 12,392,513 |
| Additions | 3,965,668 | 22,430 | 18,202 | 4,006,300 |
| At 31 August 2020 | <u>16,321,668</u> | <u>55,014</u> | <u>22,131</u> | <u>16,398,813</u> |
| Depreciation | | | | |
| At 1 September 2019 | 154,392 | 1,757 | 1,310 | 157,459 |
| Charge for the year | 289,218 | 8,629 | 3,013 | 300,860 |
| At 31 August 2020 | <u>443,610</u> | <u>10,386</u> | <u>4,323</u> | <u>458,319</u> |
| Net book value | | | | |
| At 31 August 2020 | <u>15,878,058</u> | <u>44,628</u> | <u>17,808</u> | <u>15,940,494</u> |
| At 31 August 2019 | <u>12,201,608</u> | <u>30,827</u> | <u>2,619</u> | <u>12,235,054</u> |

Included in the net book value of property displayed above are the following amounts ascribable to land:

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| Long-term leasehold land | <u>3,306,853</u> | <u>2,483,904</u> |

16. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|----------------|----------------|
| Due within one year | | |
| Trade debtors | 3,129 | 23,492 |
| Other debtors | 158,185 | 296,574 |
| Prepayments and accrued income | 62,562 | 38,558 |
| Grants receivable | 477,971 | 85,681 |
| | <u>701,847</u> | <u>444,305</u> |

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

17. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|--|-------------------------|----------------|
| | £ | £ |
| Trade creditors | 651,648 | 235,719 |
| Other taxation and social security | 115,303 | 90,590 |
| Other creditors | 164,732 | 99,083 |
| Accruals and deferred income | 279,610 | 205,407 |
| | <u>1,211,293</u> | <u>630,799</u> |
| | <u>1,211,293</u> | <u>630,799</u> |
| | 2020 | 2019 |
| | £ | £ |
| Deferred income at 1 September 2019 | 87,681 | - |
| Resources deferred during the year | 132,212 | 87,681 |
| Amounts released from previous periods | (87,681) | - |
| | <u>132,212</u> | <u>87,681</u> |
| | <u>132,212</u> | <u>87,681</u> |

At the year end the Academy Trust was holding £132,212 of grant funding relating to the financial year ending 31 August 2021.

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

18. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|---|--|-------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds | 470,757 | 234,586 | - | (112,034) | - | 593,309 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 67,530 | 6,050,438 | (6,109,692) | 122,529 | - | 130,805 |
| Start Up Grant | - | 50,000 | (50,000) | - | - | - |
| Pupil Premium | - | 576,754 | (576,754) | - | - | - |
| Other restricted income | - | 1,869,954 | (1,869,954) | - | - | - |
| Exceptional government funding | - | 13,799 | (13,799) | - | - | - |
| Pension reserve | (3,174,000) | (1,386,000) | (620,000) | - | 31,000 | (5,149,000) |
| | <u>(3,106,470)</u> | <u>7,174,945</u> | <u>(9,240,199)</u> | <u>122,529</u> | <u>31,000</u> | <u>(5,018,195)</u> |
| Restricted fixed asset funds | | | | | | |
| Transfer on conversion | 12,201,608 | 3,613,000 | (289,167) | - | - | 15,525,441 |
| DfE Group capital grants | 33,446 | 51,127 | (11,693) | (10,495) | - | 62,385 |
| CIF Funding projects | - | 352,668 | - | - | - | 352,668 |
| | <u>12,235,054</u> | <u>4,016,795</u> | <u>(300,860)</u> | <u>(10,495)</u> | <u>-</u> | <u>15,940,494</u> |
| Total Restricted funds | <u>9,128,584</u> | <u>11,191,740</u> | <u>(9,541,059)</u> | <u>112,034</u> | <u>31,000</u> | <u>10,922,299</u> |
| Total funds | <u>9,599,341</u> | <u>11,426,326</u> | <u>(9,541,059)</u> | <u>-</u> | <u>31,000</u> | <u>11,515,608</u> |

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FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

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

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

Restricted funds (excluding the pension reserve and other grants reserve) represent funds received from the Department for Education and is specially spent on the running of the Academy Trust.

Pension reserve represents the movements on the Local Government Pension Scheme liability.

Other grants reserve represents funds which are restricted by the donor.

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

The transfer out of unrestricted funds represents the Trust using unrestricted funds for restricted purposes.

The transfer out of restricted fixed assets represents the Trust's allocation of the funds against the cost of capital assets below the capitalisation policy which are included in restricted funds.

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

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

| | 2020 | 2019 |
|--|--------------------|-------------|
| | £ | £ |
| Aldercar Infant and Nursery School | 53,466 | 67,966 |
| Heath Primary School | 97,702 | 44,921 |
| Horsley Woodhouse Primary School | 29,327 | 22,830 |
| Howitt Community Primary School | 138,920 | 121,666 |
| Kilburn Junior School | 83,966 | 59,575 |
| Richardson Endowed Primary | 80,353 | 60,752 |
| Longford Primary | 137,392 | 93,595 |
| Central Services | 33,801 | 66,982 |
| Chaucer Infants School | 43,600 | - |
| Chaucer Junior School | 25,587 | - |
| Total before fixed asset funds and pension reserve | 724,114 | 538,287 |
| Restricted fixed asset fund | 15,940,494 | 12,235,054 |
| Pension reserve | (5,149,000) | (3,174,000) |
| Total | 11,515,608 | 9,599,341 |

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

18. 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 £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2020 £ |
|------------------------------------|---|--------------------------------------|------------------------------|---|--------------------|
| Aldercar Infant and Nursery School | 862,060 | 184,126 | 8,730 | 132,782 | 1,187,698 |
| Heath Primary School | 1,213,561 | 223,881 | 41,912 | 330,275 | 1,809,629 |
| Horsley Woodhouse Primary School | 449,746 | 100,430 | 8,455 | 100,526 | 659,157 |
| Howitt Community Primary School | 1,337,684 | 245,507 | 31,450 | 304,621 | 1,919,262 |
| Kilburn Junior School | 575,177 | 227,729 | 33,222 | 106,698 | 942,826 |
| Richardson Endowed Primary | 602,652 | 182,134 | 13,502 | 155,583 | 953,871 |
| Longford Primary | 280,063 | 31,953 | 32,760 | 35,600 | 380,376 |
| Central Services | 113,900 | 63,756 | 3,387 | 309,765 | 490,808 |
| Chaucer Infants School | 251,379 | 54,221 | 7,773 | 35,719 | 349,092 |
| Chaucer Junior School | 398,405 | 84,896 | 5,662 | 58,517 | 547,480 |
| Academy Trust | 6,084,627 | 1,398,633 | 186,853 | 1,570,086 | 9,240,199 |

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FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2019 £ |
|------------------------------------|---|--------------------------------------|------------------------------|---|--------------------|
| Aldercar Infant and Nursery School | 539,789 | 101,655 | 4,458 | 102,640 | 748,542 |
| Heath Primary School | 839,236 | 125,121 | 11,306 | 200,639 | 1,176,302 |
| Horsley Woodhouse Primary School | 286,629 | 55,853 | 5,060 | 74,122 | 421,664 |
| Howitt Community Primary School | 862,117 | 141,417 | 4,616 | 276,981 | 1,285,131 |
| Kilburn Junior School | 334,381 | 93,206 | 5,364 | 102,325 | 535,276 |
| Richardson Endowed Primary | 144,340 | 35,504 | 238 | 43,841 | 223,923 |
| Longford Primary | 23,239 | 4,174 | 385 | 2,397 | 30,195 |
| Central Services | - | 81,846 | 13 | 42,768 | 124,627 |
| Academy Trust | 3,029,731 | 638,776 | 31,440 | 845,713 | 4,545,660 |

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

18. Statement of funds (continued)

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

| | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|-------------------------------------|-------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | |
| General Funds | 722,097 | - | (251,340) | - | 470,757 |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 3,081,037 | (3,261,799) | 248,292 | - | 67,530 |
| Start Up Grant | 175,000 | (175,000) | - | - | - |
| Pupil Premium | 313,956 | (313,956) | - | - | - |
| Other restricted income | 571,905 | (571,905) | - | - | - |
| Pension reserve | (1,736,000) | (223,000) | - | (1,215,000) | (3,174,000) |
| | <u>2,405,898</u> | <u>(4,545,660)</u> | <u>248,292</u> | <u>(1,215,000)</u> | <u>(3,106,470)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 12,356,000 | (154,392) | - | - | 12,201,608 |
| DfE Group capital grants | 33,464 | (3,066) | 3,048 | - | 33,446 |
| | <u>12,389,464</u> | <u>(157,458)</u> | <u>3,048</u> | <u>-</u> | <u>12,235,054</u> |
| Total Restricted funds | <u>14,795,362</u> | <u>(4,703,118)</u> | <u>251,340</u> | <u>(1,215,000)</u> | <u>9,128,584</u> |
| Total funds | <u>15,517,459</u> | <u>(4,703,118)</u> | <u>-</u> | <u>(1,215,000)</u> | <u>9,599,341</u> |

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

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 15,940,494 | 15,940,494 |
| Current assets | 593,309 | 1,342,098 | - | 1,935,407 |
| Creditors due within one year | - | (1,211,293) | - | (1,211,293) |
| Provisions for liabilities and charges | - | (5,149,000) | - | (5,149,000) |
| Total | 593,309 | (5,018,195) | 15,940,494 | 11,515,608 |

Analysis of net assets between funds - prior period

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 12,235,054 | 12,235,054 |
| Current assets | 470,757 | 698,329 | - | 1,169,086 |
| Creditors due within one year | - | (630,799) | - | (630,799) |
| Provisions for liabilities and charges | - | (3,174,000) | - | (3,174,000) |
| Total | 470,757 | (3,106,470) | 12,235,054 | 9,599,341 |

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

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

| | Year ended 2020 £ | Period ended 2019 £ |
|--|-------------------------|---------------------------|
| Net income for the period (as per statement of financial activities) | 1,885,267 | 10,814,341 |
| Adjustments for: | | |
| Depreciation | 300,860 | 157,458 |
| Interest receivable | (485) | (218) |
| Defined benefit pension scheme obligation inherited | 1,386,000 | 1,736,000 |
| Defined benefit pension scheme cost less contributions payable | 620,000 | 223,000 |
| Decrease/(increase) in stocks | - | (41) |
| Increase in debtors | (257,542) | (444,305) |
| Increase in creditors | 580,519 | 630,799 |
| Net cash provided by operating activities | 4,514,619 | 13,117,034 |

21. Cash flows from investing activities

| | 2020 £ | 2019 £ |
|--|--------------------|--------------|
| Dividends, interest and rents from investments | 485 | 218 |
| Purchase of tangible fixed assets | (393,300) | (36,512) |
| Transfer of capital assets on conversion | (3,613,000) | (12,356,000) |
| Cash transferred on conversion | (25) | - |
| Net cash used in investing activities | (4,005,840) | (12,392,294) |

22. Analysis of cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------|------------------|-----------|
| Cash in hand | 1,233,519 | 724,740 |

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

23. Conversion to an academy trust

On 27 April 2020 Chaucer Infant and Nursery School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Embark Multi Academy Trust from Derbyshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | - | - | 1,407,000 | 1,407,000 |
| Current assets | | | | |
| Cash - representing budget surplus on LA funds | 14,819 | - | - | 14,819 |
| Non-current liabilities | | | | |
| LGPS | - | (792,000) | - | (792,000) |
| Net assets/(liabilities) | <u>14,819</u> | <u>(792,000)</u> | <u>1,407,000</u> | <u>629,819</u> |

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

23. Conversion to an academy trust (continued)

On 31 March 2020 Chaucer Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Embark Multi Academy Trust from Derbyshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | - | - | 2,206,000 | 2,206,000 |
| Current assets | | | | |
| Payable to DCC - representing budget deficit on LA funds | (14,794) | - | - | (14,794) |
| Non-current liabilities | | | | |
| LGPS | - | (594,000) | - | (594,000) |
| Net (liabilities)/assets | (14,794) | (594,000) | 2,206,000 | 1,597,206 |

24. Pension commitments

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

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

Contributions amounting to £37,485 were payable to the schemes at 31 August 2020 (2019 - £96,655) and are included within creditors.

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

24. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2018. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 7.3% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.8% in excess until 2019 and then 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.86% until 2019 and then 4.45%.

The TPS valuation for 2016 determined an employer rate of 23.6%, which was payable from September 2019. The next valuation of the TPS will be due in 4 years time.

The employer's pension costs paid to TPS in the year amounted to £1,122,406 (2019 - £476,700).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £395,500 (2019 - £271,000), of which employer's contributions totalled £726,908 (2019 - £213,000) and employees' contributions totalled £ 112,120 (2019 - £58,000). The agreed contribution rates for future years are 21.6 per cent for employers and 5.5-12.5 per cent 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

| | 2020 | 2019 |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 2.9 | 2.8 |
| Rate of increase for pensions in payment/inflation | 2.2 | 2.3 |
| Discount rate for scheme liabilities | 1.7 | 1.9 |
| Inflation assumption (CPI) | 2.2 | 2.3 |

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

| | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 21.6 | 21.9 |
| Females | 23.7 | 24.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.6 | 23.9 |
| Females | 25.1 | 26.5 |

Sensitivity analysis

| | 2020 | 2019 |
|-----------------------------------|--------------|-------------|
| | £000 | £000 |
| Discount rate -0.5% | 1,637 | 1,055 |
| Salary increase rate +0.5% | 266 | 188 |
| Pension Increase Rate (CPI) +0.5% | 1,335 | 843 |

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24. Pension commitments (continued)

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

| | At 31 August 2020 £ | At 31 August 2019 £ |
|-------------------------------------|---------------------------|---------------------------|
| Equities | 3,651,000 | 2,331,000 |
| Corporate bonds | 1,354,000 | 917,000 |
| Property | 471,000 | 306,000 |
| Cash and other liquid assets | 412,000 | 267,000 |
| Total market value of assets | 5,888,000 | 3,821,000 |

The actual return on scheme assets was £-67000 (2019 - £330000).

The amounts recognised in the Statement of financial activities are as follows:

| | Year ended 2020 £ | Period ended 2019 £ |
|---|-------------------------|---------------------------|
| Current service cost | (962,000) | (355,000) |
| Past service cost | (45,000) | (49,000) |
| Interest income | 88,000 | 57,000 |
| Interest cost | (164,000) | (89,000) |
| Total amount recognised in the Statement of financial activities | (1,083,000) | (436,000) |

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

| | 2020 £ | 2019 £ |
|------------------------------|-------------------|------------------|
| At 1 September | 6,995,000 | - |
| Conversion of academy trusts | 2,866,000 | 4,899,000 |
| Current service cost | 962,000 | 355,000 |
| Interest cost | 164,000 | 89,000 |
| Employee contributions | 112,000 | 58,000 |
| Actuarial (gains)/losses | (98,000) | 1,545,000 |
| Past service costs | 45,000 | 49,000 |
| Estimated benefits paid | (9,000) | - |
| At 31 August | 11,037,000 | 6,995,000 |

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FOR THE YEAR ENDED 31 AUGUST 2020**

24. Pension commitments (continued)

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

| | 2020 £ | 2019 £ |
|------------------------------|------------------|-----------|
| At 1 September | 3,821,000 | - |
| Conversion of academy trusts | 1,480,000 | 3,163,000 |
| Interest income | 88,000 | 57,000 |
| Actuarial (losses)/gains | (67,000) | 330,000 |
| Employer contributions | 463,000 | 213,000 |
| Employee contributions | 112,000 | 58,000 |
| Benefits paid | (9,000) | - |
| At 31 August | 5,888,000 | 3,821,000 |

25. Operating lease commitments

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

| | 2020 £ | 2019 £ |
|--|---------------|-----------|
| Not later than 1 year | 4,312 | 1,034 |
| Later than 1 year and not later than 5 years | 10,134 | 2,067 |
| | 14,446 | 3,101 |

26. Analysis of changes in net debt

| | At 1 September 2019 £000 | Cash flows £000 | At 31 August 2020 £000 |
|--------------|-----------------------------------|-----------------------|---------------------------------|
| Cash | 724,740 | 508,779 | 1,233,519 |
| Total | 724,740 | 508,779 | 1,233,519 |

27. 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.

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28. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all new contracts and arrangements 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 transactions took place in the financial period;

During the year the Trust incurred expenditure totaling £120 (2019: £600) from Chesterfield Royal Hospital, a not for profit organisation that is connected to a Trustee, Dr D Outhwaite. The transaction related to staff training in relation to the administration of medicines in schools.

During the year the Trust incurred expenditure totaling £2,576 (2019: £570) from Derby Teaching School Alliance (DTSA), a not for profit organisation that is connected to a Trustee, Dr D Outhwaite. These transactions were in respect of training events, as DTSA provide governance support, teacher training and professional development. The balance outstanding at the yearend was £180 (2019: £240).

During the year the Trust incurred expenditure totalling £41,815 (2019: £21,455 for the shorter period) from Amber Valley School Sport Partnership CIO, a not for profit organisation that is connected to the Accounting Officer, M J Crawford. These agreements were entered into by the Local Governing Bodies at the time of the agreement which was prior to the schools joining the Trust. The organisation is a not for profit CIO and the rates charged are consistent with those charged to other schools in the local area.

29. Post balance sheet events

On 1 December 2020 Fieldhouse Infant School, Waingroves Primary School and Ladywood Primary School joined the Embark Multi Academy Trust.

