

EBN TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

Company Limited by Guarantee
Registration Number: 07665550
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS, TRUSTEES AND ADVISORS

Members	G Ferrante G Alexander J Farrell (resigned 16 August 2021) B Mabey
Directors	J Farrell (resigned 16 August 2021) P Weir (Chair of Directors) M Wallis-Baldwin A Hughes M Bache (appointed 8 July 2021)
Executive Head Teacher	Matthew Wallis-Baldwin
Senior Management Team	L Thomas, Head of School EBN 1 M Wallis-Baldwin, Executive Head Teacher & Head of School - EBN 2
Company Registration No	07665550
Principal & Registered Office	1580 Coventry Road Yardley Birmingham West Midlands B26 1AL
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds Bank 10 High Street Castle Vale Birmingham West Midlands B35 7PR
Solicitors	Browne Jacobson LLP Victoria Square House Victoria Square Birmingham West Midlands B2 4BU

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. The Annual report serves the purposes of a Directors' report under company law.

EBN Trust was legally formed on midnight of 31 August 2012. This report covers the Trust's seventh academic year and financial year of operation.

An Ofsted inspection was carried out in May 2014 at EBN Academy and judged 'Good' in all categories. A further inspection carried out in December 2018 judged EBN Academy as continuing to be a 'Good' School.

An Ofsted inspection was carried out in December 2018 at EBN2 and judged 'Good' in all categories.

There were 76 students on roll at EBN 1 per the Census in May 2021 (there was no Census in May 2020 however the number of students for the Census in May 2019 was 85).

There were 59 students on roll at EBN 2 across the year 2019-20 (there was no Census in May 2020 however the number of students for the Census in May 2019 was 79).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The Directors of EBN Trust are also the directors of the Charitable Company for the purpose of company law. Details of the Directors who served during the year are included in the Reference and administrative details on page 3.

The Directors act as the Trustees for the charitable activities of EBN Trust and are also the Directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as EBN Trust and includes the activities of EBN phase 1 and EBN Phase 2. The Members have appointed the directors to the board of directors. The Directors establish the sub committees.

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.

Directors' and Governors' Indemnities

During the year, an indemnity from the Charitable Company was available to the Directors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act as is set out in the Articles of Association.

Method of Recruitment and Appointment or Election of Directors

The Trust's Board of Directors has been elected for 4 year terms. Where vacancies arise, through the completion of term or by the resignation of a serving Director, Directors will be recruited in accordance with the Articles of Association and "A Guide to the law for School Governors". The term of office for any Director is 4 years, although this time limit does not apply to the Executive Head Teacher.

Policies and Procedures Adopted for the Induction and Training of Directors

The Trust is a member of the National Governors Association (NGA) and through this body each member receives regular updates on current legislation by email and the NGA magazine. Additional training is provided as required based on individual or collective need. External advice and support is commissioned where necessary.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021**Organisational Structure**

The structure of the Trust consists of four senior levels: The Members of the Trust (who are former or serving Senior Leaders of East Birmingham Network of Schools), the Board of Directors (which includes serving senior leaders from East Birmingham Network Head schools who are appointed by the members of the MAT, 2 external Directors and the Executive Head Teacher), the sub committees that include the Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN 1 and finally the wider senior leadership team. The aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement and excellence.

The Board of Directors is responsible for setting the Trust's policies, adopting the Trust's Balanced Score Card (School Improvement Plan) and budget, monitoring performance against these plans and making major decisions about the direction of the Trust including its curriculum, the achievement and welfare of students and staffing.

The Executive Head Teacher (who is also Head Teacher of EBN 2), Head Teacher of EBN 1, the consultant CFO and the "senior leadership team" manage the Trust at an executive level, implementing the policies set by the Board of Directors and reporting back to them.

The Board of Directors has established three sub committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, the Executive Head Teacher (who is also Head Teacher of EBN 2 and the Accounting Officer), the Head Teacher of EBN1, the Deputy Head Teachers and the Extended Management Team. The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Board of Directors annually.

The sub committees of the Trust are the Finance, HR and General Purposes- Sub Committee, the Local Governing Body sub-committee and the Health and Safety Sub Committee.

Groups of Governors may be formally or informally organised outside of the sub-committee structure to support the Trust as required to consider:

- Executive Head Teacher (who is also Head Teacher of EBN 2)
- Head Teacher of EBN1
- Performance management of the Executive Head Teacher and Head Teacher of EBN1
- Student behaviour
- Staff discipline
- Complaints
- Significant areas of change management (staff restructuring)

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Trust Board will ensure that every teacher's salary is reviewed on an annual basis with effect from 1 September and no later than 31 October.

The Trust Board will decide upon the pay range of senior staff having taken due consideration of the context of the Trust and the individual schools - especially their nature and student numbers - and comparing to schools in similar contexts, with a view to ensuring staff recruitment and retention but also with an absolute commitment to providing value for money. The Trust Board will ensure that there is no overlap of salary bands between the Head Teacher and other leadership posts.

Progression on the ISR for the Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN1 will be subject to a review of their performance set against the annual appraisal review. This review will be undertaken by a partner external to the Trust and EBN Partnership of schools. The Trust Board may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the Trust Board may decide that there should be no pay progression. The pay review for the Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN 1 will be completed by 31 December.

The Trust Board will ensure that reasons for setting the ISR at a given level are recorded and that the process for the determination of the salary of Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN1 is fair and transparent.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

The Trust continues to work closely with all the 11 secondary schools (who are also the commissioners) within the East Birmingham Network to support the School Improvement Plan for the Trust.

OBJECTIVES AND ACTIVITIES**Objectives and Aims**

As described, the object of EBN Trust, is set out in the Articles of Association.

The Board of Directors continues to set the Trust's strategic aims through the Trust's Balanced Score Card. These aims are monitored closely by the Board of Directors by way of the Executive Head Teacher, Head Teacher of EBN 1 and through the work of the Local Governing Body and the sub committees.

The aims and objectives for the Trust are derived from the schools mission statement which is:

The EBN Trust is committed to creating Alternative Provision Free Schools and associated services that support mainstream schools in meeting the needs of vulnerable young people who are at risk of underachievement. Through collaborative working vulnerable young people will be given the opportunity to fulfil their academic potential, develop their social and interpersonal skills and have clear post 16 pathways which allow them to follow their aspirations.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Key Objectives for the forthcoming year are:

- 1 To secure the strategic direction of the MAT including exploring a range of provision development opportunities.
- 2 To secure ESFA funded number of students.
- 3 To ensure the frontline and backroom staffing structures are fit for purpose, financially viable and meet the needs of the Trust
- 4 To strategically respond to the December 2018 OFSTED action points
- 5 Ensure that curricular provision across the two sites meets the needs of all students, including those with the most complex needs, so that progress is accelerated
- 6 A minimum of 60% of students are making good or better progress from their baseline level relative to the length of time they have been attending the Academies
- 7 Attendance is a minimum of 80% at both Academies
- 8 100% of Year 11 students on roll at the Academies achieve a recognised English and Maths qualification
- 9 100% of students continue into further education, employment and training

PUBLIC BENEFIT

The Directors confirm that in their capacity as Trustees of the Charitable Company, in setting the objectives of the Trust, they have had due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

ACTIVITIES FOR ACHIEVING OBJECTIVES

The Trust is committed to continual improvement, which is achieved in a number of ways through improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self-evaluation, data analysis and action planning.

ACHIEVEMENTS AND PERFORMANCE

Attendance across the two schools for all students was 70% based on possible sessions. This was severely impacted by COVID self isolation and positive case issues but still remained above the national average for the Alternative Provision sector which was 66.8% based on the last available data.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021**ACHIEVEMENTS AND PERFORMANCE (cont'd)**

In relation to progress the Trust measures outcomes for students and progress from baseline in English and Maths relative to the length of time students have attended the Academy. Below is a summary of performance outcomes for the two Academies. The progress from baseline data is taken from the last available data collection point for the Academic year, which was before the national whole school closure due to the COVID-19 pandemic.

Summary of GCSE Examination Results for EBN 1 total 30 Students

	2021	Number of Students	2020
5 Level 9 - 4 GCSE Grade inc English and Maths	13%	5	13%
5 Level 9 - 1 GCSE Grade inc English and Maths	98%	39	97%
5 Level 9 - 1 GCSE Grade	98%	39	97%
1 Level 9 - 1 GCSE Grade	100%	40	100%
	100%	40	100%

Summary of GCSE Examination Results for EBN 2 total 28 Students

	2021	Number of Students	2020
6 Level 9 - 4 GCSE Grade inc English and Maths	18	4	21%
5 Level 9 - 1 GCSE Grade inc English and Maths	76	19	93%
5 Level 9 - 1 GCSE Grade	84	21	93%
1 Level 9 - 1 GCSE Grade	96	24	100%
Pass any qualification	96	24	100%

Summary of Progress from Baseline at EBN 1

75% of students were making good or better progress in English.

68% of students were making good or better progress in Maths.

Summary of Progress from Baseline at EBN 2

70% of students were making good or better progress in English.

52% of students were making good or better progress in Maths.

KEY PERFORMANCE INDICATORS

The Trust uses a number of key performance indicators. In addition to the key financial performance indicators noted below, the Trust also uses a number of non financial performance indicators as described within the Objectives, Strategies and Activities section previously.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against the General Annual Grant (GAG).

As the main area for funding is based on pupil numbers, this is also a key performance indicator. Total pupil numbers were 180 across the EBN Trust for 2020-21. This has been reduced to 153 for 2021-22.

Another key financial performance indicator is staffing costs as a percentage of income. For 2020/21 this was 82% (2020: 80%) excluding capital grants.

GOING CONCERN

After consideration of the Trust's financial position, its financial plans, (including projected students numbers), the demand for places and the broader environment, the Board of Directors has a reasonable expectation that the Trust has, and will continue to have adequate resources to enable it to be a sustainable going concern in 2020/21 and for the foreseeable future. For this reason the Trust continues to adopt the going concern principle in preparing financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021**FINANCIAL REVIEW**

Total fund balance as at 31 August 2021 was £1,258,000 (2020: £1,667,000) comprising reserve balances of: £689,000 (2020: £604,000), deficit £1,435,000 (2020: deficit £1,010,000), and £2,004,000 (2020: £2,073,000) in unrestricted, restricted general and restricted fixed assets funds respectively. Included in restricted reserves is the LGPS pension deficit of £1,435,000 (2020:£1,010,000).

The Trusts assets were predominantly used for providing education to the school students.

The net book value of the Trust's tangible fixed assets was £1,984,000 at 31 August 2021 (2020: £2,065,000).

Cash in hand at 31 August 2021 was £791,000 (2020 : £475,000).

RESERVES POLICY

The Trust has established a reserves policy to protect its activities by providing financial buffers against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement.

The policy takes into account the Academies Financial Handbook and guidance from the Charity Commission. The Trust's policy on reserves is designed to ensure that:

- any income received by the Trust to be spent within a reasonable period of receipt.
- the reserves policy takes into account the Trust's financial circumstances and other relevant factors.
- the Trust ensures good practice to monitor the level of reserves throughout the year.

Reserves will be expended at the discretion of Trustees according to academy investment and capital maintenance plans. It is however the policy of the Trust that at no time will the level of total reserves fall below the equivalent of the total Trust payroll for one month.

The Trust's free reserves at the year end amounted to £689,000 (2020: £604,000), which is considered acceptable in the context of the above policy.

ICT Refresh

The ICT provision in our trust is a key part of our students' learning. Schools should designate a fund to replace equipment at the end of its useful life in line with the ICT development plan. This is not a fixed amount, but should be determined by the schools each year in respect of its own particular ICT requirements. Each school's plan must be approved by the board.

INVESTMENT POLICY

Investments are approved by the Board of Directors with the support of expert advice as necessary.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors has a comprehensive risk management process to identify and monitor risks facing the Trust. The principal risk identified includes pupil numbers, governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

As with all other academies, the trust is also at risk from changes in government policy and associated funding changes.

A risk rating mechanism is in place with greater emphasis directed towards those identified as higher risk areas.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021**FUTURE DEVELOPMENTS**

The Trust strives to continually improve levels of attainment for all students, equipping them with the qualification, skills and character, to follow their chosen pathways, whether into further and higher education employment and training. To this end the Trust is reviewing its vision and ethos to ensure that it meets the requirements of its students.

The curriculum, the quality of teaching and learning informed interventions are consistently reviewed to help every child achieve their full potential. The Trust aims to develop the curriculum to deliver a minimum of 5 GCSE's including English and Maths to all students by keeping the curriculum areas up to date. The Curriculum is under review during 2021-22 to ensure that learners at all levels have access to relevant qualifications and experiences to prepare them for adult life. The Trust are also exploring the potential for supporting students still in mainstream school through a possible program of short term intervention.

The Trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop student's commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extracurricular activities.

FUNDRAISING

The Charitable Company had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

FUNDS HELD AS CUSTODIAN

No funds are held as custodian.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

AUDITOR

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Directors' Report incorporating a Strategic Report was approved by the Board of Directors as the company Directors on 9th December 2021 and signed on their behalf by:



.....
P Weir
Chair of Directors

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021**Scope of Responsibility**

As directors, we acknowledge we have overall responsibility for ensuring that EBN Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 EBN Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Pete Weir (Chair)	5	5
Matthew Wallis-Baldwin	5	5
John Farrell	5	5
Alex Hughes	5	5

The Board of Directors regularly review its membership to ensure a good level of experience exists at this level.

The Board of Directors has formally met 5 times during the year. The main challenge of the Governing Board was to ensure that EBN 1 and EBN 2 become more effective through the improvement in outcomes for students and significant progress was made regarding improvement during the year. The Board had robust plans in place to ensure that provision and outcomes at each school improve during the year.

The Finance, HR and General Purposes Committee is a sub-committee of the main Board of Directors. It is responsible for matters relating to finance, staffing and the site.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Pete Weir	5	5
Matthew Wallis-Baldwin	5	5
Alex Hughes (Chair from 12/3/20)	5	5

Review of Value for Money

As accounting officer, the CEO 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 directors where value for money can be improved, including the use of benchmarking data where appropriate. The academy trust has delivered improved value for money during the year by:

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**Review of Value for Money (cont'd)**

- **Reviewing key systems and processes**

In the absence of a senior school business manager the Trust has taken the opportunity to review the financial systems and processes in order to become more effective and ensure transparency at all levels. There is continuing work in reviewing the functioning of the back room services including ensuring the staffing structure and roles of all staff are fit for purpose.

- **Improving educational outcomes**

The EBN Business Case has been reviewed to take account of changing priorities of Commissioning schools. This review has included a focus on ensuring that educational standards continue to improve for the benefit of pupils through high standards of teaching and learning, a focussed program of pastoral mentoring and support, delivery of a broad and balanced curriculum and high-quality careers advice and guidance. It has also focussed on developing other pathways of support for commissioning schools including potential shorter-term intervention programs and focussed packages of support for students with specific individual needs.

- **Collaboration**

The trust, through the East Birmingham Network Partnership, has engaged with other educational providers and experts to share delivery and good practice. The Executive Head Teacher has developed links with a broader commissioning base to secure pupil placements, develop provision and services and secure business relationships. This has included working closely with other local AP Free School Head Teachers, Local Authorities and out of network schools.

- **Purchasing**

The senior leadership team has developed procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost. Measures in place include:

- Ensuring 3 quotations are obtained for services and goods above £5,000 as outlined in the financial scheme of delegation but can be lower values where appropriate)
- Procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- Procedures which minimize office time by the purchase of goods or services under £1,000 direct from known and reliable suppliers.

The Trust have continued to contract a number of services on a Trust wide basis. This has brought the benefit of financial economies of scale plus additional resources available to pupils and staff.

This is evident in areas such as CPD, HR advice and Leadership support. The Trust continues to develop an ICT strategy that will allow the benefits to be felt across the Trust.

- **Health and Safety**

The senior leadership team, in collaboration with the health and safety sub-committee, review the quality of the school environment and equipment, carry out risk assessments where necessary, in order to provide a safe working environment for students, staff and visitors. Health and safety responses, systems and processes related directly to the COVID-19 pandemic have been developed in line with government and local authority guidance.

Monitoring

Areas are monitored for best value by:

- In house monitoring by the Head Teacher and senior leadership team, including quality assurance of classroom practice and work sampling.
- Annual performance management of staff
- Annual budget planning
- Analysis of school students performance data
- OFSTED inspection reporting
- External quality assurance
- Directors board and subcommittee meetings

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**COVID-19**

During 2019-20 the COVID-19 Pandemic had significant effect on student numbers due to the government enforced national closure of schools between March and September. This has led to lower than average numbers in situ at the end of the academic year, and subsequently at the start of the 2020-21 Academic year. In response to this the Trust are continually reviewing the changing situation in order to develop services that respond to changing commissioner needs. This has included reviewing the current provision, developing the breadth of provision to respond to the current situation and assessing the opportunity to develop a broader range of programs in the long term.

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 ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in EBN Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2020 to 31 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 Directors.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Board of Directors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

In December 2018 the Trust appointed the services of Pam Turner, a qualified accountant and experienced consultant. Pam was brought in to specifically address the internal controls and processes. In addition to this we have changed finance systems in the year and required additional assistance to ensure this was done appropriately. While these issues were being addressed we also appointed an additional qualified accountant as an independent advisor to the board. These steps meant that review and feedback to the Board was constant and by qualified people.

In June 2019 Pam Turner was asked by the Board to continue working with the Trust in the capacity of Chief Financial Officer. Due to this change in role Pam is unable to act as Responsible Officer and therefore the Board have now appointed an external specialist company to perform internal audit checks on a termly basis.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

The Academy has a programme of internal scrutiny to provide independent assurance to the board that its financial and non financial controls and risk management procedures are operating effectively. To this effect the Directors appointed at the commencement of the financial year, Feltons, as the internal auditor, to undertake this work. As part of the internal audit process Feltons undertook a review of the balance sheet controls at 30 June 2021 covering the areas of:

- Fixed assets
- Debtors
- VAT
- Creditors
- Cash at bank
- Payroll

The internal auditor reports to the Board of Directors through the business, HR and finance committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities and no material control issues were identified.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Review of Effectiveness

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

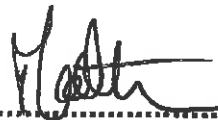
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Directors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of directors on 9 December 2021 and signed on its behalf by:



P Weir
Chair of Directors



M Wallis-Baldwin
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2021

As accounting officer of EBN Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 directors 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 directors and the ESFA.



.....
M Wallis - Baldwin
Accounting Officer
9 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2021

The directors (who act as governors of EBN Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the directors' 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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 Academy will continue in business.

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

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

Approved by order of the members of the board of directors on 9 December 2021 and signed on its behalf by:



.....
P Weir
Chair of Directors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBN TRUST FOR THE YEAR ENDED 31 AUGUST 2021**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the EBN Trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 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

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBN TRUST FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report (incorporating the Strategic Report, and the directors Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 directors' report. 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors 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 directors 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 directors are responsible for assessing the EBN Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the EBN Trust and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the EBN Trust, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Charities SORP 2019 and Academies Accounts Direction 2020 and 2021. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the EBN Trust's net income for the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBN TRUST FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Education and Skills Funding Agency review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBN TRUST FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**Use of our report**

This report is made solely to the EBN Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the EBN Trust'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 EBN Trust's and the EBN Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

9 December 2021

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO EBN TRUST AND THE EDUCATION FUNDING AND SKILLS AGENCY FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 12 August 2021 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the academy 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.

This report is made solely to EBN Trust and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than EBN Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of EBN Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of EBN Trust funding agreement with the Secretary of State for Education dated 19 March 2015, 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 and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants 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.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO EBN TRUST AND THE EDUCATION FUNDING AND SKILLS AGENCY FOR THE YEAR ENDED 31 AUGUST 2020**Approach (con't)**

Summary of the work undertaken was as follows:

- Analytical review of the academy trusts general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trusts framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of directors and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or directors;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/strategic business manager or directors;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

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 year ended 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young (Birmingham) LLP

Reporting Accountant

UHY Hacker Young (Birmingham) LLP

9-11 Vittoria Street

Birmingham

B1 3ND

9 December 2021

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021
(Including Income and Expenditure Account)

		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2021 £'000	Total 2020 £'000
	Note					
Income from:						
Donations and capital grants	3	-	-	12	12	8
Charitable activities:						
- Funding for the academy trust's educational operations	4	1,214	2,007	-	3,221	3,342
Other trading activities	5	4	-	-	4	-
Investment income	6	-	-	-	-	-
Total		1,218	2,007	12	3,237	3,350
Expenditure on:						
Raising funds	7	-	-	-	-	-
Charitable activities:						
- Academy trust's educational operations	7	1,133	2,192	81	3,406	3,417
Freehold property impairment	7 & 13	-	-	-	-	918
Total		1,133	2,192	81	3,406	4,335
Net income/(expenditure)		85	(185)	(69)	(169)	(985)
Transfers between funds	16	-	-	-	-	-
Other recognised gains and losses						
Actuarial loss on defined benefit pension schemes	27	-	(240)	-	(240)	(199)
Net movement in funds		85	(425)	(69)	(409)	(1,184)
Reconciliation of funds						
Total funds brought forward		604	(1,010)	2,073	1,667	2,851
Total funds carried forward		689	(1,435)	2,004	1,258	1,667

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	13	<u>1,984</u>	<u>2,065</u>
		<u>1,984</u>	<u>2,065</u>
Current assets			
Debtors	14	109	285
Cash at bank and in hand		<u>791</u>	<u>475</u>
		<u>900</u>	<u>760</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(191)</u>	<u>(148)</u>
Net current assets		<u>709</u>	<u>612</u>
Total assets less current liabilities		<u>2,693</u>	<u>2,677</u>
Defined benefit pension scheme liability	27	<u>(1,435)</u>	<u>(1,010)</u>
Total Net Assets		<u><u>1,258</u></u>	<u><u>1,667</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	2,004	2,073
- Restricted income fund	16	-	-
- Pension reserve	16	<u>(1,435)</u>	<u>(1,010)</u>
Total Restricted Funds		<u>569</u>	<u>1,063</u>
Unrestricted income fund	16	<u>689</u>	<u>604</u>
Total unrestricted funds		<u>689</u>	<u>604</u>
Total Funds		<u><u>1,258</u></u>	<u><u>1,667</u></u>

The financial statements on pages 22 to 42 were approved by the trustees and authorised for issue on 9 December 2021 and signed on their behalf by:



.....
P Weir
Chair of Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	304	31
Cash flows from investing activities	21	-	-
Cash flows from financing activities	22	12	5
Change in cash and cash equivalents in the reporting period		<u>316</u>	<u>36</u>
Cash and cash equivalents at 1 September		475	439
Cash and cash equivalents at 31 August	23	<u>791</u>	<u>475</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020**1 Statement of Accounting Policies**

A summary of principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is 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 (FRS 102), the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

EBN Trust meets the definition of a public benefit entity under FRS 102.

Company Status

The Trust is a company limited by guarantee. The Trust is incorporated in England & Wales, registered number 07665550. The registered office is EBN Academy, 1580 Coventry Road, Yardley, Birmingham, West Midlands, B26 1AL. The members of the company are named on page 3. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Trust.

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Fund Accounting

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

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.

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

Income

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

• Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 entitlement when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**● Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

● Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

● Other income

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

● Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

● Expenditure on Raising Funds

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

● Charitable Activities

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

● Governance Costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**Tangible Fixed Assets**

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

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

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, other than freehold land, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Freehold buildings		over 50 years
Leasehold property		over 50 years
Furniture and fixtures		over 4 years
Computer equipment and software		over 3 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. Impairment losses are recognised in the Statement of Financial Activities.

Freehold land is not depreciated.

Leased assets

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

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.

Debtors

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

Cash at Bank and In Hand

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

Liabilities and Provisions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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 instruments.

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.

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

The LGPS is a multi funded employer scheme and the assets are held separately from those of the academy trust in separate director 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 the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**Critical accounting estimates and assumptions (cont'd)**

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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the directors have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021 (See note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
Devolved formula capital	-	12	12	8
	-	12	12	8

The income from donations and capital grants was £12,000 (2020 : £8,000) of which £Nil (2020 : £Nil) was unrestricted; £Nil (2020 : £Nil) restricted and £12,000 (2020 : £8,000) restricted fixed assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2,020 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	1,800	1,800	1,800
Pupil premium	-	1	1	11
Rates rebate	-	7	7	7
Teachers pension grant	-	118	118	47
Teachers pay grant	-	30	30	16
	-	1,956	1,956	1,881
Other Government grants				
Rates relief grant (BCC)	-	-	-	-
Pupil premium (BCC)	-	4	4	1
	-	4	4	1
Other funding				
Pupil led funding	1,165	-	1,165	1,288
Other income	-	-	-	-
Catering income	49	-	49	46
	1,214	-	1,214	1,334
COVID-19 DfE/ESFA additional funding				
Catch up premium	-	44	44	-
	-	44	44	-
COVID-19 Non DfE/ESFA additional funding				
Coronavirus Job Retention Scheme grant	-	3	3	126
	-	3	3	126
Other income from the academy trust's educational operations	-	-	-	-
	1,214	2,007	3,221	3,342

COVID-19 DfE/ESFA additional funding

The academy received £43,200 of funding for catch up premium. Costs incurred in respect of this funding totalled £43,200.

COVID-19 Non DfE/ESFA additional funding

The academy furloughed some of its admin and support staff under the governments CJRS. The funding received of £2,670 (2020: £125,566) relates to staff costs in respect of 3 admin and support staff (2020: 13) and no teaching staff (2020: 8), which are included within notes 7 and 8.

The income from the academy trust's educational operations was £3,221,000 (2020:£3,342,000) of which £1,214,000 (2020:£1,334,000) was unrestricted and £2,007,000 (2020:£2,008,000) restricted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

5 OTHER TRADING ACTIVITIES	Unrestricted	Restricted	Total	Total
	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000
Rental income	4	-	4	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

The income from the academy trusts's other trading activities was unrestricted for both 2021 and 2020

6 INVESTMENT INCOME	Unrestricted	Restricted	Total	Total
	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000
Bank interest received	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 EXPENDITURE	Non Pay Expenditure			Total	Total
	Staff Costs	Premises	Other Costs	2021	2020
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds					
- Direct costs	-	-	-	-	-
- Allocated support costs	-	-	-	-	-
Academy's educational operations					
- Direct costs	1,990	81	202	2,273	3,284
- Allocated support costs	599	236	298	1,133	1,051
	<u>2,589</u>	<u>317</u>	<u>500</u>	<u>3,406</u>	<u>4,335</u>
	<u>2,589</u>	<u>317</u>	<u>500</u>	<u>3,406</u>	<u>4,335</u>

The expenditure was £3,406,000 (2020 : £4,335,000) of which £1,133,000 (2020 : £1,168,000) was unrestricted, £2,192,000 (2020 : £2,186,000) restricted and £81,000 (2020 : £981,000) restricted fixed assets.

Incoming/outgoing resources for the year include:

	2021	2020
	£'000	£'000
Operating leases rentals	19	19
Depreciation	81	63
Impairment of freehold land and buildings	-	918
Fees payable to auditor for:		
Audit	9	9
Other services	2	2
	<u>2</u>	<u>2</u>
8 CHARITABLE ACTIVITIES	2020	2020
	£'000	£'000
Direct costs - educational operations	2,273	3,284
Support costs - educational operations	1,133	1,051
	<u>3,406</u>	<u>4,335</u>
Analysis of Support Costs	£'000	£'000
Support staff costs	599	588
Technology costs	49	32
Maintenance of premises and equipment	220	188
Rent and rates	16	13
Catering	-	31
Governance costs	15	22
Legal costs - other	112	88
Other support costs	122	89
	<u>1,133</u>	<u>1,051</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

9 STAFF

	2021	2020
	£'000	£'000
a Staff costs		
Staff costs during the year were:		
Wages and salaries	1,811	1,858
Social security costs	195	201
Pension costs	535	519
	<u>2,541</u>	<u>2,578</u>
Agency staff costs	48	88
Staff restructuring costs	-	-
	<u>2,589</u>	<u>2,666</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
	<u>-</u>	<u>-</u>

b Staff severance payments

Included in staff restructuring costs is £Nil (2020:£Nil) non statutory/non contractual severance payments. Individually the payments were £Nil (2020 : £Nil).

c Staff numbers

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

	2021	2020
	No.	No.
Charitable Activities		
Management	2	2
Teachers	18	19
Administration and support	24	24
	<u>44</u>	<u>45</u>

d Higher paid staff

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

	2021	2020
	No.	No.
£60,001 - £70,000	3	3
£70,001 - £80,000	-	1
£80,001 - £90,000	1	2
£100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £249,146 (2020 : £207,291).

10 CENTRAL SERVICES

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

- central staff;
- company secretarial;
- governance and strategic direction;
- school improvement;
- human resources;
- budgeting software.

EBN Trust charges 30% of GAG income to cover central costs which will reduce the central services deficit brought forward.

	2021	2020
	£'000	£'000
The actual amounts charged during the year were as follows:		
EBN 1	270	153
EBN 2	270	153
	<u>540</u>	<u>306</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**11 RELATED PARTY TRANSACTIONS - DIRECTORS' REMUNERATION AND EXPENSES**

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. Executive Head Teacher, Head of Schools and other staff directors only receive remuneration in respect of contract of services they provide undertaking the roles of Executive Head Teacher/Head of School and other staff members under their contracts of employment and not in respect of their roles as directors. Other directors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as directors. The value of directors' remuneration and other remuneration was as follows:

	2021	2020
M Wallis-Baldwin		
Remuneration	£100,000 - £105,000	£90,000 - £95,000
Employers pension contribution	£20,000 - £25,000	£20,000 - £25,000

During the year ended 31 August 2021 no travel and subsistence expenses totalling £Nil (2020: £Nil) were reimbursed or paid directly to the directors.

12 TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £2,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

13 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Leasehold Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 September 2020	2,279	1,022	828	359	4,488
Additions	-	-	-	-	-
Disposals	(18)	-	-	-	(18)
At 31 August 2021	2,261	1,022	828	359	4,470
Depreciation					
At 1 September 2020	1,082	161	824	356	2,423
Charged in year	56	20	4	1	81
Disposals	(18)	-	-	-	(18)
At 31 August 2021	1,120	181	828	357	2,486
Net book value					
At 31 August 2021	1,141	841	-	2	1,984
At 31 August 2020	1,197	861	4	3	2,065

The leasehold property is leased from Tesco Plc. over 100 years at a peppercorn rent.

The freehold land and buildings at EBN2 was revalued by Stephens McBride, a firm of Chartered Surveyors on 30 October 2019 for £1,200,000 which resulted in an impairment of £918,000 in the financial statements for year ending 31 August 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

14 DEBTORS

	2021	2020
	£'000	£'000
Trade debtors	7	75
VAT recoverable	53	110
Prepayments	49	50
Other debtors	-	50
	<u>109</u>	<u>285</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Trade creditors	32	67
Taxation and social security	47	-
Other creditors	43	45
Accruals and deferred income	69	36
	<u>191</u>	<u>148</u>

Deferred Income

	2021	2020
	£'000	£'000
Deferred income at 1 September 2020	-	-
Resources deferred in the year	-	-
Amounts released from previous years	-	-
Deferred income at 31 August 2021	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General annual grant (note i)	-	1,800	(1,800)	-	-
Local authority grant (note ii)	-	-	-	-	-
Pupil premium grant ESFA (note iii)	-	1	(1)	-	-
Rates relief grant (note iv)	-	7	(7)	-	-
Teacher pay grant	-	30	(30)	-	-
Teacher pension grant	-	118	(118)	-	-
Catch up premium	-	44	(44)	-	-
Pupil premium grant BCC (note iii)	-	4	(4)	-	-
Coronavirus job retention scheme grant	-	3	(3)	-	-
	-	2,007	(2,007)	-	-
Restricted fixed asset funds					
ESFA land and building donation (note v)	2,062	-	(80)	-	1,982
DfE/ESFA capital grants (note vi)	8	12	-	-	20
Capital expenditure transfer (note vii)	3	-	(1)	-	2
	2,073	12	(81)	-	2,004
Restricted pension scheme liability					
Pension reserve (note viii)	(1,010)	-	(185)	(240)	(1,435)
	(1,010)	-	(185)	(240)	(1,435)
Total Restricted Funds	1,063	2,019	(2,273)	(240)	569
Unrestricted funds					
Unrestricted funds (note ix)	266	53	-	(144)	175
Pupil led funding (note x)	338	1,165	(1,133)	144	514
	604	1,218	(1,133)	-	689
Total funds	1,667	3,237	(3,406)	(240)	1,258

Notes

- i) General annual grant (GAG) must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2021. (see note 2)
- ii) The local authority grant is utilised to meet the special needs of pupils.
- iii) Pupil premium are funds paid to disadvantaged pupils.
- iv) Other grants are used to support apprenticeships at the academy.
- v) Land and buildings have been donated by the ESFA
- vi) Devolved formula capital grants received from the ESFA to support capital spend at the academy.
- vii) Capital expenditure transfer from unrestricted funds totalled £Nil (2020: £3,000).
- viii) Pension reserve represents the deficit on the Local Government Pension Scheme (note 27)
- ix) Unrestricted funds include receipts from the trust's trading activities and spent at the discretion of the trustees.
- x) Pupil led funding is unrestricted funding received from other academies for pupils transferred to EBN Trust.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General annual grant (note i)	-	1,800	(1,800)	-	-
Local authority grant (note ii)	-	1	(1)	-	-
Pupil premium grant (note iii)	-	11	(11)	-	-
Other DfE/ESFA grants (note iv)	-	196	(196)	-	-
	<u>-</u>	<u>2,008</u>	<u>(2,008)</u>	<u>-</u>	<u>-</u>
Restricted fixed asset funds					
ESFA land and building donation (note v)	3,043	-	(981)	-	2,062
DfE/ESFA capital grants (note vi)	-	8	-	-	8
Capital expenditure transfer (note vii)	-	-	-	3	3
	<u>3,043</u>	<u>8</u>	<u>(981)</u>	<u>3</u>	<u>2,073</u>
Restricted pension scheme liability					
Pension reserve (note viii)	(633)	-	(178)	(199)	(1,010)
	<u>(633)</u>	<u>-</u>	<u>(178)</u>	<u>(199)</u>	<u>(1,010)</u>
Total Restricted Funds	2,410	2,016	(3,167)	(196)	1,063
Unrestricted funds					
Unrestricted funds (note ix)	216	50	-	-	266
Pupil led funding (note x)	225	1,284	(1,168)	(3)	338
	<u>441</u>	<u>1,334</u>	<u>(1,168)</u>	<u>(3)</u>	<u>604</u>
Total funds	2,851	3,350	(4,335)	(199)	1,667

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2021 were allocated as follows:

	2021 Total £'000	2020 Total £'000
EBN 1	125	228
EBN 2	614	486
Trust	(50)	(110)
Total before fixed assets and pension reserve	<u>689</u>	<u>604</u>
Restricted fixed assets fund	2,004	2,073
Pension reserve	(1,435)	(1,010)
	<u>569</u>	<u>1,063</u>
Total	1,258	1,667

The Trust is carrying a net deficit of £50,000 (2020:£110,000) which has decreased from 2020. The EBN Trust charge to academies EBN1 and EBN 2 will be increased to better represent the costs for the services provided by the Trust over the next few years, which will reduce the Trust deficit.

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching & Educational Support Staff Costs Funds £'000	Other Support Staff Costs Funds £'000	Educational Supplies Funds £'000	Other Costs (excluding Dep'n) Funds £'000	2021 Total £'000	2020 Total £'000
EBN 1	1,064	51	84	224	1,423	1,413
EBN 2	727	86	103	199	1,115	1,254
Trust	199	462	15	111	787	687
Academy Trust	1,990	599	202	534	3,325	3,354

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed	-	-	-	1,984	1,984
Current assets	880	-	-	20	900
Current liabilities	(191)	-	-	-	(191)
Pension scheme liability	-	(1,435)	-	-	(1,435)
	<u>689</u>	<u>(1,435)</u>	<u>-</u>	<u>2,004</u>	<u>1,258</u>

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed	-	-	-	2,065	2,065
Current assets	752	-	-	8	760
Current liabilities	(148)	-	-	-	(148)
Pension scheme liability	-	(1,010)	-	-	(1,010)
	<u>604</u>	<u>(1,010)</u>	<u>-</u>	<u>2,073</u>	<u>1,667</u>

18 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

2020	2019
£'000	£'000
-	-

19 COMMITMENTS UNDER OPERATING LEASES

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

	2021	2020
	Other £'000	Other £'000
- Amounts due within one year	17	19
- Amounts due between one and five years	-	17
	<u>17</u>	<u>36</u>

20 RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£'000	£'000
Net expenditure for the reporting period (as per the statement of financial activities)	(169)	(985)
Adjusted for:		
Interest receivable	-	-
Fixed asset depreciation (note 13)	81	63
Impairment of freehold land and buildings (note 13)	-	918
Capital grants from DfE and other capital income (note 3)	(12)	(8)
Defined benefit pension scheme cost less contributions payable (note 27)	170	167
Defined benefit pension scheme finance cost (note 27)	15	11
Decrease/(increase) in debtors	176	(40)
Increase/(decrease) in creditors	43	(95)
Net cash provided by operating activities	<u>304</u>	<u>31</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES	2021 £'000	2020 £'000	
Interest received	-	-	
Net cash provided by investing activities	-	-	
22 CASH FLOWS FROM FINANCING ACTIVITIES	2021 £'000	2020 £'000	
Purchase of tangible fixed assets	-	(3)	
Capital grants from DfE/ESFA	12	8	
Net cash provided by financing activities	12	5	
23 ANALYSIS OF CASH AND CASH EQUIVALENTS	At 31 Aug 2021 £'000	At 31 Aug 2020 £'000	
Cash in hand and at bank	791	475	
Total cash and cash equivalents	791	475	
24 ANALYSIS OF CHANGES IN NET DEBT	At 1 September 2020 £'000	Cash Flows £'000	At 31 Aug 2021 £'000
Cash at bank	475	316	791
Overdraft	-	-	-
	475	316	791
Loans within one year	-	-	-
Loans within more than one year	-	-	-
	475	316	791

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

26 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

27 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 West Midlands Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2021 was £535,000 (2020: £519,000) of which £236,000 (2020:£236,000) relates to the TPS and £299,000 (2020: £283,000) relates to LGPS.

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

Contributions amounting to £37,441 were payable to the schemes at 31 August 2021 (2020: £31,240) and are included within other creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employers costs paid to TPS in the year amounted to £236,000 (2020: £236,000).

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 a 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 August 2021 was £150,000 (2020:£148,000) of which employer's contributions totalled £114,000 (2020:£105,000) and employees contributions totalled £36,000 (2020: £43,000). The agreed contributions for future years for employers are 16.2% (2020: 16.2%) for EBN 1 and 16.2% (2020: 16.2%) for EBN 2. The rate of contributions for employees are between 5.5% and 12.5% (2020: between 5.5% to 12.5%) for EBN 1 and between 5.5% and 12.5% (2020: between 5.5% to 12.5%) for EBN 2.

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2021	At 31 August 2020
	% per annum	% per annum
Discount rate	1.7%	1.7%
Salary increases	3.9%	3.2%
Pension increases	2.9%	2.2%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2021 £'000	2020 £'000
Discount rate +0.1%	95	72
Mortality assumption - 1 year increase	117	77
CPI rate +0.1%	91	66

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2021 years	2020 years
Longevity at age 65 retiring today		
- Men	21.6	21.9
- Women	24.0	24.1
Longevity at age 65 retiring in 20 years		
- Men	23.4	23.8
- Women	25.8	26.0

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

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equity instruments	854	593
Glits	116	114
Property	86	41
Cash/liquidity	99	79
Other bonds	52	70
Other	196	157
Total market value of assets	<u>1,403</u>	<u>1,054</u>
Present value of scheme liabilities		
- Funded	(1,403)	(1,054)
- Unfunded	(1,435)	(1,010)
Total liabilities	<u>(2,838)</u>	<u>(2,064)</u>
Deficit in the scheme	<u>(1,435)</u>	<u>(1,010)</u>

The actual return on the scheme assets in the year was a surplus of £199,000 (2020:£80,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

Amounts recognised in the Statement of Financial Activities

	2020	2020
	£'000	£'000
Current service cost	284	272
Interest income	(19)	(16)
Interest cost	34	27
Total operating charge	299	283

	2020	2020
	£'000	£'000
Movement in deficit during the year		
Balance brought forward at 1 September	1,010	633
Movement in year:		
Employer service cost (net of employee contributions)	284	272
Employer contributions	(114)	(105)
Expected return on scheme assets	(19)	(16)
Interest cost	34	27
Actuarial loss	240	199
Deficit in the scheme at 31 August	1,435	1,010

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

	2021	2020
	£'000	£'000
Scheme liabilities at 1 September	2,064	1,410
Current service cost	284	272
Interest cost	34	27
Contributions by scheme participants	36	43
Actuarial loss	420	312
Scheme liabilities at 31 August	2,838	2,064

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

	2021	2020
	£'000	£'000
Fair value of scheme assets at 1 September	1,054	777
Expected return on scheme assets	19	16
Contributions by employer	114	105
Contributions by scheme participants	36	43
Actuarial gains	180	113
Fair value of scheme assets at 31 August	1,403	1,054

The estimated value of employer contributions for the year ended 31 August 2022 is £110,000 (2021 : £128,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (cont'd)**28 RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

St John Paul II Multi Academy Company, a company in which J Farrell (Director) was a Director. EBN Trust provided alternative provision services totalling £Nil, (2020: £52,861) to St John Paul II Multi Academy Company during the year. £Nil (2020: £Nil) was due from St John Paul II Multi Academy Company at 31 August 2021 in respect of these services.

Saltley Academy, an Academy in which P Weir (Director) is Acting Executive Headteacher. EBN Trust provided alternative provision services totalling £54,369, (2020: £120,918) to Saltley Academy during the year. £Nil (2020: £Nil) was due from Saltley Academy at 31 August 2021 in respect of these services.

Tile Cross Academy, an Academy in which P Weir (Director) is Acting Executive Headteacher. EBN Trust provided alternative provision services totalling £113,195, (2020: £146,626) to Tile Cross Academy during the year. £Nil (2020: £960) was due from Tile Cross Academy at 31 August 2021 in respect of these services.

Ninestiles Academy, an Academy in which A Hughes (Director) is Principal. EBN Trust provided alternative provision services totalling £114,247 (2020: £112,114), to Ninestiles Academy during the year. £2,300 (2020: £Nil) was due from Ninestiles Academy at 31 August 2021 in respect of these services.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2020.

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting events arising after the balance sheet date.