

**The Midland Academies Trust  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> August 2021**

**Company Registration Number:  
07191874 (England and Wales)**

## **Contents**

| <b>Item</b>  | <b>Page</b> |
|--|-------------|
| Reference and Administrative Details   | 3           |
| Trustees' Report   | 4           |
| Governance Statement   | 18          |
| Statement on Regularity, Propriety and Compliance                            | 25          |
| Statement of Trustees' Responsibilities                                      | 26          |
| Independent Auditor's Report on the Financial Statements                     | 27          |
| Independent Reporting Accountant's Report on Regularity                      | 31          |
| Statement of Financial Activities incorporating Income & Expenditure Account | 33          |
| Balance Sheet  | 34          |
| Statement of Cash Flows  | 35          |
| Notes to the Financial Statements, incorporating:                            |             |
| Statement of Accounting Policies   | 36          |
| Other Notes to the Financial Statements                                      | 42          |

## 1. Reference and Administrative Details

**Members:** North Warwickshire and South Leicestershire College  
Mr P Brown  
Mr T Render  
Dr J Walsh  
Mr J Hutchinson

**Trustees:** Mr George Bryan  
Mr I Dunn (Chair)  
Mrs M Callaghan  
Ms A Melville (Vice-chair)  
Mrs K Nelson  
Mrs M Plant OBE (Chief Executive and Accounting Officer)  
Mr T Render  
Mr P Rowley  
Mr S Dover  
Mr P Joesbury

**Company Secretary:** Mrs R Marshall

**Senior Leadership Team:** Chief Executive and Accounting Officer - Mrs M Plant OBE  
Chief Finance Officer - Mr D Poole  
Executive Principal – Mr S Lomax

**Company Name:** The Midland Academies Trust

**Principal & Registered Office:** North Warwickshire and South Leicestershire College,  
Hinckley Road, Nuneaton, Warwickshire. CV11 6BH

**Company Registration Number:** 07191874 (England and Wales)

| <b>External Auditor</b>   | <b>Bankers:</b>  | <b>Solicitors:</b>  | <b>Internal Auditor</b>                                    |
|---|--|---|--|
| Grant Thornton UK LLP<br>The Colmore Building,<br>20, Colmore Circus,<br>Birmingham. B4 6AT | Lloyds TSB Bank plc<br>Great Hampton Street,<br>Birmingham. B18 6AH. | Eversheds LLP<br>Two New Bailey,<br>6 Stanley Street,<br>M3 5GX | RSM<br>St Philips Point, Temple Row,<br>Birmingham. B2 5AF |

## **The Midland Academies Trust**

# **The Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1<sup>st</sup> September 2020 to 31<sup>st</sup> August 2021. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Trust operates four academies providing secondary education in Nuneaton in North Warwickshire and Earl Shilton in Leicestershire.

## **Structure, Governance and Management**

### **Constitution**

The Midland Academies Trust (the 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 Trust. The trustees of The Midland Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Midland Academies Trust.

Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 3.

### **Members' Liability**

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

### **Trustees' Indemnities**

The Midland Academies Trust has under the Risk Protection Arrangement an unlimited trustees' liability and indemnity protection.

### **Method of Recruitment and Appointment or Election of Trustees**

As provided by the Trust's articles of association, the Trust's members appoint trustees and trustees can co-opt up to three trustees. There are clearly defined and approved procedures for the selection and appointment of trustees which are set out in the Trust's Standing Orders. These include application, shortlisting and interviewing procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the Trust. The Standing Orders are reviewed annually.

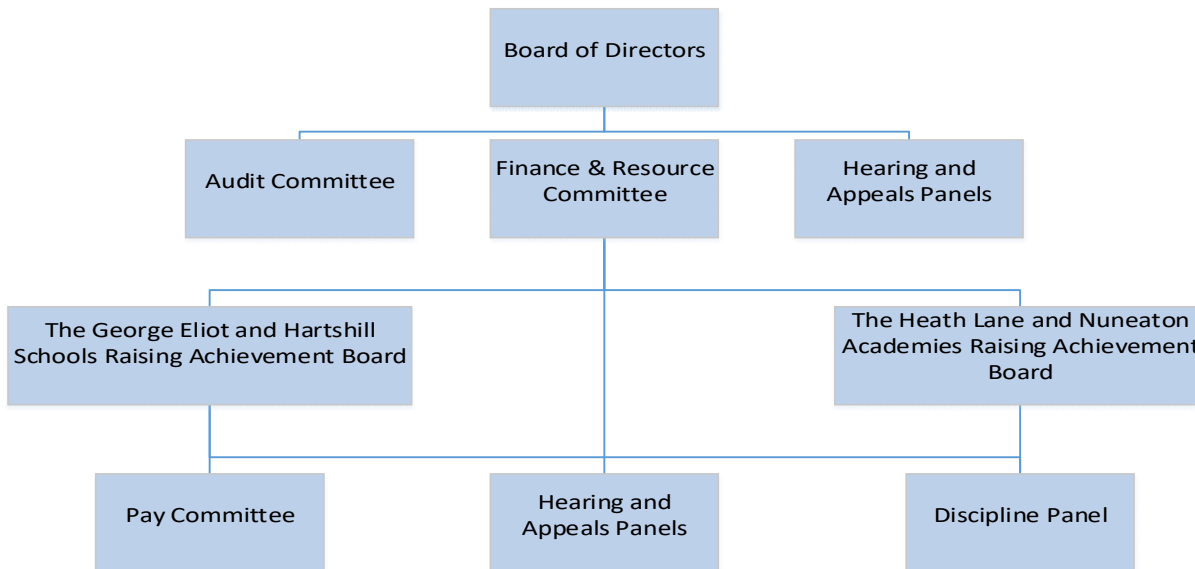
### **Policies and Procedures Adopted for the Induction and Training of Trustees**

Induction sessions have been developed which aim to introduce new trustees to the role they are about to undertake and to explain the context in which they will work, to enable them to feel more confident at their first meeting.

A comprehensive training programme is in place and includes at least once termly in-house training on specialist topics.

## The Midland Academies Trust

### Organisational Structure from 1<sup>st</sup> September 2020



The Midland Academies Trust board of trustees (the Board) is required to agree a formal schedule of matters reserved for its decision, i.e. those matters which should not be delegated. As provided by Article 105 of the Articles, the Board may delegate to any Director, committee (including any Raising Achievement Board), the Chief Executive & Accounting Officer, any Principal or any other holder of an executive office, such of its powers or functions as it considers desirable, to be executed by them. Any such delegation may be made subject to any conditions the Board may impose and may be revoked or altered. To this end the Board has approved a Scheme of Delegation which it reviews annually.

Where any power or function of the Board is exercised by any committee (including any Raising Achievement Board), any Director, the Chief Executive & Accounting Officer, any Principal or any other holder of an executive office, that person or committee shall report to the Board in respect of any action taken or decision made with respect to the exercise of that power or function at a Board meeting immediately following the taking of the action or the making of the decision.

The exercise of any delegated power or functions does not include the further delegation of that power, unless expressly provided by the Board.

The objectives of the Scheme of Delegation are to ensure that:

- the exercise of delegated powers and functions occur at the correct level of the corporate governance structure;
- the process of delegating powers or functions is clear, open and transparent;
- the lines of accountability for the exercise of powers or functions are clearly understood by those who are delegated to.

The delegations are phrased so as to clearly express how the delegation is to be exercised and reflect the role of the person or body being delegated to.

The Board also approves a Code of Conduct and Standing Orders. A comprehensive set of Financial Regulations and a Risk Management Policy are in place.

The Midland Academies Trust senior leadership team for 2020/21 was made up of the Chief Executive who is also the Accounting Officer, supported by the Chief Finance Officer, the Executive Principal and the Principals of the four Academies. The Board is also advised by the Company Secretary.

## Arrangements for Setting Pay and Remuneration of Key Management Personnel

### Trustees

The trustees are unpaid although they can claim reasonable expenses associated with the undertaking of their role in line with the Trust's Financial Regulations which includes an expense policy. The Trust is aware of Charity Commission guidance in this area, including the direction that no remunerative element to such payments should be included.

### Trust Senior Leadership Team

A service level agreement (SLA) between the Trust and the sponsor, North Warwickshire and South Leicestershire College is in place. This SLA is reviewed annually and is approved by the trustees. The Chief Executive, Chief Finance Officer and the Company Secretary are all employed by the sponsor. Arrangements are in place under the SLA to pay for the services of the Chief Executive, Chief Finance Officer and the Company Secretary. The Executive Principal and Academy Principals are all employees of the Trust and salary benchmarking activity against multi-academy trusts of similar sizes and context is undertaken to set salaries levels which are approved by the trustees.

### Trade Union Facility Time

#### Relevant Union Officials

| Number of employees who were relevant union officials during the period. | Full-time equivalent number |
|--|-----------------------------|
| 2  | 2                           |

#### Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%                 | 0                   |
| 1%-50%             | 2                   |
| 51%-99%            | 0                   |
| 100%               | 0                   |

#### Percentage of pay bill spent on facility time

|   |             |
|---|-------------|
| Total cost of Facility time                         | £107        |
| Total pay bill                                      | £15,273,000 |
| Percentage of total pay bill spend on facility time | 0%          |

#### Paid trade union activities

|   |    |
|---|----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 0% |
|---|----|

## **The Midland Academies Trust**

### **Related Parties and other Connected Charities and Organisations**

The Midland Academies Trust (originally registered as The Nuneaton Academy Trust) was incorporated on 16 March 2010 as a single academy trust. It was formed from two predecessor County Council schools (Manor Park Community School and Alderman Smith School) and operated for its first academic year, commencing 1 September 2010, on the two predecessor sites, moving to the single Radnor Drive site from 1 September 2011.

Subsequent developments have been as follows:

- On 1 September 2011, the trust became a multi-academy trust and the company registered name was changed to The Midland Academies Trust.
- The change to multi-academy trust status was required as The George Eliot School joined the Trust on 1 September 2011.
- On the 1 September 2012 Hartshill School converted to academy status under the Trust.
- On the 1 September 2012, the Trust opened The Midland Studio College (Hinckley).
- On the 1 September 2013 a second studio college, The Midland Studio College (Nuneaton), was also opened.
- On the 1 September 2014 William Bradford Community College converted to academy status under the Trust.
- On the 1 September 2015 the Heathfield Academy joined the Trust.
- Both the Midland Studio Colleges closed on the 31<sup>st</sup> August 2016.
- The William Bradford and Heathfield Academies merged to form the Heath Lane Academy on 1<sup>st</sup> September 2016.
- A whole Trust staffing structure was developed and implemented for the start of the academic year 2017/18.
- A whole Trust knowledge curriculum was developed and implemented for the start of the academic year 2018/19.
- The Trust created a “mini school” in 2019-20 on the NWSLC site which catered for all four schools during the Covid-19 pandemic.
- In 2020-21 the Trust received confirmation that the DfE would fund a complete rebuild of Hartshill School.

The North Warwickshire and South Leicestershire College (NWSLC) is a Member and the sponsor of The Midland Academies Trust. All the academies have strong links with NWSLC.

The role of the sponsor/ educational partner is to:

- share its educational experience;
- appoint sponsor directors;
- appoint the first Principal of any sponsored academy;
- select the academy specialism;
- develop the educational vision for the academy;
- support and assist the Trust and its academies.

NWSLC is an incorporated further education college and exempt charity.

## **The Midland Academies Trust**

### **Covid-19**

During the 2020-21 academic year the Trust was impacted by the Covid-19 pandemic. Rather than describe the effect of the pandemic in each individual sub-section of the Trustees' Report an overarching summary of what it has meant for the Trusts' operations is described below.

The Trust followed government guidelines relating to the pandemic throughout the academic year. This meant all four academies were closed in line with the national lockdown at the start of January 2021 with only the children of key workers and vulnerable young people attending. Lessons were undertaken remotely during this time. All four academies re-opened in the Spring but were subject to the bubble system and isolation requirements.

All four academies were and continue to be subject to rigour in terms of being Covid secure. All staff that were instructed to work from home where possible during the lockdown. Teachers and some support staff returned upon re-opening with some staff continuing to work from home.

The Trust complied with government guidelines in relation to the predicting of grades for those pupils who were due to sit an exam at the end of the year.

The pandemic had a financial impact on the Trust. The Trust modelled its budget and forecasts in the midst of the pandemic and took a necessarily cautious approach against a rapidly changing, uncertain backdrop.

The position from 2019-20, in that core government funding would remain secure, was known but other non-core income streams such as catering were uncertain. Expenditure wise there was uncertainty around how much would be required to meet staffing levels, maintain Covid safe sites and cope with extra costs around testing.

Although costs were expended on all of the above, they were not of the scale that had been prudently allowed for. The Trust was therefore able to exceed its budget and forecasts.

With this being the case the level of reserves in the Trust remains stable and the pandemic has not necessitated any change in the reserves policy. The Trust's resilience in terms of its reserves remains strong. The Trust's reliance on fundraising activities is immaterial.

Covid catch up grants were received in 2020-21 and expended, where necessary, on tutoring costs. Funding was also received for free school meals and to cover testing costs.

Government instructions around PPN 02/20 have been noted by the Trust in 2020-21 but no instances of having to pay in advance or without the service being delivered have arisen. The Trust does not believe there have been any instances of it not being able to leverage value for money.

Due to the fact that the Trust exceeded its 2020-21 budget and currently has no indication that its main income streams from government are threatened it does not believe that the pandemic affects its ability to continue as a going concern.

All internal control mechanisms were maintained during the period of remote working as evidenced by an internal audit on key financial controls.

The pandemic still presents risks that the Trust must anticipate and plan for in the coming academic year 2021-22. Quality teaching and learning must continue in a safe environment and financial plans must be made to ensure investment can be made both in keeping sites Covid secure and in ensuring remote teaching, learning and working can be a success if required.

The Trust has staff that are members in the Teachers' Pension Scheme and two Local Government Pension Schemes (Leicestershire and Warwickshire). It is impossible to know the long-term impact of the pandemic on the assets and liabilities in each scheme which are reported in the Trusts' financial statements. The volatility of the situation itself presents a risk.

The Trust has been agile and secure in its reaction to a complex and ever-changing scenario so far and will continue to be so in the future.

## **The Midland Academies Trust**

### **Engagement with employees**

The Trust believes its employees are its greatest resource. It is committed to the dual aspiration of reducing teacher workload and developing staff expertise.

Communications to staff are regular and varied. There are several weekly communications including a message from the CEO, a message from the Executive Principal and a wellbeing update.

The Trust strategic plan is a regularly referenced document which allows staff to see where they and their role fit into and contribute to it.

The Trust holds regular inset days attended by all staff from all schools. These days provide the opportunity for sharing of best practice, training and professional development.

They also provide a platform for feedback from staff across a number of topics.

Alongside these formal and established practices the Trust ethos is very much an open door one where ideas feedback and general contributions are welcomed.

### **Engagement with suppliers, customers and others**

The Trust recognises the importance of fostering relationships with suppliers, customers and others. Across its four academies the Trust has a large presence in its respective local communities from which many of its key stakeholders above are drawn.

The Trust always acts professionally and in line with the relevant guidelines in its dealings with customers and suppliers.

### **Promoting the success of the Trust**

The Directors of the Trust recognise fully the importance the success of it has on the local communities it serves.

All decisions made by Directors have due regard to the impact on all key stakeholders of those decisions. All of the Directors carry out their duties on a voluntary basis for the purpose of furthering the Trust and thereby enriching the communities they serve.

## **Objectives, Strategies and Activities**

### **Objects and Aims**

The principal object of the Trust as set out in its Articles of Association is specifically restricted to the following:

*“to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (“the Academies”) offering a broad and balanced curriculum”.*

The Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of Academies in accordance with its Master Funding Agreement and the academy Supplemental Agreements.

The profile of each of the academies is as follows:

- **The George Eliot School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2010 and has an Ofsted rating of Requires Improvement (2017).
- **Hartshill School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced with an emphasis in its secondary education on science and the arts and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2011 and has an Ofsted rating of Requires Improvement (2019).

## The Midland Academies Trust

- **The Nuneaton Academy** - the curriculum provided by the Academy to students up to the age of 19 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2010 and has an Ofsted rating of Requires Improvement (2017).
- **Heath Lane Academy** - the curriculum provided by the Academy to students from the ages of 11-19 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community. The Academy was formed following the merger of Heathfield Academy and the William Bradford Academy in August 2016. The Academy underwent its first Ofsted inspection in July 2019 when it was graded as 'Good'.

The admission arrangements for the academies are set out within the relevant supplemental funding agreements and comply with the Schools' Admissions Code.

To enable the Trust to achieve its objectives it has established a mission, a set of values and behaviours and determined a set of aims, referred to as 'commitments' and 'enablers' which are translated into annual objectives.

The Trust's mission is "*Creating successful futures*".

The Trust's strategic objectives are clustered around seven strategic themes.

- Learning, teaching and assessment
- Enterprise and growth including local impact
- Finance
- People
- Estates
- Sales and Marketing
- Digital

The aims of the Trust relate to the following areas:

- delivering excellent quality learning, teaching and assessment for all students;
- making a positive local impact in the communities around us
- cultivating enterprise and growth opportunities to secure our financial sustainability
- developing our people to ensure success
- ensuring we provide cost effective business support to all parts of our Trust

To deliver the Trust's mission and achieve its aims, the Trust has developed a three-year strategic plan containing a series of objectives under the aims, previously described.

The Trust produces an annual operating plan setting out the strategies and activities the Trust is taking to deliver these strategic aims. Progress against the most significant actions within the operating plan is monitored each month by the Board.

To deliver its strategic objectives the Trust works within its set of agreed values, to:

- continually strive for excellence;
- act with integrity;
- be accountable;
- nurture;
- inspire;
- be entrepreneurial and responsive;
- respect, support and challenge.

The Executive Principal, Mr Lomax, is responsible, alongside the Chief Executive, for ensuring the development of practice across all the schools to ensure that the Trust works towards its objectives and within the agreed values. The Trust continues to focus on improving the level of challenge and intervention and ensuring consistency across the schools; building a strong collaborative brand with a common curriculum and staffing structure across the schools;

## **The Midlands Academies Trust**

maximising the opportunities for collaborative working amongst students and staff; building a sustainable financial position, and leadership capacity for the future. These key areas have resulted in a common knowledge-rich 5-year curriculum and a common staffing structure, two Raising Achievement Boards (each supporting and monitoring two academies) and a range of new monitoring processes, all of which have been regularly reported on to the Board.

### **Public Benefit**

The Board of Trustees has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

'Public benefit' is the legal requirement that every organisation set up for one or more charitable purposes must be able to demonstrate that its aims are for the public benefit. The charitable purpose of the Trust is the advancement of education.

### **Achievement and Performance**

This academic year has seen further development at all four secondary academies in the Trust, despite the exceptional circumstances surrounding partial school closure during COVID-19 and the summer results. In a year further disrupted by the pandemic, the Trust has continued to develop its commitment to the communities of Nuneaton and Earl Shilton, to create successful futures for our pupils. We do this together across our four Academies, the George Eliot School, Hartshill School, Heath Lane Academy and the Nuneaton Academy, as a family of schools. The Trust collaboratively responded to the COVID-19 situation with a joined-up approach for communications, curriculum, remote learning and pastoral care for pupils. Staff and pupils have shown resilience throughout the pandemic and as outlined below the Trust was recognised for some of our achievements during this time. As results for 2021 were not published, the summary below focuses on the other achievements of the schools and Trust during this time.

We have continued to drive forward our vision around a knowledge rich curriculum, that takes the best that has been thought and said in the subjects taught in our schools and is then utilised by staff to ensure that lessons are planned to meet the needs of pupils and the curriculum. Pupils accessed thousands of live remote lessons during the year and as a result continued to have access to the curriculum at all times. When pupils returned to school following the lockdown in January, the Trust conducted over 3000 COVID tests to support pupils and staff. To support pupils and our community throughout the pandemic the Trust Academies launched a new wellbeing and mental health hub, held virtual coffee mornings and made daily engagement calls to families to make sure they had all they needed.

This year saw Hartshill School and George Eliot School finalists at the TES Schools Awards. Hartshill School were finalists in the community and collaboration awarded. This was in recognition of how the school community were supported during the lockdown with a resource bus that took items out into the community to enable pupils to have all they needed at home. This included food parcels, stationary, and sanitary products. At the George Eliot School, one of the Maths teachers was a finalist for the new teacher of the year award in recognition of the high quality of their teaching, which far exceeds their experience.

The Trust continued to engage pupils in their wider community for example, engaging pupils in designing junior jet rockets for the Rocket Round Leicester trail. These rockets were on display across key locations around Leicester. Recognising the importance of sustainability, the Trust this year launched a new pupil led green council, who are already impacting on decisions we make to become more sustainable. We also launched our Trust equality and diversity group to ensure we are doing all we can to be inclusive.

Despite the pandemic, the Trust schools maintained successful and positive destinations for young people. We further developed partnerships with primary schools, post 16 providers and other agencies. In a first pupils from across the Trust engaged in virtual employer encounters to ensure they were still able to consider future careers despite not being able to visit them in person. Pupil numbers continued to increase for the Trust this year, particularly at the Nuneaton Academy, which is now full in Year 7.

## **The Midland Academies Trust**

The Teacher Assessed Grades achieved by pupils this year following the cancellation of the summer exams, were encouraging given the pandemic and are testament to the hard work of our pupils and teachers. This is a further indicator of the impact of our curriculum and a strengthening of the quality of education in all of our academies.

The Trust with the DfE are working with a new contractor as part of the School Rebuilding Programme (SRP) to rebuild Hartshill School. The scope of works remains the same, all existing buildings will be demolished with the exception of the sports block which will be retained. Planning is targeted for submission in Autumn 2021 and start-on site will be in Spring/Summer 2022. A huge but exciting project.

Finally, we concluded the year by conducting a MAT brand refresh. The Trust has evolved over the last 11 years and is now operating closely as a family of schools, with shared values and a commitment to creating successful futures. At the Midland Academies trust, we are a family, and we want our brand to demonstrate this, whilst also retaining the identities of the individual schools. The new brand refresh brings the school logos together, using the same format and identifying the schools are part of the Trust.

This was a difficult year in many ways, but the Trust rose to the challenge and continued to lead its staff, pupils and wider community to achieve the very best and create successful futures.

### **Equality of opportunity and the employment of disabled persons**

The Midland Academies Trust is committed to ensuring equality of opportunity for all who learn and work within it. Through its core values it respects and values positively differences in race, gender, able-bodiedness, sexual orientation, class and age. The Trust strives vigorously to remove conditions, which place individuals at a disadvantage. This policy is resourced, implemented and monitored on a planned basis. The Trust's Equality policy is published on the Trust website.

The Trust considers all applications for employment from disabled persons. An applicant who is disabled and satisfies all the essential criteria of the post is guaranteed an interview. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

We have a comprehensive series of Workforce policies in place to support managers and leaders in guiding staff through processes affecting their employment within the MAT. These policies enable us to apply consistent employment practice approaches across the organisation and are tailored to ensure that both new and existing employees are able to learn about how we operate and what staff can expect from us as well as what we expect from staff. We are committed to ensuring any change management programme required is implemented sensitively and effectively to ensure minimal impact to staff and students alike. This will include engaging and communicating with staff and their representatives from the beginning of the process and providing assurances around a transparent and fair process. In addition, we would expect to meet with all staff on an individual basis to explore their professional/personal circumstances and to allow opportunity to raise any questions that may arise as part of the change programme.

### **Key Performance Indicators**

The Finance and Resources Committee monitor actual performance against budget and cash flow forecast during the period being reported. Financial KPIs and non-financial indicators used are as follows;

- Staff Costs as a % of GAG which was 79%. This is below the ESFA recommended guideline of 80%.

## **The Midland Academies Trust**

- Expenditure types as a % of total expenditure performed within target as the forecast results were met.
- Staff Cost split by Staff type as a % of total Staff Costs was a monitoring KPI for information for the Finance and Resources Committee.
- Strategic Objective Monitoring showing completion status of Trust Objectives such as progress 8 attainment.
- Monitoring and reporting of headline measures regarding exam results.
- Staffing KPIs such as % sickness absence, split of pay by gender reported to the Board every meeting.
- Student data is also analysed and reported on within Board reports, with KPIs such as Contact Ratios, % disadvantaged children, student numbers versus projections.

## **Going Concern**

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

## **Financial Review**

The principal source of funding for the Trust is the General Annual Grant (GAG). Expenditure has supported the key financial objectives of the Trust which are to:

- Efficiently expend Trust funds to effectively support the Trust's educational plans and ambitions.
- Ensure the on-going solvency of each Academy.
- Work efficiently with the sponsor and other educational institutions to efficiently share costs.
- Minimise the scope for claw-back.
- Improve the Trust estate over the short and medium term.

## The Midland Academies Trust

### Summary revenue income and expenditure

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| <b>Revenue income</b>  |               |               |
| <i>Revenue grants</i>  |               |               |
| General Annual Grant (GAG)                                       | 17,084        | 16,697        |
| Pupil premium (ESFA)   | 1,100         | 939           |
| Covid -19 catch up premium                                       | 46            | 0             |
| Other DfE / ESFA grants  | 1,000         | 903           |
| Other LA/Government revenue grants                               | 362           | 322           |
| Other Trading Activities   | 292           | 534           |
| Investment income  | 0             | 9             |
| Other self-generated income                                      | 6             | 14            |
| <b>Total revenue income</b>                                      | <b>19,890</b> | <b>19,417</b> |
| <b>Revenue expenditure</b>                                       |               |               |
| Staff costs  | 15,470        | 14,680        |
| <i>Non-pay expenditure</i>                                       |               |               |
| - Estate costs   | 1,351         | 1,371         |
| - Educational supplies & services                                | 1,803         | 1,678         |
| - Other supplies & services                                      | 1,636         | 1,643         |
| - Governance costs   | 30            | 37            |
| <b>Total revenue expenditure</b>                                 | <b>20,291</b> | <b>19,410</b> |
| <b>Revenue surplus/(deficit) for the year</b>                    | <b>(401)</b>  | <b>7</b>      |
| <b>Reconciliation to Statement of Financial Activities:</b>      |               |               |
| Net income/(expenditure) for the year - Unrestricted Funds       | 48            | 278           |
| Net income/(expenditure) for the year - Restricted General Funds | (448)         | (271)         |
|  | <b>(401)</b>  | <b>7</b>      |
| <b>Reconciliation to Operating Surplus</b>                       |               |               |
| Revenue surplus/(deficit) for the year                           | (401)         | 7             |
| FRS102 Adjustment  | 816           | 787           |
| <b>Operating Surplus per Management Accounts</b>                 | <b>415</b>    | <b>794</b>    |

The above summary only represents accrual accounting of revenue income and expenditure, shown in the Statement of Financial Activities. Under 'Unrestricted Funds' (net income / expenditure) for the year is £48k and under 'Restricted General Funds' (net income / expenditure) for the year is (£448k) which includes FRS102 costs of (£816k). These figures do not include depreciation and capital expenditure.

Excluding transfers between restricted funds, and before adjustments relating to FRS102 in respect of Local Government Pension Scheme, for the period ending 31<sup>st</sup> August 2021 total income was £19,890k against expenditure of £19,475k, a surplus of £415k.

## **The Midland Academies Trust**

Adjustments for FRS102 were costs of (£816k). When added back to the operating surplus of (£401k) this results in the surplus of £415k shown in the table above.

As at 31<sup>st</sup> August 2021 the net book value of fixed assets was £40,374k (2020: £40,349k), and movements in fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies.

The Trust's non - teaching staff is entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy's balance sheet shows a net liability of £11,556k (2020: £9,217k). This is not a controllable deficit and is a non-cash item.

The Trust's budget for 2021-22 shows a planned surplus of £200k for that year.

Including the cumulative funds to be carried forward for the current year, there are combined restricted and unrestricted positive funds of £1,620k for academic year 2020-21, fixed assets reserve of £43,253k and a negative pension reserve of £11,556k.

## **Financial and Risk Management Objectives and Policies**

The Trust's financial and risk management objectives are documented in its:

- i. Official budgets;
- ii. Scheme of Delegation;
- iii. Financial Regulations;
- iv. Risk Management Policy.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

## **Reserves Policy**

The Trust's policy on reserves is to maintain sufficient reserves to enable the Trust to operate effectively in what is becoming a less certain economic and funding environment, to address any current year shortfall in funding, or to use them in the on-going investment in the Academy estate, subject to satisfying terms and conditions of the grant funding. The Trust currently holds unrestricted and restricted income reserves in surplus of £1,620k (excluding the pension reserve), and the Trust has a 3-year financial plan to improve this position. Detailed descriptions of the purpose and nature of the reserves are within Note 18 to the accounts. Any amounts in the fixed asset fund could only be realised by disposing of Tangible Fixed Assets.

## **Investment Policy**

All investments are made in accordance with the policy of the Trust. The Trust's policy on investments is one of minimum risk, with all investments being held with the Trust's bankers. The Trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

## **Principal Risks and Uncertainties**

The Board has considered the risks faced by the Trust throughout its normal operational business. It has sought to address the risks faced by the Trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

The Board has established a formal risk management policy, which has formally documented the managerial action that is taking place and enables risk management to be systematic.

At the time of reporting, the Trust's identified key risks are:

- Progress and attainment of students is not delivered at pace;
- Estates do not comply with legislative and regulatory requirements;

## The Midland Academies Trust

- Student numbers fall and budgets are not managed;
- IT support to teaching and learning is not at the required level;
- The above key risks not managed and reputation is damaged.
- Uncertainty over levels of funding
- Uncertainty relating to the Covid-19 pandemic which potentially affects attendance, achievement, funding and staff and student wellbeing.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

The Trust does not use any external fundraisers. All fundraising during the year was monitored by the Trustees.

## Streamlined Energy and Carbon Reporting

| <b>UK Greenhouse gas emissions and energy use data for the period 1 September 2020 to 31 August 2021</b>   | <b>2020/21</b> | <b>2019/20</b> |
|--|----------------|----------------|
| Energy consumption used to calculate emissions (kWh)   | 5,047,017      | 4,908,495      |
| Energy consumption break down (kWh) (optional):  |                |                |
| • gas  | 3,737,047      | 3,543,833      |
| • electricity  | 1,305,419      | 1,344,918      |
| • transport fuel   | 4,551          | 19,744         |
| <b>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</b>  |                |                |
| Gas consumption  | 684.48         | 651.60         |
| Owned transport – mini-buses   | 0.00           | 1.61           |
| Total Scope 1  | 684.48         | 653.21         |
| <b>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</b>  |                |                |
| Purchased electricity  | 277.18         | 313.55         |
| <b>Scope 3 emissions in metric tonnes CO<sub>2</sub>e</b>  |                |                |
| Business travel in employee owned vehicles   | 1.10           | 3.11           |
| Total gross emissions in metric tonnes CO <sub>2</sub> e   | 962.75         | 969.88         |
| Intensity ratio Tonnes CO <sub>2</sub> e per pupil   | 0.30           | 0.31           |
| <b>Quantification and reporting methodology</b>  |                |                |
| We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting. |                |                |
| <b>Intensity measurement</b>   |                |                |
| The chosen intensity measurement ratio is total gross emissions in metric tonnes CO <sub>2</sub> e per pupil, the recommended ratio for the sector.  |                |                |
| <b>Measures taken to improve energy efficiency</b>   |                |                |
| All capital projects have sustainability as a consideration. Projects this year have included sustainable lighting and heating. Local companies are used for works where appropriate to reduce distances travelled.            |                |                |

## **The Midland Academies Trust**

### **Plans for Future Periods**

The future plans for the Trust centre around:

- i. Improving outcomes for students.
- ii. Continuous improvement of the MAT estate including IT.
- iii. Continued development of governance and management processes and structures in light of experience over time.
- iv. A continuous assessment of Trust viability.

The key aims and objectives that underpin these plans include delivering a knowledge rich curriculum that drives improved grades and outcomes for students. This will also be achieved via the continued development of a MAT IT strategy. In terms of the learning environment significant investment in IT and the Trust estate continue and are planned for the future. In particular the confirmed rebuild of the Hartshill site continues to progress positively.

In order to be able to allocate resources that enable delivery of these key objectives the Trust will achieve its medium-term business plan which will ensure continued viability.

Trustees are clear that the future direction of the Trust should be shaped around these key objectives.

### **Funds Held as Custodian Trustee on Behalf of Others**

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

### **Auditor**

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16 December 2021 and signed on its behalf by:

### **Signed**



**Ian Dunn - Chair**

**Date:** 16<sup>th</sup> December 2021

## The Midland Academies Trust

# Governance Statement

## Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Midland Academies 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 Chief Executive 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 The Midland Academies Trust and the Secretary of State for Education. The Chief Executive is responsible for reporting to the Board of Trustees any material weaknesses or breakdown in internal control.

The Accounting Officer for the Trust is Marion Plant OBE, who is also the Chief Executive of The Midland Academies Trust.

## Governance

The information on governance included here supplements that described in the Trustees' Report and the Statement of Trustees' Responsibilities. The Board of Trustees has formally met on five occasions during the academic year 2020/21. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee (Director)                                 | Attendance | Out of a Possible |
|--|------------|-------------------|
| Mr G Bryan   | 4          | 5                 |
| Mrs M Callaghan                                    | 5          | 5                 |
| Mr S Dover   | 3          | 4                 |
| Mr I Dunn (Chair)                                  | 5          | 5                 |
| Mr J Hutchinson (end of tenure 31.8.21)            | 4          | 5                 |
| Paul Joesbury (appointed 21.12.20)                 | 3          | 3                 |
| Ms A Melville                                      | 5          | 5                 |
| Mrs K Nelson                                       | 4          | 5                 |
| Mrs M Plant (Chief Executive & Accounting Officer) | 5          | 5                 |
| Mr T Render  | 5          | 5                 |
| Mr P Rowley  | 5          | 5                 |

The membership of the Board of Trustees went through several changes during the year with:

- three Trustees reaching the end of their tenure at the conclusion of the year with two of those Trustees being co-opted for a further 12 months; and
- an appointment of a new Trustee taking place in in the spring term of the 2020/21 academic year.

## **The Midland Academies Trust**

Particular matters dealt with by the Board of Trustees during 2020/21 included:

- Considering the Summer 2020 centre assessed grade outcomes, and the strategy by which to respond to the implications of the pandemic on examinations for year 11 pupils in summer 2021.
- Receiving and approving the Trust's Financial Statements for 2020/21.
- Approving the annual strategic plan for 2020/21 and scrutinising Trust performance against strategic objectives.
- Receiving the Annual Safeguarding Report 2020/21.
- Receiving and challenging presentations on academy / school performance from Principals.
- Reviewing and approving Trust policies; including school / academy admission policies.
- Receiving and interrogating financial performance reports including monthly management accounts and budget forecasts.
- Interrogating and approving the Trust's three-year medium-term business plan for 2021/22-2023/24 and the annual budget for 2021/22.
- Scrutinising risk management activity and approving the Risk Management Policy on the recommendation of the Audit Committee.
- Receiving updates on the Hartshill School development project.
- Receiving and scrutinising assurance reports from Raising Achievement Boards.
- Scrutinising, monitoring and where relevant, approving activity taking place to respond to the Covid-19 pandemic in compliance with Government guidance. This included scrutinising the arrangements and risk assessments for the extension of Trust provision during lock-down and the re-opening of academies.
- Continuing to undertake all scheduled meetings, including the annual Strategy Day, using Microsoft Teams to enable normal governance activity to take place under lockdown and social distancing requirements.

The Board of Trustees also received regular updates from the Chief Executive on key issues and activities taking place in the Trust's academies to ensure that Trustees continued to have an understanding of, and insight into academy performance and response in all relevant areas of delivery and to the Covid-19 pandemic.

The **Finance and Resource Committee** is a sub-committee of the Board of Trustees. It is responsible for:

- the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and academy finances and resources, including proper planning, monitoring and probity;
- receiving reports from members of academy staff about matters relating to any of the issues listed in its terms of reference.
- scrutinising Trust budgets and financial arrangements.

**The Midland Academies Trust**

The Committee met on four occasions during the academic year 2020/21 with the following attendance:

| Director (Trustee)                               | Attendance | Out of a Possible |
|--|------------|-------------------|
| Mr Bryan   | 4          | 4                 |
| Mr Dunn  | 3          | 4                 |
| Mr Dover   | 4          | 4                 |
| Ms Melville (Chair)                              | 4          | 4                 |
| Mrs Plant (Chief Executive & Accounting Officer) | 4          | 4                 |
| Mr Render  | 3          | 4                 |

Particular matters dealt with by the Committee during 2020/21 included:

- reviewing financial performance reports;
- scrutinising the medium-term financial plan for 2021/22- 2023/24 and annual budget for 2021/22;
- considering the estates strategy and capital projects programme;
- monitoring compliance reviews and health and safety audits for academies / schools;
- scrutinising termly HR reports;
- receiving staffing updates.

The **Audit Committee** is a sub-committee of the Board of Trustees. It is responsible for:

- reviewing the risks to internal financial control and agree a programme of work that will address these risks, inform the statement of internal control and, so far as possible, provide assurance to the external auditors;
- receiving reports from members of academy staff about matters relating to any of the issues listed in their terms of reference;
- scrutinising the Trust’s internal controls systems and risk management arrangements.

The Committee met on four occasions during the academic year 2020/21; this included the annual internal audit planning strategy meeting. The committee Chair, Mr Coult and Mr Joesbury are both qualified accountants.

Attendance at meetings in the year was as follows:

| Trustee       | Attendance | Out of a Possible |
|---------------|------------|-------------------|
| Mrs Callaghan | 3          | 4                 |
| Mr Coult      | 4          | 4                 |
| Mr Joesbury   | 1          | 2                 |
| Mr Rowley     | 3          | 4                 |

## **The Midland Academies Trust**

Particular matters dealt with by the Committee during 2020/21 included:

- reviewing risk management activity as a standing item;
- agreeing the Risk Management Policy for recommendation to the Board of Trustees;
- agreeing the annual Internal Audit Strategy for recommendation to the Board of Trustees;
- scrutinising internal audit and deep dive audit reports;
- receiving the External Audit Service audit plan and audit findings report;
- receiving updates on accounting and auditing standards and guidelines.
- providing an annual report to the Board of Trustees, summarising the work and findings of the Committee in 2019/20.

## **Review of Value for Money**

As Accounting Officer, the Chief Executive Officer 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. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- utilising services offered in the wider Learning Group effectively such as experienced staffing, approved suppliers and joint tender processes,
- driving educational benefit from a Trust wide successful futures program,
- driving efficiencies through Group procurement and learning from excellent schools / trusts by working with Heads from these other areas.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Midland Academies Trust for the period 1<sup>st</sup> September 2020 to 31<sup>st</sup> August 2021 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1<sup>st</sup> September 2020 to 31<sup>st</sup> August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **The Risk and Control Framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees.
- Regular reviews by the Finance & Resource Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Identification and management of risks.
- Comprehensive budgeting and monitoring systems with an annual budget recommended by the Finance & Resource Committee and approved by the Board of Trustees.
- Periodic financial reports which are reviewed and agreed by the Board of Trustees Finance & Resources Committee.
- The establishment of an experienced management framework, to oversee financial management within the Trust.
- The development of robust financial regulations and procedures, and the establishment of audit requirements.
- Delegation of authority and segregation of duties.
- Identification and management of risks on a more systematic basis for all academies and the Trust.

The Board of Trustees has considered the need for a specific internal audit function. Following a tender process, RSM was appointed with a contractual start date of 1<sup>st</sup> September 2019.

RSM has carried out its role since appointment. This role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Staff Recruitment Processes;
- Estates Management Framework;
- Key Operational Controls; and
- Framework for Compliance with Legal and Regulatory Requirements: Safeguarding and Prevent.
- Follow Up on Internal Audit Recommendations

There were no major control issues identified.

At each of the Audit Committee' meetings, the Trust's internal auditor, RSM, reports to the Board of Trustees, through the Audit Committee, as to the operation of the Trust's systems of control and on the discharge of the Board of Trustees' financial responsibilities and prepares an annual summary report to the Audit Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

RSM has delivered its schedule of work as planned.

## **The Midland Academies Trust**

There were no material control issues arising as a result of the internal auditor's work and for the 12 months ended 31<sup>st</sup> August 2021, the internal audit opinion for Midland Academies Trust was as follows:

“The Trust has an adequate and effective framework for risk management, governance and internal control. However our work has identified further enhancements to the framework of risk management, governance and internal control to ensure out remains adequate and effective.”

Agreed actions, arising from the internal audits undertaken during the year, were monitored by the Audit Committee and the internal auditor, through an action tracking process. During the year, progress was reported to the Audit Committee, with the validation of action status confirmed by internal audit in June 2021. The report concludes that taking account of the issues identified in the remainder of the report, the internal auditor's opinion is that the Midland Academies Trust has demonstrated reasonable progress in implementing agreed management actions.

The Audit Committee's annual report sets out the work undertaken by RSM which is reported to the Board of Trustees through the Audit Committee on the operation of the systems of control.

**The Midland Academies Trust**

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment processes;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

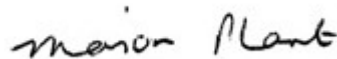
Approved by order of the Board of Trustees, as the company directors, on 16<sup>th</sup> December 2021 and signed on its behalf by:

**Signed:**



**Ian Dunn**  
**Chair**

**Signed:**



**Marion Plant OBE**  
**Chief Executive & Accounting Officer**

**Date:** 16th December 2021


## **Statement of Regularity, Propriety and Compliance**

As Accounting Officer of The Midland Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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.

**Signed:**



**Marion Plant OBE**

**Chief Executive and Accounting Officer**

**Date:** 16.12.21

## **Statement of Trustees' Responsibilities**

The trustees (who act as governors of The Midland Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 board of trustees, as the company directors, on 16<sup>th</sup> December 2021 and signed on its behalf by:

**Signed**



**Ian Dunn**

**Chair**

**Date:** 16.12.21

## Independent auditor's report to the members of Midland Academies Trust

### Opinion

We have audited the financial statements of Midland Academies Trust (the 'charitable company') for the year ended 31 August 2021, which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP (FRS 102) 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its surplus and 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) 2019 and the Academies Accounts Direction 2020 to 2021.

### 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report including Reference and Administrative details, the Trustees' Report, the Governance Statement, the Statement on regularity, propriety and compliance and the Statement of trustees' responsibilities, other than the financial

## **The Midland Academies Trust**

statements and our auditor's report thereon. 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 strategic report and the director's report, prepared for the purposes of company law, included in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' annual report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' annual report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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 the trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 26, the trustees (who are also the directors of the charitable company 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's 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.

## The Midland Academies Trust

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

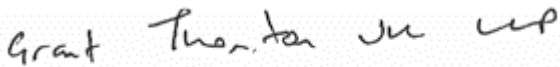
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Academies Accounts Direction, The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), and the Companies Act 2006.
- We understood how the charitable company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
  - Challenging assumptions and judgments made by management in its significant accounting policies
  - Identifying and testing journal entries
  - Identifying and testing related party transactions
  - Inspecting the board minutes
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - Knowledge of the industry in which the charitable company operates, and
  - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of income.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The charitable company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
  - The charitable company's control environment, including:

## The Midland Academies Trust

- Management’s knowledge of relevant laws and regulations and how the charitable company is complying with those laws and regulations
- The adequacy of procedures for authorisation of transactions and review of management accounts, and
- Procedures to ensure that possible breaches of laws and regulations are appropriately resolved

### Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



### William Devitt

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

**Date:** 17.12.21

## Independent reporting accountant's assurance report on Regularity to Midland Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 October 2021 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Midland Academies Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

### **Respective responsibilities of Midland Academies Trust's Accounting Officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Midland Academies Trust's funding agreement with the Secretary of State for Education dated 28 July 2011 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 period 1 September 2020 to 31 August 2021 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 2020 to 2021 issued by the 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:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

### **Conclusion**

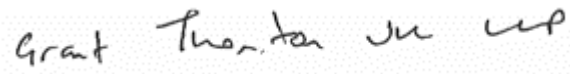
In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Use of our report**

This report is made solely to Midland Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Midland Academies Trust and the ESFA those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or

## The Midland Academies Trust

assume responsibility to anyone other than Midland Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, slightly slanted style. The text is centered horizontally within a light gray, dotted rectangular background.

Reporting Accountant

Grant Thornton UK LLP  
Chartered Accountants  
Birmingham

**Date:** 17.12.21

**The Midland Academies Trust**

**Statement of Financial Activities  
for the year ended 31 August 2021  
(including Income and Expenditure Account)**

|  | Note  | Unrestricted<br>Funds<br>£'000 | Restricted<br>General<br>Funds<br>£'000 | Restricted<br>Fixed Asset<br>Funds<br>£'000 | Total 2021<br>£'000 | Total 2020<br>£'000 |
|--|-------|--------------------------------|---|---|---------------------|---------------------|
| <b>Income and endowments from:</b>                               |       |                                |   |   |                     |                     |
| Donations and capital grants                                     | 3     | 6                              | -                                       | 2,800                                       | <b>2,806</b>        | 7,956               |
| Charitable activities:   |       |                                |   |   |                     |                     |
| Funding for the academy trust's<br>educational operations        | 4     | -                              | 19,591                                  | -   | <b>19,591</b>       | 18,860              |
| Other trading activities   | 5     | 292                            | -                                       | -   | <b>292</b>          | 534                 |
| Investments  | 6     | -                              | -                                       | -   | -                   | 9                   |
| <b>Total</b>   |       | <b>298</b>                     | <b>19,591</b>                           | <b>2,800</b>                                | <b>22,689</b>       | <b>27,358</b>       |
| <b>Expenditure on:</b>   |       |                                |   |   |                     |                     |
| Raising funds  | 7     | 222                            | -                                       | -   | <b>222</b>          | 267                 |
| Charitable activities:   |       |                                |   |   |                     |                     |
| Academy trust educational operations                             | 8     | 30                             | 20,041                                  | 1,116                                       | <b>21,187</b>       | 20,099              |
| <b>Total</b>   |       | <b>252</b>                     | <b>20,041</b>                           | <b>1,116</b>                                | <b>21,408</b>       | <b>20,366</b>       |
| <b>Net income / (expenditure)</b>                                |       | <b>47</b>                      | <b>(449)</b>                            | <b>1,684</b>                                | <b>1,281</b>        | <b>6,992</b>        |
| <b>Transfers between funds</b>                                   | 18    | -                              | -                                       | -   | -                   | -                   |
| <b>Other recognised gains / (losses):</b>                        |       |                                |   |   |                     |                     |
| Profit/(loss) on disposal of fixed assets                        |       | -                              | -                                       | -   | -                   | -                   |
| Actuarial (losses) / gains on defined<br>benefit pension schemes | 18,30 | -                              | (1,523)                                 | -   | <b>(1,523)</b>      | 638                 |
| <b>Net movement in funds</b>                                     |       | <b>47</b>                      | <b>(1,972)</b>                          | <b>1,684</b>                                | <b>(242)</b>        | <b>7,630</b>        |
| <b>Reconciliation of funds</b>                                   |       |                                |   |   |                     |                     |
| Total funds brought forward                                      |       | 411                            | (8,422)                                 | 41,569                                      | <b>33,556</b>       | 25,925              |
| <b>Total funds carried forward</b>                               |       | <b>458</b>                     | <b>(10,394)</b>                         | <b>43,253</b>                               | <b>33,316</b>       | <b>33,556</b>       |

All of the academy trust's activities derive from continuing operations during the above financial period

# The Midland Academies Trust

## Balance Sheet as at 31 August 2021

Company Number 07191874

|   | Notes | 2021<br>£'000  | 2021<br>£'000 | 2020<br>£'000  | 2020<br>£'000 |
|---|-------|----------------|---------------|----------------|---------------|
| <b>Fixed assets</b>                                     |       |                |               |                |               |
| Intangible assets                                       | 13    |                | 28            |                | 38            |
| Tangible assets   | 14    |                | 40,374        |                | 40,350        |
| <b>Current assets</b>                                   |       |                |               |                |               |
| Stock   | 15    | 3              |               | 2              |               |
| Debtors   | 16    | 403            |               | 764            |               |
| Cash at bank and in hand                                | 25    | 6,668          |               | 3,796          |               |
|   |       | <u>7,074</u>   |               | <u>4,562</u>   |               |
| <b>Liabilities</b>                                      |       |                |               |                |               |
| Creditors: Amounts falling due within one year          | 17    | (2,603)        |               | (2,177)        |               |
|   |       | <u>(2,603)</u> |               | <u>(2,177)</u> |               |
| <b>Net current assets</b>                               |       |                | <u>4,470</u>  |                | <u>2,385</u>  |
| <b>Net assets less current liabilities</b>              |       |                | 44,872        |                | 42,773        |
| Creditors: Amounts falling due after more than one year | 17    |                | -             |                | -             |
| <b>Net assets excluding pension liability</b>           |       |                | <u>44,872</u> |                | <u>42,773</u> |
| Defined benefit pension scheme liability                | 30    |                | (11,556)      |                | (9,217)       |
| <b>Total net assets</b>                                 |       |                | <u>33,316</u> |                | <u>33,556</u> |
| <b>Funds of the academy trust:</b>                      |       |                |               |                |               |
| <b>Restricted funds</b>                                 |       |                |               |                |               |
| . Fixed asset fund                                      | 18    | 43,253         |               | 41,569         |               |
| . Restricted income fund                                | 18    | 1,161          |               | 794            |               |
| . Pension reserve                                       | 18    | (11,556)       |               | (9,217)        |               |
| <b>Total restricted funds</b>                           |       |                | <u>32,858</u> |                | <u>33,146</u> |
| <b>Unrestricted income funds</b>                        |       |                |               |                |               |
| . General fund  | 18    | 458            |               | 411            |               |
| <b>Total Unrestricted income funds</b>                  |       |                | <u>458</u>    |                | <u>411</u>    |
| <b>Total funds</b>                                      |       |                | <u>33,316</u> |                | <u>33,556</u> |

The financial statements on pages 32-65 were approved by the trustees, and authorised for issue on 16th December 2021 and are signed on their behalf by.

**Ian Dunn - Chair**

The Midland Academies Trust

**Statement of Cash Flows  
for the year ended 31 August 2021**

|  | Notes | <b>2021</b>  | 2020  |
|--|-------|--------------|-------|
|  |       | <b>£'000</b> | £'000 |
| <b>Cash flows from operating activities</b>                        |       |              |       |
| Net cash provided by (used in) operating activities                | 22    | 1,204        | 597   |
| <b>Cash flows from investing activities</b>                        | 24    | 1,669        | 513   |
| <b>Cash flows from financing activities</b>                        | 23    | -            | -     |
| <b>Change in cash and cash equivalents in the reporting period</b> |       | <b>2,872</b> | 1,110 |
| <b>Cash and cash equivalents at 1 September 2020</b>               | 25    | 3,796        | 2,686 |
| <b>Cash and cash equivalents at the 31 August 2021</b>             | 25    | <b>6,668</b> | 3,796 |

# **Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2021**

## **1. Statement of 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 are set out below

### **Basis of Preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

### **Going Concern**

The directors 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 company to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval 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.

### **Income**

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

#### **o Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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.

#### **o Sponsorship Income**

## **The Midland Academies Trust**

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

### **o 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.

### **o Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

### **o Donated services and gift in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as income, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed assets category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

On 1 September 2012 Hartshill School joined the Trust and assets were transferred from Warwickshire County Council on conversion. The land and buildings have been valued in accordance with the RICS Valuation - Professional Standards, 8th Edition, as published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standards and HM Treasury FReM (Financial Reporting Manual) interpretation.

A 125-year lease between Warwickshire County Council and The Nuneaton Academy was signed on 28<sup>th</sup> February 2020. Due to the nature and length of the lease the land and buildings on the site have been included on the Trust balance sheet. The DfE valued the land and buildings as at 31<sup>st</sup> August 2019 as part of their annual cycle of school valuations. The valuation was carried out independently on the DfE's behalf by Montagu Evans. The land and buildings on the Nuneaton Academy site have been included on the Trust balance sheet based on the Montagu Evans report.

## **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 the time spent, and depreciation charges allocated on the portion of the asset's use.

## The Midland Academies Trust

### o Expenditure on Raising Funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities, events, and non-charitable trading.

### o Charitable activities

These are cost 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.

## 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

|                           |             |
|---------------------------|-------------|
| o Freehold buildings      | 30-50 years |
| o Leasehold buildings     | 50 years    |
| o Furniture and equipment | 10 years    |
| o Computer equipment      | 4 years     |
| o Motor Vehicle           | 5 years     |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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. Impairments losses are recognised in the Statement of Financial Activities.

## **The Midland Academies Trust**

No depreciation is charged in the year of acquisition on tangible assets.

### **Transfer on conversion**

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation - Professional Standards, 8th Edition, as published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standards and HM Treasury FReM (Financial Reporting Manual) interpretation.

### **Estimates**

Asset records detailing clear values at the point of transfer from predecessor schools were not available for all fixed assets to enable accurate opening values. In order to estimate a transfer value the Trust has identified the assets transferred, obtained cost estimates and applied an adjustment to represent consumption at the assets' useful economic lives at transfer. This is considered to provide reasonable estimate of the value of the assets for initial recognition purposes but should be regarded as a significant estimate in relation to the accounts.

### **Intangible fixed assets**

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful economic lives. No amortisation is charged in the year of acquisition on intangible assets.

- o Software 4 years

### **Leased Assets**

Rentals under operating leases are charged on an annual, quarterly or monthly basis over the lease term.

### **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 basis 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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

*Cash at bank*- is classified as a basic 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.

## **The Midland Academies Trust**

### **Stock**

All stock is valued at the lower of cost or net realisable value.

### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions Benefits**

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 and the assets are held separately from those of the academy trust.

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. These contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 30, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and contributions recognised as they are paid each year.

### **Pensions Benefits continued**

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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 liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and the 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.

### **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 governors.

## **The Midland Academies Trust**

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

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

### **Critical accounting estimates and areas of judgement**

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest actuarial valuation performed as at 31<sup>st</sup> March 2016 has been used by the actuary in valuing the pension liability as at 31<sup>st</sup> 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.

Other significant estimates such as predecessor school valuations, accrued income and expenditure and depreciation are shown in notes 13-17 and explained in more detail on page 36.

## The Midland Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2021 (continued)

#### 2 General Annual Grant (GAG)

Under certain funding agreements with the Secretary of State some academies are subject to limits at 31 August 2021 on the amount of GAG that can be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academies in the Midland Academies Trust are not subject to this limit.

#### 3 Donations and capital grants

|  | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Restricted<br>Fixed<br>Asset<br>Funds<br>£'000 | Total 2021<br>£'000 | Total<br>2020<br>£'000 |
|--|--------------------------------|------------------------------|--|---------------------|------------------------|
| <b>DfE/ESFA Capital grants</b>         |                                |                              |  |                     |                        |
| School Condition Allocation Fund (SCA) | -                              | -                            | 2,155  | 2,155               | 1,068                  |
| Healthy Pupils Capital Fund            | -                              | -                            | -  | -                   | -                      |
| Devolved Formula Capital (DFC)         | -                              | -                            | 438  | 438                 | 289                    |
|  | -                              | -                            | 2,592  | 2,592               | 1,356                  |
| School Fund Income                     | 6                              | -                            | -  | 6                   | 14                     |
| Donated Fixed Assets                   | -                              | -                            | 175  | 175                 | 6,548                  |
| Other Donations                        | -                              | -                            | 32   | 32                  | 37                     |
|  | 6                              | -                            | 2,800  | 2,806               | 7,956                  |
| 2020 total                             | 14                             | -                            | 7,942  | 7,956               |                        |

In 2019-20 the Trust signed a 125 year lease with Warwickshire County Council for its TNA site which can be seen under donated fixed assets in the prior year figure. The £175k assets donated in 2020-21 are laptops from the DfE.

#### 4 Funding for the Academy Trust's Educational Operations

|                                | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total 2021<br>£'000 | Total 2020<br>£'000 |
|--------------------------------|--------------------------------|------------------------------|---------------------|---------------------|
| <b>DfE / ESFA grants</b>       |                                |                              |                     |                     |
| . General Annual Grant (GAG)   | -                              | 17,084                       | 17,084              | 16,697              |
| . Pupil Premium                | -                              | 1,100                        | 1,100               | 939                 |
| . Covid-19 catch up premium    | -                              | 46                           | 46                  | -                   |
| . Other DfE/ESFA grants        | -                              | 1,000                        | 1,000               | 903                 |
|                                | -                              | 19,229                       | 19,229              | 18,538              |
| <b>Other Government grants</b> |                                |                              |                     |                     |
| . Local authority grants       | -                              | 57                           | 57                  | 63                  |
| . Special needs income         | -                              | 305                          | 305                 | 259                 |
|                                | -                              | 362                          | 362                 | 322                 |
|                                | -                              | 19,591                       | 19,591              | 18,860              |

The Trust received £249k of funding for catch up premium and costs incurred in respect of this funding totalled £46k. The balance of the income has been carried forward to 2021-22. Only the released element of £46k is therefore detailed above.

Any income with unfulfilled conditions and other contingencies has been deferred into the next financial year.

## The Midland Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2021 (continued)

#### 5 Other Trading activities

|                       | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total 2021<br>£'000 | Total 2020<br>£'000 |
|-----------------------|--------------------------------|------------------------------|---------------------|---------------------|
| Educational visits    | 9                              | -                            | 9                   | 21                  |
| Hire of facilities    | (19)                           | -                            | (19)                | 44                  |
| Non- teaching Income  | 124                            | -                            | 124                 | 220                 |
| Other teaching income | -                              | -                            | -                   | -                   |
| Sales of meals        | 176                            | -                            | 176                 | 249                 |
| Uniform sales         | 2                              | -                            | 2                   | -                   |
|                       | <u>292</u>                     | <u>-</u>                     | <u>292</u>          | <u>534</u>          |
| 2020 total            | <u>534</u>                     | <u>-</u>                     | <u>534</u>          |                     |

#### 6 Investment income

|                     | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total 2021<br>£'000 | Total 2020<br>£'000 |
|---------------------|--------------------------------|------------------------------|---------------------|---------------------|
| Short term deposits | -                              | -                            | -                   | 9                   |
|                     | <u>-</u>                       | <u>-</u>                     | <u>-</u>            | <u>9</u>            |
| 2020 total          | <u>9</u>                       | <u>-</u>                     | <u>9</u>            |                     |

#### 7 Expenditure

|                                   | Staff Costs<br>£'000 | Non Pay Expenditure<br>Premises<br>£'000 | Other<br>£'000 | Total<br>2021<br>£'000 | Total<br>2020<br>£'000 |
|-----------------------------------|----------------------|--|----------------|------------------------|------------------------|
| Expenditure on raising funds      | -                    | -  | 222            | 222                    | 267                    |
| Academy's educational operations: |                      |  |                |                        |                        |
| . Direct costs                    | 11,833               |  | 1,467          | 13,299                 | 12,575                 |
| . Allocated support costs         | 3,638                | 1,351                                    | 2,898          | 7,887                  | 7,524                  |
| Total Expenditure                 | <u>15,470</u>        | <u>1,351</u>                             | <u>4,587</u>   | <u>21,408</u>          | <u>20,366</u>          |

Net income/(expenditure) for the period includes:

|   | 2021<br>£000 | 2020<br>£000 |
|---|--------------|--------------|
| Operating lease rentals - Equipment     | 32           | 35           |
| Depreciation on tangible fixed assets   | 1,116        | 955          |
| (Gain)/loss on disposal of fixed assets | -            | -            |
| Amortisation of intangible fixed assets | -            | 1            |
| Fees payable to auditor for:            | -            | -            |
| - External Audit                        | 25           | 18           |
| - Other Services (external)             | 1            | 1            |

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August  
2021 (continued)

8 Charitable Activities

|  | Total<br>2021<br>£'000 | Total<br>2020<br>£'000 |
|--|------------------------|------------------------|
| Direct costs – educational operations  | 13,299                 | 12,575                 |
| Support costs – educational operations | 7,887                  | 7,524                  |
|  | <b>21,187</b>          | <b>20,099</b>          |

| Analysis of support costs  | Educational<br>operations<br>£'000 | Total<br>2021<br>£'000 | Total<br>2020<br>£'000 |
|----------------------------|------------------------------------|------------------------|------------------------|
| Support staff costs        | 3,638                              | 3,638                  | 3,430                  |
| Depreciation               | 1,116                              | 1,116                  | 955                    |
| Technology costs           | 106                                | 106                    | 76                     |
| Premises costs             | 1,351                              | 1,351                  | 1,371                  |
| Other support costs        | 1,636                              | 1,636                  | 1,643                  |
| Legal costs                | 8                                  | 8                      | 11                     |
| Governance costs           | 30                                 | 30                     | 37                     |
| <b>Total support costs</b> | <b>7,887</b>                       | <b>7,887</b>           | <b>7,524</b>           |

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 9 Staff

#### 9a. Staff costs

Staff costs during the period were:

|  | <b>Total</b>  | Total     |
|--|---------------|-----------|
|  | <b>2021</b>   | 2020      |
|  | <b>£'000</b>  | £'000     |
| Wages and salaries                                 | <b>11,124</b> | 10,750    |
| Social security costs                              | <b>1,095</b>  | 1,045     |
| Operating costs of defined benefit pension schemes | <b>2,513</b>  | 2,374     |
| Apprenticeship Levy                                | <b>43</b>     | 38        |
|  | <b>14,775</b> | 14,207    |
| Supply staff costs                                 | <b>392</b>    | 224       |
| Staff restructuring costs                          | <b>73</b>     | 19        |
|  | <b>15,240</b> | 14,450    |
| Staff restructuring costs comprise:                |               |           |
| Redundancy payments                                | <b>73</b>     | 19        |
|  | <b>73</b>     | <b>19</b> |

#### 9b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling **£73,394** (2020: £19,155). Individually the payments were £1,632, £11,152 and £60,610.

It should be noted that £50,002 of the £73,394 relates to pension strain costs

#### 9c. Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2021 was as follows;

|                            | <b>2021</b> | 2020 |
|----------------------------|-------------|------|
|                            | <b>No.</b>  | No.  |
| Teachers                   | <b>174</b>  | 174  |
| Administration and support | <b>156</b>  | 154  |
| Management                 | <b>26</b>   | 25   |
|                            | <b>356</b>  | 353  |

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2021 expressed as full time equivalents was as follows:

|                            | <b>2021</b> | 2020 |
|----------------------------|-------------|------|
|                            | <b>No.</b>  | No.  |
| Teachers                   | <b>165</b>  | 165  |
| Administration and support | <b>121</b>  | 116  |
| Management                 | <b>26</b>   | 25   |
|                            | <b>312</b>  | 306  |

## The Midland Academies Trust

# Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 9d. Higher paid staff

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

|                     | 2021     | 2020 |
|---------------------|----------|------|
|                     | No.      | No.  |
| £60,001 - £70,000   | 9        | 10   |
| £70,001 - £80,000   | 4        | 2    |
| £80,001 - £90,000   | 2        | 2    |
| £90,001 - £100,000  | 1        | 2    |
| £100,001 - £110,000 | 1        | -    |
|                     | <hr/> 17 | 16   |

### 9e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 3, and senior leadership within each Academy (Principal and Vice Principal). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,590,424 (2020 £1,503,041). It should be noted that both the Chief Executive and Accounting Officer and the Chief Finance Officer are not directly employed by the Trust. They are employed by the Sponsor and charged to the Trust, at cost, according to the agreed amount of time spent working for the Trust.

## The Midland Academies Trust

# Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 10 Central Services

The academy trust has provided the following central services to its academies during the year:

- Business Management services: this service is provided on an actual cost basis of the pay costs of the Trust's Head of Academies' Business Management.
- Estate Management services: this service is provided on an actual cost basis of the pay costs of the Trust's Head of Estates and Facilities.
- Educational support services: this service is provided on an actual cost basis of the Executive Principal and School Improvement Leaders.
- Financial services: this service is provided on an actual cost basis of the pay costs of the Trust's Assistant Financial Controller and Finance Assistant.
- Finance, Estates, Marketing, Clerking, HR, Procurement and payroll services; these services are provided on an actual cost basis of the SLA with North Warwickshire and South Leicestershire College
- Human Resources, Payroll and Finance systems, Governance training and other back office contracts; provided on an actual cost basis of Trust level contracts for all academies.

These services are divided over all academies as a percentage based on their GAG allocation as a percentage of the total MAT GAG allocation.

The actual amounts charged during the year were as follows:

|                           | <b>2021</b>         | 2020                |
|---------------------------|---------------------|---------------------|
|                           | <b>£'000</b>        | £'000               |
| - The Nuneaton Academy    | <b>357</b>          | 275                 |
| - The George Eliot School | <b>372</b>          | 316                 |
| - Hartshill School        | <b>453</b>          | 370                 |
| - Heath Lane Academy      | <b>248</b>          | 210                 |
|                           | <b><u>1,430</u></b> | <b><u>1,171</u></b> |

**Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

**11 Related Party Transactions - Trustees' Remuneration and Expenses**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the role of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

During the period ended 31 August 2021, there were no travel and subsistence expenses reimbursed or paid directly to any trustee (2020: Nil).

**12 Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2021 was £56,574 . The cost of this insurance is included in the total insurance cost.

## The Midland Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2021 (continued)

#### 13 Intangible Fixed Assets

|                        | Computer<br>Software<br>£'000 | Total<br>£'000 |
|------------------------|-------------------------------|----------------|
| <b>Cost</b>            |                               |                |
| At 1 September 2020    | 40                            | 40             |
| Additions              | -                             | -              |
| Disposals              | -                             | -              |
| At 31 August 2021      | <u>40</u>                     | <u>40</u>      |
| <b>Amortisation</b>    |                               |                |
| At 1 September 2020    | 2                             | 2              |
| Charged in year        | 10                            | 10             |
| Disposals              | -                             | -              |
| At 31 August 2021      | <u>12</u>                     | <u>12</u>      |
| <b>Carrying amount</b> |                               |                |
| At 31 August 2020      | 38                            | 38             |
| At 31 August 2021      | <u>28</u>                     | <u>28</u>      |

#### 14 Tangible Fixed Assets

|                        | Freehold Land<br>and Buildings<br>£'000 | Leasehold<br>Land and<br>Buildings<br>£'000 | Furniture and<br>Equipment<br>£'000 | Computer<br>Hardware<br>£'000 | Motor<br>Vehicles<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|------------------------|---|---|-------------------------------------|-------------------------------|----------------------------|---------------------------------------|----------------|
| <b>Cost</b>            |   |   |                                     |                               |                            |                                       |                |
| At 1 September 2020    | 22,918                                  | 23,347                                      | 140                                 | 685                           | 12                         | -                                     | 47,103         |
| Additions              | 351                                     | 442   | 13                                  | 325                           | -                          | -                                     | 1,131          |
| Disposals              | -                                       | -   | -                                   | -                             | -                          | -                                     | -              |
| At 31 August 2021      | <u>23,269</u>                           | <u>23,789</u>                               | <u>153</u>                          | <u>1,010</u>                  | <u>12</u>                  | <u>-</u>                              | <u>48,234</u>  |
| <b>Depreciation</b>    |   |   |                                     |                               |                            |                                       |                |
| At 1 September 2020    | 4,249                                   | 2,042                                       | 11                                  | 448                           | 3                          | -                                     | 6,754          |
| Charged in year        | 523                                     | 483   | 14                                  | 84                            | 2                          | -                                     | 1,106          |
| Disposals              | -                                       | -   | -                                   | -                             | -                          | -                                     | -              |
| At 31 August 2021      | <u>4,772</u>                            | <u>2,525</u>                                | <u>25</u>                           | <u>532</u>                    | <u>5</u>                   | <u>-</u>                              | <u>7,860</u>   |
| <b>Net book values</b> |   |   |                                     |                               |                            |                                       |                |
| At 31 August 2020      | 18,669                                  | 21,305                                      | 129                                 | 237                           | 9                          | -                                     | 40,349         |
| At 31 August 2021      | <u>18,497</u>                           | <u>21,264</u>                               | <u>128</u>                          | <u>478</u>                    | <u>7</u>                   | <u>-</u>                              | <u>40,374</u>  |

A 125 year lease between Warwickshire County Council and The Nuneaton Academy was signed during 2019-20. The land and buildings on the site were included as fixed assets to the value of £6.548k in 2019-20. The valuation was based on an independent valuation carried out on behalf of the DfE.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

15 Stock

|                                  | 2021     | 2020     |
|----------------------------------|----------|----------|
|                                  | £'000    | £'000    |
| Catering and stationery supplies | -        | -        |
| Clothing                         | 3        | 2        |
|                                  | <u>3</u> | <u>2</u> |

16 Debtors

|                                | 2021       | 2020       |
|--------------------------------|------------|------------|
|                                | £'000      | £'000      |
| Trade debtors                  | 33         | 34         |
| VAT recoverable                | 81         | 197        |
| Prepayments and accrued income | 288        | 533        |
|                                | <u>403</u> | <u>764</u> |

17 Creditors: Amounts Falling due within one year

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| <b>a Creditors: amounts falling due within one year</b> |              |              |
| Trade creditors   | 490          | 489          |
| Other taxation and social security                      | 564          | 533          |
| ESFA creditor: abatement of GAG                         | 250          | 250          |
| Other creditors   | -            | -            |
| Accruals and deferred income                            | 1,299        | 906          |
|   | <u>2,603</u> | <u>2,178</u> |

**Deferred income**

|                                     | 2021       | 2020       |
|-------------------------------------|------------|------------|
|                                     | £'000      | £'000      |
| Deferred income at 1 September 2020 | 345        | 235        |
| Released from previous years        | (345)      | (235)      |
| Resources deferred in the year      | 652        | 345        |
| Deferred Income at 31 August 2021   | <u>652</u> | <u>345</u> |

Deferred income relates to grants unspent as at 31.08.21 that can be carried forward, and grants received for financial years overlapping that of the Trust.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2021  
(continued)

18 Funds

|                                     | Balance at 1<br>September<br>2020<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Gains, losses<br>and transfers<br>£'000 | Balance at 31<br>August 2021<br>£'000 |
|-------------------------------------|--|-----------------|----------------------|---|---------------------------------------|
| <b>Restricted general funds</b>     |  |                 |                      |   |                                       |
| General Annual Grant (GAG)          | 697  | 17,084          | (16,722)             | -                                       | 1,059                                 |
| Pupil Premium                       | 97   | 1,100           | (1,095)              | -                                       | 102                                   |
| Other DFE/EFA grants                | -  | 1,000           | (1,000)              | -                                       | -                                     |
| Other LA/government grants          | -  | 362             | (362)                | -                                       | -                                     |
| Catch up Premium                    | -  | 46              | (46)                 | -                                       | -                                     |
| <b>Restricted General Funds</b>     | <b>794</b>                                 | <b>19,591</b>   | <b>(19,225)</b>      | <b>-</b>                                | <b>1,161</b>                          |
| <b>Restricted pension reserve</b>   |  |                 |                      |   |                                       |
| Pension reserve                     | (9,217)                                    | -               | (816)                | (1,523)                                 | (11,556)                              |
| <b>Restricted Pension Reserve</b>   | <b>(9,217)</b>                             | <b>-</b>        | <b>(816)</b>         | <b>(1,523)</b>                          | <b>(11,556)</b>                       |
| <b>Restricted fixed asset funds</b> |  |                 |                      |   |                                       |
| School Condition Allocations (SCA)  | 34,315                                     | 2,155           | (889)                | -                                       | 35,581                                |
| Devolved Formula Capital (DFC)      | 669  | 438             | (110)                | -                                       | 997                                   |
| Restricted donated assets           | 6,585                                      | 207             | (117)                | -                                       | 6,675                                 |
| <b>Restricted fixed asset funds</b> | <b>41,569</b>                              | <b>2,800</b>    | <b>(1,116)</b>       | <b>-</b>                                | <b>43,253</b>                         |
| <b>Total restricted funds</b>       | <b>33,145</b>                              | <b>22,390</b>   | <b>(21,157)</b>      | <b>(1,523)</b>                          | <b>32,857</b>                         |
| <b>Unrestricted funds</b>           |  |                 |                      |   |                                       |
| General funds                       | 411  | 298             | (251)                | -                                       | 458                                   |
| <b>Total unrestricted funds</b>     | <b>411</b>                                 | <b>298</b>      | <b>(251)</b>         | <b>-</b>                                | <b>458</b>                            |
| <b>Total funds</b>                  | <b>33,556</b>                              | <b>22,689</b>   | <b>(21,408)</b>      | <b>(1,523)</b>                          | <b>33,316</b>                         |

The Trust is not subject to GAG carried forward limits.

## The Midland Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2021 (continued)

The Trust is carrying a net surplus of £1,161k on restricted general funds (excluding pension reserve).

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

#### Restricted fixed asset funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic year's (as per the Trust's fixed assets policy), and transfer between funds are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these funds have been committed in future years for depreciation and amortisation.

#### Restricted general funds

Balances carried forward is funding (cash) to be spent on charitable activities of the Trust in accordance with the grant agreements.

#### Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

## Notes to the Financial Statements for the year ended 31 August 2021

### (continued)

Comparative information in respect of the preceding period is as follows;

#### 18 Funds

|   | Balance at 1<br>September<br>2019<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Gains, losses<br>and transfers<br>£'000 | Balance at 31<br>August 2020<br>£'000 |
|---|--|-----------------|----------------------|---|---------------------------------------|
| <b>Restricted general funds</b>                   |  |                 |                      |   |                                       |
| General Annual Grant (GAG)                        | 205  | 16,697          | (16,206)             | -                                       | 697                                   |
| Pupil Premium                                     | 72   | 939             | (914)                | -                                       | 97                                    |
| Other DFE/EFA grants                              | -  | 903             | (903)                | -                                       | -                                     |
| Other LA/government grants                        | -  | 322             | (322)                | -                                       | -                                     |
| Other grants                                      | -  | -               | -                    | -                                       | -                                     |
| <b>Restricted General Funds</b>                   | <b>278</b>                                 | <b>18,860</b>   | <b>(18,345)</b>      | <b>-</b>                                | <b>794</b>                            |
| <b>Restricted pension reserve</b>                 |  |                 |                      |   |                                       |
| Pension reserve                                   | (9,068)                                    | -               | (787)                | 638                                     | (9,217)                               |
| <b>Restricted Pension Reserve</b>                 | <b>(9,068)</b>                             | <b>-</b>        | <b>(787)</b>         | <b>638</b>                              | <b>(9,217)</b>                        |
| <b>Restricted fixed asset funds</b>               |  |                 |                      |   |                                       |
| School Condition Allocations (SCA)                | 1,701                                      | 1,068           | (875)                | -                                       | 1,894                                 |
| Assets on conversion                              | 30,430                                     | -               | -                    | -                                       | 30,430                                |
| Capital expenditure from restricted general funds | 597  | -               | -                    | -                                       | 597                                   |
| Capital expenditure from unrestricted funds       | 3  | -               | -                    | -                                       | 3                                     |
| Centrally Managed Programme                       | 443  | -               | -                    | -                                       | 443                                   |
| Devolved Formula Capital (DFC)                    | 460  | 289             | (80)                 | -                                       | 669                                   |
| Local Authority capital funding                   | 910  | -               | -                    | -                                       | 910                                   |
| Healthy Pupils Capital Funding                    | 38   | -               | -                    | -                                       | 38                                    |
| Restricted donated assets                         | -  | 6,585           | -                    | -                                       | 6,585                                 |
| <b>Restricted fixed asset funds</b>               | <b>34,582</b>                              | <b>7,942</b>    | <b>(955)</b>         | <b>-</b>                                | <b>41,569</b>                         |
| <b>Total restricted funds</b>                     | <b>25,791</b>                              | <b>26,802</b>   | <b>(20,087)</b>      | <b>638</b>                              | <b>33,145</b>                         |
| <b>Unrestricted funds</b>                         |  |                 |                      |   |                                       |
| General funds                                     | 133  | 557             | (279)                | -                                       | 411                                   |
| <b>Total unrestricted funds</b>                   | <b>133</b>                                 | <b>557</b>      | <b>(279)</b>         | <b>-</b>                                | <b>411</b>                            |
| <b>Total funds</b>                                | <b>25,924</b>                              | <b>27,358</b>   | <b>(20,366)</b>      | <b>638</b>                              | <b>33,556</b>                         |

## The Midland Academies Trust

# Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 18 Funds (continued)

The specific purposes for which the funds are to be applied are as follows: Some of those below are historic allocations.

#### School Condition Allocation (SCA)

These funds have been allocated to the Trust to improve and maintain the condition of the Trust Schools estates. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### Assets on conversion

This fund reflects the fixed assets acquired from Local Authorities on conversion. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### Capital expenditure from restricted general funds

The gross transfer from the restricted general fund to the restricted fixed assets fund of £0 represents the total capital expenditure from restricted general funds during the period.

#### Capital expenditure from unrestricted funds

This fund reflects the fixed assets acquired from unrestricted general funds. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### Centrally Managed Programme

This funding was won by the Trust from the Department for Education for capital development for opening a new academy. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### Devolved Formula Capital (DFC)

This funding has been received for utilisation on building improvements and refurbishment. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### Local Authority capital funding

Local Authority funding represent amounts payable to the Trust from Local Authorities. These funds relate specifically to Capital IT funding. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### Healthy Pupils Capital Funding

Healthy pupils capital funding is for improving access to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions (such as kitchens, dining facilities, changing rooms, playgrounds and sports facilities). This was a one year fund for 2018 to 2019 only and has been allocated to the Trust by the ESFA.

#### Restricted donated capital grant

Restricted donated capital grants include monies from donations. The donations received are for restricted purposes and had all been spent in the current academic year. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

#### General Annual Grant (GAG)

Funds received from the ESFA are applied to the charitable activities of the Trust as defined in the funding agreement. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2021.

#### Lead-in and implementation grant

Lead-in and implementation grants is to cover eligible expenditure for project development incurred in developing detailed plans for opening a new academy.

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 18 Funds (continued)

#### Other DfE/ESFA grants

Included in other DfE/ESFA grants are the following:

- Bursary fund - is paid to schools and colleges so that they may provide financial help to students whose access to or completion of education might be inhibited by financial consideration.
- Pupil premium - this grant is received to support deprived children, the money can be spent in accordance with the Trust's practices.
- Covid catch up premium - is paid to schools to support pupils in catching up following the pandemic.

#### Other LA/government grants

Included in other LA/government grants are the following:

- Looked After Children - this grant is received to support children who are "looked after" by the Local Authority.
- Special educational needs - this funding is to be used for one to one tuition of children on the special education register.

#### Other restricted grants

Monies received from non public funds and donations for specific educational purposes (as stipulated in the grant agreement).

#### Start-Up Grants (SUG)

Funding to help schools to bridge the gap between school opening and there being pupils in each year (school occupancy at full capacity). SUG has been used to help pay for educational supplies, post-opening staff recruitment costs, some initial senior staff training and cost of employing senior staff when the school opens ('staff diseconomy funding').

#### Voluntary restricted general

General monies received for restricted educational purposes not forming part of General Annual Grant or other DfE/ESFA grants.

#### Transfer between restricted general funds and restricted fixed asset funds

This is the transfer from restricted funds to support capital acquisitions

#### Pension reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme overseen by the Local Authority (Warwickshire County Council and Leicestershire County Council). Transfers between funds of £2,339k relates to actuarial loss on defined benefit pension schemes.

The Midland Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 18 Funds (continued)

#### General funds

Represents funds generated via activities such as from lettings, catering, sale of uniforms, payments from other schools for the provision of teaching staff, income from universities with respect to student teachers, investment income and bank interest receivable. It also includes the brought forward surplus on conversion to academy status. These funds can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

#### Analysis of academies by fund balance

Fund balances at 31 August 2021 were allocated as follows:

|   | <b>Total<br/>2021<br/>£'000</b> | Total<br>2020<br>£'000 |
|---|---------------------------------|------------------------|
| The Nuneaton Academy                          | -                               | -                      |
| The George Eliot School                       | -                               | -                      |
| Hartshill School                              | -                               | -                      |
| Central services                              | <b>1,620</b>                    | 1,205                  |
| Heath Lane Academy                            | -                               | -                      |
| Total before fixed assets and pension reserve | <b>1,620</b>                    | 1,205                  |
| Restricted fixed asset fund                   | <b>43,253</b>                   | 41,569                 |
| Pension reserve                               | <b>(11,556)</b>                 | (9,217)                |
| <b>Total</b>                                  | <b>33,316</b>                   | 33,556                 |

The Trust manages the cash reserves of the schools centrally in order to ensure sufficient liquidity is available to meet the needs of all the academies in the Trust. Therefore the Trust has disclosed the reserves at Trust level during the year.

#### Analysis of academies by cost

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

|                         | <b>Teaching and<br/>Educational<br/>Support Staff<br/>Costs<br/>£'000</b> | <b>Other<br/>Support Staff<br/>Costs<br/>£'000</b> | <b>Educational<br/>Supplies<br/>£'000</b> | <b>Other Costs<br/>(excluding<br/>Depreciation)<br/>£'000</b> | <b>2021<br/>£'000</b> | 2020<br>£'000 |
|-------------------------|---|--|---|---|-----------------------|---------------|
| The Nuneaton Academy    | 2,798   | 620  | 397                                       | 490   | <b>4,305</b>          | 3,799         |
| The George Eliot School | 3,057   | 767  | 426                                       | 454   | <b>4,704</b>          | 4,657         |
| Hartshill School        | 3,683   | 865  | 487                                       | 596   | <b>5,631</b>          | 5,492         |
| Central services        | 424   | 337  | 10  | 1,483   | <b>2,254</b>          | 2,170         |
| Heath Lane Academy      | 2,273   | 571  | 149                                       | 398   | <b>3,391</b>          | 3,292         |

## The Midland Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2021 (continued)

#### 19 Analysis of Net Assets between Funds

Fund balances at 31 August 2021 are represented by:

|                          | Unrestricted<br>Funds<br>£'000 | Restricted<br>General Funds<br>£'000 | Restricted<br>Fixed Asset<br>Funds<br>£'000 | Total Funds<br>£'000 |
|--------------------------|--------------------------------|--------------------------------------|---|----------------------|
| Intangible fixed assets  | -                              | -                                    | 28  | 28                   |
| Tangible fixed assets    | -                              | -                                    | 40,374                                      | 40,374               |
| Current assets           | 458                            | 3,765                                | 2,851                                       | 7,074                |
| Current liabilities      | -                              | (2,603)                              | -   | (2,603)              |
| Non-current liabilities  | -                              | -                                    | -   | -                    |
| Pension scheme liability | -                              | (11,556)                             | -   | (11,556)             |
| <b>Total net assets</b>  | <b>458</b>                     | <b>(10,394)</b>                      | <b>43,253</b>                               | <b>33,316</b>        |

Comparative information in respect of the preceding period ( at 31 August 2020) is as follows:

|                          | Unrestricted<br>Funds<br>£'000 | Restricted<br>General Funds<br>£'000 | Restricted<br>Fixed Asset<br>Funds<br>£'000 | Total Funds<br>£'000 |
|--------------------------|--------------------------------|--------------------------------------|---|----------------------|
| Intangible fixed assets  | -                              | -                                    | 38  | 38                   |
| Tangible fixed assets    | -                              | -                                    | 40,350                                      | 40,350               |
| Current assets           | 411                            | 2,972                                | 1,181                                       | 4,562                |
| Current liabilities      | -                              | (2,178)                              | -   | (2,177)              |
| Non-current liabilities  | -                              | -                                    | -   | -                    |
| Pension scheme liability | -                              | (9,217)                              | -   | (9,217)              |
| <b>Total net assets</b>  | <b>411</b>                     | <b>(8,423)</b>                       | <b>41,570</b>                               | <b>33,556</b>        |

#### 20 Capital Commitments

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Contracted for, but not provided in the financial statements | 310           | 295           |

#### 21 Commitments under operating leases

##### Operating Leases

At 31 August 2021 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

##### Equipment

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Amounts due within one year            | 27            | 29            |
| Amounts due between one and five years | 15            | 34            |
| Amounts due after five years           | -             | -             |
|  | <b>42</b>     | <b>63</b>     |

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2021  
(continued)

|  |                     |                     |
|--|---------------------|---------------------|
| <b>22 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities</b>  | <b>2021</b>         | <b>2020</b>         |
|  | <b>£'000</b>        | <b>£'000</b>        |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 1,281               | 6,992               |
| Adjusted for:  |                     |                     |
| School Fund Expenditure  |                     | -                   |
| Depreciation charges (notes 13-14)   | 1,116               | 955                 |
| Capital grants from DfE and other capital income   | (2,800)             | (7,942)             |
| EA Write off   | 39                  | -                   |
| Interest receivable (note 6)   | -                   | (9)                 |
| Gag Abatement  | -                   | (270)               |
| Defined benefit pension scheme cost less contributions payable (note 30)                         | 654                 | 611                 |
| Defined benefit pension scheme finance cost (note 30)  | 162                 | 176                 |
| (Increase)/decrease in stocks  | (1)                 | 3                   |
| (Increase)/decrease in debtors   | 360                 | 337                 |
| Increase/(decrease) in long term creditors   |                     | -                   |
| Increase/(decrease) in creditors   | 392                 | (257)               |
| <b>Net cash provided by / (used in) Operating Activities</b>                                     | <b>1,204</b>        | <b>597</b>          |
| <b>23 Cash Flows from Financing Activities</b>   | <b>2021</b>         | <b>2020</b>         |
|  | <b>£'000</b>        | <b>£'000</b>        |
| Repayments of borrowing  | -                   | -                   |
| <b>Net cash provided by / (used in) financing activities</b>                                     | <b>-</b>            | <b>-</b>            |
| <b>24 Cash Flows from Investing Activities</b>   | <b>2021</b>         | <b>2020</b>         |
|  | <b>£'000</b>        | <b>£'000</b>        |
| Dividends Interest and rents from investment   | -                   | 9                   |
| Proceeds from sale of tangible fixed assets  | -                   | -                   |
| Purchase of intangible fixed assets  | -                   | (35)                |
| Purchase of tangible fixed assets  | (956)               | (854)               |
| Capital grants from DfE/ESFA   | 2,625               | 1,394               |
| <b>Net cash provided by / (used in) investing activities</b>                                     | <b>1,669</b>        | <b>513</b>          |
| <b>25 Analysis cash and cash equivalents</b>   | <b>At 31 August</b> | <b>At 31 August</b> |
|  | <b>2021</b>         | <b>2020</b>         |
|  | <b>£'000</b>        | <b>£'000</b>        |
| Cash in hand and at bank   | 6,668               | 3,796               |
| <b>Total cash and cash equivalents</b>   | <b>6,668</b>        | <b>3,796</b>        |

26 Analysis of changes in net debt

|  | At 1 September | Cash Flows   | Acquisition/<br>disposal of<br>subsidiaries | New finance<br>leases | Other non-<br>cash changes | At 31 August |
|--|----------------|--------------|---|-----------------------|----------------------------|--------------|
|  | 2020           | £000         | £000  | £000                  | £000                       | 2021         |
|  | £000           | £000         | £000  | £000                  | £000                       | £000         |
| Cash                                       | 3,796          | 2,872        | -   | -                     | -                          | 6,668        |
| Cash equivalents                           | -              | -            | -   | -                     | -                          | -            |
| Overdraft facility repayable on demand     | -              | -            | -   | -                     | -                          | -            |
| Loans falling due within one year          | -              | -            | -   | -                     | -                          | -            |
| Loans falling due after more than one year | -              | -            | -   | -                     | -                          | -            |
| Finance lease obligations                  | -              | -            | -   | -                     | -                          | -            |
| <b>Total</b>                               | <b>3,796</b>   | <b>2,872</b> | <b>-</b>                                    | <b>-</b>              | <b>-</b>                   | <b>6,668</b> |

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 27 Guarantees, Letters of Comfort and Indemnities

The trust provided no guarantees / letters of comfort / indemnities during the year ended 31 August 2021

### 28 Contingent Liabilities

There is a potential liability in relation to back payments for holiday pay for support staff on 'term time only' contracts, who's contract of employment has been transferred - in accordance with the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) 2006 - from Local Authorities to the Trust on conversion from a school to an academy. Should the court rule in favour of the employees, the Trust will have to pay the outstanding amounts due. No reliable estimate of the financial effect is available.

### 29 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.

## The Midland Academies Trust

# Notes to the Financial Statements for the period ended 31 August 2021 (continued)

### 30 Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for all teachers in academies. All teachers have the option to opt out of the TPS enrolment.

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

##### Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% 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 £22,900 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The pension costs paid to TPS in the period amounted to **£1,856,747 (2020 £1,760,913)**.

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 Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

**The Midland Academies Trust**

**Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

**30 Pension and Similar Obligations (continued)**

**Local Government Pension Scheme**

For assumptions, we have used the Warwickshire County Council pension fund report, Leicestershire County Council pension fund assumptions are in brackets if they vary.

All figures represent the combined totals of the actuarial reports for the Warwickshire County Council pension fund and the Leicestershire County Council pension fund. .

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 2021 was £829,446, of which employer’s contributions totalled £654,777 (2020: £606,746) and employees’ contributions totalled £174,668 (2020: £158,000) The agreed contribution rates for future years are 22.3% (W) and 27.0% (L) for employers and 5.5% - 9.9% for employees, dependent on salary.

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.

| <b>Principal Actuarial Assumptions</b>             | <b>At 31 August<br/>2021</b> | At 31 August<br>2020 |
|--|------------------------------|----------------------|
| Rate of increase in salaries                       | <b>3.7% (3.4%)</b>           | <b>3.0% (2.8%)</b>   |
| Rate of increase for pensions in payment/inflation | <b>2.90%</b>                 | <b>2.2% (2.3%)</b>   |
| Discount rate for scheme liabilities               | <b>1.65%</b>                 | <b>1.70%</b>         |
| Inflation assumption (CPI)                         | <b>2.90%</b>                 | <b>2.30%</b>         |
| Commutation of pensions to lump sums               | <b>50.00%</b>                | <b>50.00%</b>        |

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 August 2021:   | Approximate % increase to<br>Employer Liability | Approximate<br>monetary amount<br>(£000) |
|--|---|--|
| 0.1% decrease in Real Discount Rate        | 2%  | 618                                      |
| 1 year increase in member life expectancy  | 4%  | 1,035                                    |
| 0.1% increase in the Salary Increase Rate  | 0%  | 39                                       |
| 0.1% increase in the Pension Increase Rate | 2%  | 569                                      |

Notes:

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report, based on the profile (average member ages, retirement ages etc) of the employer as at the most recent valuation.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages.

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### Mortality Assumptions

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

|                             | <b>At 31 August<br/>2021</b> | At 31 August<br>2020 |
|-----------------------------|------------------------------|----------------------|
|                             | <b>Years</b>                 | Years                |
| <i>Retiring today</i>       |                              |                      |
| Males                       | <b>21.8 (21.7)</b>           | <b>21.6 (21.5)</b>   |
| Females                     | <b>24.2</b>                  | <b>23.8</b>          |
| <i>Retiring in 20 years</i> |                              |                      |
| Males                       | <b>23 (22.6)</b>             | <b>22.5 (22.2)</b>   |
| Females                     | <b>26.1 (25.9)</b>           | <b>25.4 (25.2)</b>   |

The academy trust's share of the assets in the scheme were:

|                                     | <b>Fair value at<br/>31 August 2021</b> | Fair value at 31<br>August 2020 |
|-------------------------------------|---|---------------------------------|
|                                     | <b>£'000</b>                            | £'000                           |
| Equities                            | <b>8,775</b>                            | 6,553                           |
| Corporate Bonds                     | <b>3,572</b>                            | 2,822                           |
| Property                            | <b>1,469</b>                            | 1,320                           |
| Cash and other liquid assets        | <b>510</b>                              | 261                             |
| <b>Total market value of assets</b> | <b>14,326</b>                           | 10,956                          |

The actual return on scheme assets was £2,739k (2020:(£109k))

The Midland Academies Trust

**Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

**Amounts recognised in the statement of financial activities**

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Current service cost  | 1,334        | 1,222        |
| Net interest cost   | 162          | 176          |
| Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement | -            | -            |
| <b>Total operating charge</b>   | <b>1,496</b> | <b>1,398</b> |

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

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| <b>At 1 September</b>   | <b>20,173</b> | 19,574        |
| Upon conversion   | -             | -             |
| Current service cost  | 1,334         | 1,222         |
| Interest cost   | 353           | 379           |
| Employee contributions  | 182           | 159           |
| Actuarial (gain)/loss   | 4,071         | (950)         |
| Benefits paid   | (231)         | (211)         |
| Plan introductions, benefit changes, curtailments and settlements | -             | -             |
| <b>At 31 August</b>   | <b>25,882</b> | <b>20,173</b> |

**Changes in the fair value of academy's share of scheme assets:**

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| <b>At 1 September</b>   | <b>10,956</b> | 10,506        |
| Upon conversion   | -             | -             |
| Interest income   | 191           | 203           |
| Return on plan assets (excluding net interest on the net defined pension liability) | 2,548         | (312)         |
| Actuarial gain/(loss)   | -             | -             |
| Employer contributions  | 680           | 611           |
| Employee contributions  | 182           | 159           |
| Benefits paid   | (231)         | (211)         |
| Plan introductions, benefit changes, curtailments and settlements                   | -             | -             |
| <b>At 31 August</b>   | <b>14,326</b> | <b>10,956</b> |

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 31 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The following related party transactions took place in the period of account:

*North Warwickshire and South Leicestershire College - sponsor to the Midland Academies Trust.*

The Trust has a formal relationship with the North Warwickshire and South Leicestershire college as its sponsor.

The college, as sponsor, provided support services for the Trust as contractually agreed in the Service Level Agreement, and on (ad hoc) consultancy basis. Charges for this were as follows;

|   | <b>2021</b>  | 2020  |
|---|--------------|-------|
|   | <b>£'000</b> | £'000 |
| - Corporate governance  | <b>53</b>    | 82    |
| - Finance (Including Procurement)                               | <b>129</b>   | 171   |
| - Estate support (Including H&S)                                | <b>30</b>    | 12    |
| - HR client side support and payroll                            | <b>93</b>    | 81    |
| - Chaplaincy  | <b>7</b>     | 7     |
| - Marketing & public relations                                  | <b>30</b>    | 12    |
| - ICT support, Systems Development and Reprographics            | <b>206</b>   | 163   |
| Charges for support services provided to the whole of the Trust | <b>548</b>   | 528   |
| - Recharge for Finance System                                   | <b>22</b>    | 11    |
| - Inspire Learners  | <b>145</b>   | 33    |
| - Reprographics/Paper Variable Charges                          | <b>23</b>    | 20    |
| - Other   | <b>2</b>     | 1     |
| Charges for ad-hoc services provided to individual schools      | <b>192</b>   | 65    |
| Total charges for provided services                             | <b>740</b>   | 593   |

The Midland Academies Trust

**Notes to the Financial Statements for the year  
ended 31 August 2021 (continued)**

**32 Events after the end of the period**

None

**The Midland Academies Trust**

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