

**Company Registration No. 08346116 (England and Wales)**

**GEMS LEARNING TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2020**

# GEMS LEARNING TRUST

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# GEMS LEARNING TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Harry Ziman (resigned 31 December 2019)  
Paulina McGroaty (appointed August 2020)  
Barbara Harrison  
Rebecca Plaskit  
Jay Varkey  
Rony Valeny (appointed April 2020)  
Amar Purohit (resigned August 2020)

### Trustees

Dr Harry Ziman (Resigned 31 December 2019)  
Ms Joanna Croft (CEO, Accounting Officer)  
Mr Rony Valeny (Resigned 21 April 2020)  
Ms Danielle West  
Ms Leah Perring (Resigned 23 September 2019)  
Ms Lara Robson  
Mrs Rowena Duff  
Mr Jason Murphy (Chair of Trustees) (Appointed 21 November 2019)  
Ms Parineet Dhillon (Appointed 21 November 2019)  
Mrs Paulina McGroarty (Appointed 18 November 2019 and resigned 8 June 2020)  
Mrs Silvia Holgado-Gomez (Appointed 13 May 2020)  
Mrs Alison Hill (Appointed 12 August 2020)

### Senior management team

|                           |                  |
|---------------------------|------------------|
| - Chief Executive Officer | Joanna Croft     |
| - Director of Education   | Danielle West    |
| - Principal               | Alison Ashcroft  |
| - Principal               | John Smith       |
| - Director of Education   | Terri de Quincey |

**Company registration number** 08346116 (England and Wales)

**Registered office** 57 Colne Road  
Twickenham  
TW2 6QF

| <b>Academies operated</b>       | <b>Location</b> | <b>Principals</b> |
|---------------------------------|-----------------|-------------------|
| Central Services                |                 |                   |
| GEMS Twickenham Primary Academy | Twickenham      | John Smith        |
| GEMS Didcot Primary Academy     | Oxford          | Alison Ashcroft   |

## GEMS LEARNING TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor**

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

**Bankers**

Barclays Plc  
4 Waterside Way  
The Lakes  
Northampton  
NN4 7XD

**Solicitors**

Mills and Reeve  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1PH

# GEMS LEARNING TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2020

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The trustees present their annual report together with the consolidated financial statements and auditors' report of the charitable company for the year ended 31 August 2020. This report has been prepared in accordance with the Companies Act 2006 and also Part 8 of the Charities Act 2011 and serves the purpose of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and 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 published on 16 July 2014 (FRS 102).

The GEMS Learning Trust operated 2 primary academies in England in 2019/2020. Both academies have a combined pupil capacity of 868 once all year groups have fully opened, including places in the nursery at Didcot, and had a roll of 581 in the school census in October 2020. The Trust opened its third brand new primary academy in Wantage, Oxfordshire in September 2020 with places available in the nursery, reception, year one and year two. The school has opened with 48 places with 41 enrolled and an overall capacity of 446 primary and nursery places.

#### **Structure, governance and management**

##### Constitution

The trust is a company limited by guarantee (registration number 08346116) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trust was incorporated on 3 January 2013 and GEMS Twickenham Primary Academy commenced as an academy on the 1 September 2015. The GEMS Learning Trust has entered into a Funding Agreement with the Department for Education which provides the framework within which the trust must operate. GEMS Didcot Primary Academy commenced as an academy on the 1 September 2016 and the trust entered into a second Funding Agreement with the Department for Education. The Trust entered into a third funding agreement with the Department for Education in September 2020 for GEMS Wantage Primary Academy.

The trustees of GEMS Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as GEMS Learning Trust. Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

## **GEMS LEARNING TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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##### Trustees' indemnities

In accordance with the Articles of Association, subject to the provisions of the Companies Act 2006 and Article 6.3 every trustee or other officer of the company and every member of any Local Governing Body and/or Advisory Body (in so far as necessary) shall be indemnified out of the assets of the company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

##### **Governors' indemnities**

The schools are part of the Department for Education's Risk Protection Arrangement that protect governors and officers from the financial impact of claims arising from negligent acts, errors or omissions occurring whilst on School business. The arrangement provides cover up to £10 million.

##### **Principal activities**

The trust's objects are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

## **GEMS LEARNING TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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##### Method of recruitment and appointment or election of Trustees

The members of the company, as principle sponsors, are entitled to appoint up to 2 trustees to the governing body and directors may co-opt 7 further trustees. The trustees appointed Jason Murphy, Pari Dhillon, Paulina McGoarty and Alison Hill to the Board during the year, based on their extensive financial, buildings, education and leadership experience and expertise. Paulina McGroarty subsequently resigned as a director and was appointed as a member to replace Amar Purohit who stood down as a member. Dr Harry Ziman retired as Chair and as a Trustee on the 31st of December 2019 and Jason Murphy was elected as Chair of the Trust Board. The Chief Executive Officer is an ex-officio trustee.

The initial members of the trust shall be the subscribers to the Memorandum of Association.

The subsequent members of the trust shall comprise:

- 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- the signatories to the Memorandum;
- the chairman of the Trust; and
- any person appointed under Article 16

When required, new trustees are recruited through advertisement on the trust website, and the New Schools Network trustee appointment scheme is used. The Trust also invited applicants from the whole parent body to join the board of trustees based on their expertise. The Secretary of State for Education may appoint trustees in certain circumstances; no such appointments were made in the year under review.

The term of office for any trustee shall be 4 years, save that this time limit shall not apply to either the Chief Executive or Chief Education Officers or the staff trustee. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

A trustee shall cease to hold office if he resigns his office by notice to the trust (but only if at least 3 trustees will remain in office when the notice of resignation is to take effect).

A trustee shall cease to hold office if he is removed by the person or persons who appointed him. The Article does not apply in respect of a parent trustee.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### Policies and procedures adopted for the induction and training of Trustees

There is a planned programme of initial training and professional development for new trustees. Topics include Safeguarding and Child Protection, Key functions of the governing body, Monitoring Performance Data and Targets, Pupil Premium, Prevent, The Governors' Role, School funding and Data Protection. All existing governors will then attend targeted courses throughout the year to refresh and extend their knowledge and skill set.

Trustees are also provided with copies of all essential documentation needed to undertake their role, including the memorandum and articles of association, Academies Financial Handbook and the trust's Funding Agreement.

A Trustee Handbook with key information is available for all trustees. This includes such aspects as:

- the structure of the academy and the relationship with the board of trustees;
- a statement of values and expectations;
- key elements of effective governance and the link to the Ofsted Handbook;
- the committee structure of the board of trustees;
- a brief description of the role of the chair and the role of the clerk/company secretary;
- terms of reference for committees.

The board of trustees subscribes to NGA training course provision and in-house training is organised as and when required. Trustees are informed of external training opportunities.

##### Organisational structure

The board of trustees of GEMS Learning Trust is constituted under the memorandum and articles of association. The board of trustees is responsible for ensuring high standards of corporate governance are maintained.

The trustees are responsible for the strategic direction of the trust, setting policy and agreeing the annual budget. Trustees are also responsible for monitoring the work of the trust and ensuring the objectives of the trust are achieved.

In addition to the full board of trustees meetings, GEMS Learning Trust has a committee structure: the main committees are the Operations and the Standards Committees. The trust also delegates some governance responsibilities to Local Academy Boards. Throughout 2019/2020, the Trust agreed to merge the Local Academy Boards and Standards Committees to form regional local governing bodies and strengthen communication between the Trust Board and each school.

The trustees have delegated day to day responsibility for the management of the trust to the Chief Executive Officer, the Director of Education and the Principals. The trust board reserves all decisions over strategy and risk management of the company as well as any significant commitment on purchases, and any contentious or novel arrangements or payments. The board maintains control through its review and monitoring of budgets and progress in the year.

## **GEMS LEARNING TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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The Chief Executive and Director of Education meet regularly with the Principals. The Chair of the Board meets regularly with the Chief Executive. All trustees aim to visit both sites to make first hand observations of the work of the trust, although physical visits have been suspended in light of COVID-19 control measures. Reports of these visits are shared with all trustees.

The Principal is required to provide leadership and management of each school; they are assisted by the Chief Executive and the Director of Education. These staff members comprise the Senior Leadership Team.

The Chief Executive Officer is the 'Accounting Officer' of GEMS Learning Trust.

#### Arrangements for setting pay and remuneration of key management personnel

The following members of staff received pay for their roles; they are the Chief Executive, the Chief Director of Education and the Principals. The Principals' salaries are set using the range outlined in the School teachers' pay and conditions document for the size and type of school and the point was allocated on the basis of their previous headship experience. The Chief Executive is currently employed on a part time basis and their FTE salary has been pegged to the Leadership Pay Scale. The Chief Executive also carries out the operational aspects of project management for the new academies in the Trust. The Director of Education is employed by the trust for 39 days per year and their salary was benchmarked against educational consultants with similar experience of headship, Ofsted inspection experience and experience as a National Leader of Education.

#### **Trade Union Facility Time**

The Trust employed more than 49 full time employees (65 on average) during the financial year and therefore it must disclose trade union facility time in accordance with the requirements of the Trade Union (Facility Time Publications Requirements) Regulations 2017. The trust recognise the valuable support and advice trade unions provide to teaching and non-teaching staff. During the year 0 employees were union representatives.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### **Objectives and activities**

##### Objects and aims

The GEMS Learning Trust is sponsored by its members.

The members of the company are Rony Valeny, Jay Varkey, Barbara Harrison, Rebecca Plaskitt and Paulina McGroarty. One of the members of the company is also a director of GEMS Education.

One of the directors is an employee of GEMS Education and provides her time as a director on a voluntary basis at no cost to the company. The directors are aware of the potential for conflicts of interest and manage them in accordance with the Companies Act 2006, the Company's Articles of Association and the Academies Financial Handbook.

##### Objectives and activities

GEMS Learning Trust is driven to ensure that all children receive a first-class education. High expectations, high challenge and a high level of feedback and support are offered to both staff and pupils to create a high-achieving culture.

Our distinctive values differentiate the GEMS Learning Trust; they are based on the four core values of GEMS Education. We stand for:

- Leading through innovation;
- The pursuit of excellence;
- Growing by learning; and
- Global Citizenship.

#### **Our aims are:**

- To keep the safety, welfare and protection of the pupils at the GEMS Learning Trust academies in mind at all times;
- To know the strengths and weaknesses of each academy;
- To understand and utilise performance data for the academic benefit of each pupil;
- To provide an exceptional level of care and diligence in carrying out individual and collective financial, operational and educational functions;
- To welcome teachers, parents and pupils as members of the GEMS family of schools;
- To strongly involve parents in day to day school life;
- For our children to be happy at school;
- For all our children achieve high levels in reading, writing, mathematics and science;
- To offer children an enjoyable, creative and enriched curriculum;
- To prepare our parents and children to understand the relevance of their learning to future careers;
- To offer children and their families an extended school day; and
- To nurture positive and inclusive relationships with local, national and international communities.

## **GEMS LEARNING TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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The main objectives of GEMS Learning Trust during the year ended 31 August 2020 are summarised below:

- To enable every pupil to fulfil their potential;
- To focus on attaining high standards and progression of all pupils;
- To improve effectiveness by regular review of all aspects of educational provision and the organisational structure of the trust;
- To maintain and improve the quality of teaching and learning;
- To provide good value for money in the use of delegated funds; and
- To conduct all business of the trust in accordance with the highest standards of integrity, probity and openness.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### Objectives, strategies and activities

The main objectives of the GEMS Learning Trust were to support Twickenham and Didcot Primary Academies to achieve their main priorities and to consider growth and the future opening of new schools.

For both open academies we undertook the following activities:

- Fortnightly operations and finance meetings with principals/Business Managers and the Chief Executive;
- A schedule of 20 annual observations, learning walks, book scrutiny, and peer reviews with Principals and the Director of Education;
- Open days, school tours and advertising to promote the schools;
- Engagement with the local community and press;
- Opportunities for all pupils to make exceptional levels of progress through consistently good teaching and focused support;
- Extracurricular trips and visits;
- Breakfast club and assistance with wraparound care;
- Training and development opportunities for all staff; and
- A drive to create an exceptionally safe and positive learning environment through detailed health and safety and safeguarding audits; random safeguarding audit exercises carried out on each site by the Chief Executive Officer.

The main priorities of Twickenham and Didcot Primary Academies are to ensure standards and energy remain focused after a successful Ofsted inspection and a proactive approach to responding to the new Ofsted framework, ensuring high standards of teaching and learning, to create a safe, vibrant and popular school community, to promote the school positively to prospective parents and to attain exceptional value for money through carefully managed budget modelling and monitoring.

We ensure the wide range of learning needs of children entering the school at different age points and different starting points throughout the year are identified swiftly and are well supported to achieve high rates of attendance, progress and attainment and that achievement gaps are further closed, as well as ensuring the schools pastoral systems are able to support children with a wide range of social and emotional needs.

We aim to develop this culture in the newly established Wantage Primary Academy and support their growth in both pupil numbers and their local reputation.

## **GEMS LEARNING TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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##### Public benefit

In setting the company's objectives and planning its activities, directors have given careful consideration to the Charity Commission's general guidance on public benefit. The activities undertaken to further the trust's purposes for the public benefit are:

- GEMS Learning Trust has provided education to all registered pupils;
- Partnerships with local Primary schools have been established and maintained. Teachers take part in moderation exercises with other local primary schools;
- Leisure and meeting facilities are now offered to both communities for low fees
- The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **Strategic report**

##### **Impact of COVID-19 - how virus control measures affected activities**

Trustees held a full board meeting on the 11th March 2020 and discussed the possibility of a national lockdown and the readiness of the schools to deliver remote learning. Our first concern was to the wellbeing and ongoing health of our staff and children and we fully supported the measures that were taken nationally. We agreed to keep our schools open for children of key workers (and other vulnerable children) and both schools devised a fair staffing rota to support the groups in age appropriate ways.

Initially it was agreed that work would be emailed home/made available on school websites, work would be age appropriate and set by teachers on a weekly basis. This was approved by the board of trustees.

As lockdown progressed past the Easter holidays both schools revised and improved their home learning provision and devised home/school communication strategies to support parents and children with home based education and wellbeing. Many families had materials hand delivered by both schools. Free school meals continued to be made available until the government issued vouchers and both schools assisted with the distribution of those.

Both schools kept closely in touch with staff and those who were unable to come into school for shielding reasons were invited to complete training courses and to attend staff 'zoom' quizzes to keep morale high. All staff, except those shielding, were asked to return from June 1st onwards to support the partial re-opening to reception and year one, and then to all year groups. All those able to do so returned willingly.

Some parents chose not to send their children back at the end of the summer term 2020 but generally attendance and take up of places was high and parents were grateful that their schools had opened to all year groups in some form.

Both schools substantially re-organised the following processes and operational plans to minimise risk:

- hand sanitisation and social distancing procedures;
- use of school resources and equipment;
- cleaning and caretaking duties;
- classroom layouts;
- lunch and catering arrangements;
- movement around the school;
- parents' evenings;
- staff meetings;
- assemblies;
- staggered drop off and pick up times;
- playtime;
- home learning and blended learning
- wearing of PPE;
- the curriculum (music, PE etc.); and
- teacher's duties to minimise the contact between pupils in 'bubbles'. Initially 15 in a group, then 30 or 60 depending on the school and activity.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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Both schools devised detailed risk assessments and shared long communications with parents as to their plans – in video and written forms. Parents were grateful and respectful of the new rules and children welcomed the clarity and safety of the measures. They all soon settled in to the new procedures and learning resumed swiftly in both settings. The opening of the Wantage school is in line with all the measures above.

All schools have now substantially developed home learning and devised a Blended Learning Policy which prepares teachers, children and parents for home learning in local/bubble/national lockdown scenarios. All schools are investing in devices to support families whose children are routinely unable to access a tablet/laptop/internet.

#### **Taking the opportunity to explain any financial uncertainties regarding the academy trust's financial sustainability and consideration of going concern (paragraph 1.23) and the steps being taken to address these uncertainties**

Certainly there are known costs related to COVID-19 control measures and these have been budgeted for during 20/21 in all schools – these known costs cover

1. Increased cleaning costs
2. Increased PPE costs
3. Increased cleaning materials costs
4. Altered priorities of caretakers

The uncertainty lies mainly in the affordability of covering teacher absence if teachers are absent due to COVID-19 related measures.

At the moment, staff are absent for the following reasons

- Their children require a COVID-19 test
- Their children are required to self-isolate
- Staff are required to take a COVID-19 test
- Staff are required to self-isolate for 14 days

Our staff absence insurance does not cover any staff COVID-19 related absence costs so each school potentially faces around a £2,000 cost to pay for agency teaching staff to cover lessons. There may be ways to reduce such costs but each school may face such costs on a regular basis. In order to mitigate this, schools will be expected to cover absence creatively, such as use of HLTAs or self-isolating staff required to deliver some content from home before schools consider using their supply budget and dipping into surplus funds.

Schools have been required to ring fence some of their individual reserves to cover up to five potential 14 day teacher absence period.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### **The impact on the academy trust's ability to fundraise (paragraph 1.41) and how the trustees managed this situation.**

The lockdown period and subsequent COVID-19 precautionary measures from March 2020 onwards have resulted in a reduction of PTA and school-led fundraising opportunities and a decrease in PTA donations to the schools. The trustees were made aware of a loss of income through monthly management accounts and schools adjusted their budgets swiftly so undue spending was avoided.

Both open schools experienced a reduction in forecast income of circa £30,000 per school during 19/20.

All three schools are adjusting to the current circumstances and PTAs are finding alternative routes to fundraise through virtual events, sale of online goods et cetera. All schools have reduced their expected additional income targets for 20/21.

#### **How the outbreak of the virus has affected staff, volunteers and beneficiaries (such as the academy trust's pupils) and the implications for the academy trust's operations and activities for the coming year (paragraph 1.45)**

| <b>Impact of virus on staff and pupils</b>  | <b>Impact on Trust's operations and activities</b>  |
|---|---|
| Anxiety and stress caused to staff and children by potential exposure to the virus – low staff and pupil morale | Staff assigned to small groups of pupils, facing increased duties and cleaning responsibilities<br>Free PPE provided and clear guidance/expectations of when staff are expected to wear masks. Staff given choice to wear masks at all time<br>Children hand sanitising on entry and exit to the schools<br>All schools have identified a mental health lead for adults and children.<br>Staff and pupil wellbeing checks carried out routinely                                   |
| Implications to health worse for staff who are pregnant in third trimester who may contract COVID-19            | Any pregnant member of staff will automatically undergo a risk assessment, members of staff in their third trimester will undertake an additional assessment to review risks further and take more steps to reduce potential exposure to the virus  |
| Staff absence due to testing of themselves or their children  | Schools have to pay for cover for teachers. Absence insurance not covering COVID-19 related absence so this will come out of school funds.  |
| Additional staff to support with increased play/lunch time duties   | Schools either have to use teachers for additional duties or hire additional playground support. Risk to over-stretching teaching staff and cost implication borne by schools   |
| No school trips/visits for pupils, no after school clubs  | Children missing out on enriched learning experiences, schools seeking alternative ways to enrich their learning experience which needs to be balanced with need to catch pupils up in basics such as reading, phonics, writing and mathematics   |
| Children have gaps in their learning  | Some children have targeted tutoring provided by teachers and support staff taking on additional responsibilities over and above their usual duties. Children potentially at school longer in order to catch up. COVID -19 catch up funding may not stretch far enough. Aspirational targets may be too high for some children to reach and stressful for some teachers to obtain. Progress review meetings need to balance progress with mental wellbeing of staff and children. |

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### **How the financial and operational effects of the virus and the control measures relating to the virus affected the principal risks and uncertainties facing the academy trust during the reporting period (paragraph 1.46)**

One of the main risks of the control measures implemented was and remains potential exposure to and contraction of the virus within the school setting. The health and wellbeing of our staff and children is of prime importance and we have taken every step possible within three separate buildings to lower and reduce the risk, however the daily risk to exposure is out of our hands and staffing levels and the cost of absence remains our principal uncertainty.

#### **Give consideration whether there are any implications for any existing or potential defined benefit pension liability (paragraph 1.47) and investments the academy trust holds (paragraph 1.47)**

At the time of writing, there are no known implications any existing or potential defined benefit pension liability or investments at this point in time.

#### **Consider any impact on the academy trust's reserves policy, level of reserves and any change to funds set aside for future commitments (paragraph 1.48)**

Reduction of forecast surplus in all three schools to cover COVID-19 related staff absence which is not covered by absence insurance

Reduction of forecast surplus to cover mental health first aid training and support for staff

Increased investment into staff and pupil mental health wellbeing and potential reduction in forecast surplus.

All schools have plans to utilise their reserves for the benefit of pupils, COVID-19 control measures may cause each school to re-evaluate their long term investment strategies into their buildings, playgrounds, use ICT, energy saving projects and more

#### **Consider the likely impact of the virus control measures and potential duration of the control measures on the future aims and activities of the academy trust (paragraph 1.49)**

| <b>Future Aims and Activities of the Trust</b> | <b>Likely impact of COVID-19 control measures</b>  |
|--|--|
| Academic targets                               | Children may fail to meet some targets if there is further national, local and year group closure of schools. Children who are locked down may be adversely affected by home learning and find it more difficult to catch up and meet some targets.        |
| Collaboration between trust schools            | It is likely that teacher, children and senior staff exchange visits will not take place in person this year. Schools will continue to collaborate between senior leaders and look for creative ways to connect staff and children and share good practice |
| Trustee visits                                 | It is likely that trustee visits will not take place in person this year. Trustees will look for creative ways to communicate with staff and children and to provide support as well as challenge.   |
| Director of Education visits and observations  | The Director of Education may be unable to attend schools in person. If physical visits aren't practical, the Director of Education will meet virtually with key staff.  |
| Higher staff and cleaning costs                | Adverse impact on school budget, schools not able to prioritise funding towards learning and progress  |
| Strain on mental health of staff and children  | Negative impact of anxiety and additional control requirements on staff and children. School priorities will have to shift according to need.  |

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### **The impact of the virus-related control measures on any wider network of which the academy trust is a part and how this affects the academy trust's operations (paragraph 1.51)**

All schools operate within local partnerships and with each other. COVID-19 control measures have seen all face to face meetings cease but collaboration continues via virtual meetings. Staff training and development is trickier but not impossible. Teachers are still observed regularly and they receive support as well as challenge.

#### **Achievements and performance**

Didcot Primary Academy had five year groups of children to report on in terms of academic performance. The school opened in September 2016 and is oversubscribed in every year group, from nursery to year 6.

Twickenham had five year groups of children to report on in terms of academic performance. The trust achievements are also set out in relation to the targets set for this period.

1. Academic success - To ensure that GEMS Twickenham and GEMS Didcot Primary Academy meets or exceeds local and national attainment and rate of progress benchmarks – 2019/2020. Sadly, the trust is unable to report on academic outcomes this year due to the cancellation of national tests in relation to COVID-19. We are confident all our ambitious targets would have been achieved and indeed most children were well on track to do so at the end of the Spring term 2020.

2. Provide rigorous challenge - To ensure that the directors are tightly focused on the performance of senior leaders and teachers and hold them firmly to account.

In this regard the Trust has created the post of Director of Education to provide robust support and challenge for the Principals. She assists with setting ambitious annual targets for pupil outcomes and monitors progress closely over short time frames. She also audits the quality of teaching, learning, standards, and SEN provision. She writes regular reports to the Board which outline areas in which she has provided support and challenge.

3. Sustainability – To build hubs of excellence (each with 2-3 primary schools in a close geographical area) to support with succession planning, capacity and effective leadership and management of the three open schools; open a fourth school by 2022; and achieve best value for trust and school funds.

The Trust was approved by the Regional School Commissioner as the sponsor of a new two form entry primary school in Wantage, Oxfordshire in June 2019. The school opened September 2020 in a brand new purpose built building on a new housing development. Oxfordshire County Council deemed the new places necessary in relation to a shortage of primary places in existing schools and the growth of the new large scale housing development on which the new school is sited. The housing development growth has been hampered by COVID-19 issues and new housing stock is slower to materialise than anticipated, this may have an impact on the growth of pupil numbers in the new Wantage school.

Further to this addition to the Trust, the Department for Education has successfully purchased a site from Kingston Borough Council which will house the Trust's fourth school, which has been in the pipeline since 2015. Work is underway to select the contractor and start the planning permission application by the end of 2020.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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The Trust retains its intention is to retain lean at the centre and to grow capacity within each school, for a sustainable approach to school improvement. Its core offer is:

- Quality assurance of provision - teaching and learning, assessment, tracking, behaviour, Ofsted readiness, as well as rigorous performance management and extensive support for each Principal;
- Peer-to-peer support for Principals to exchange best practices;
- Development opportunities at school level to build sustainable capacity for continuous improvement within and beyond the network;
- A framework for schools, each with its own Principal who has the autonomy to develop their school;
- A board of Directors with educational expertise in Finance, HR, admissions, branding, H&S, buildings;

An influential role for Leadership and Teaching in a progressive, growing organisation; forming hubs, collaborative relationships and local partnerships.

#### Key performance indicators

The trustees regularly review GEMS Learning Trust's actual income and expenditure against the authorised budget. Changes to the budget to reflect new information with regard to income or expenditure are approved in line with the authorisation limits established in the GEMS Learning Trust financial regulations.

Ratio analysis and benchmarking is performed annually to ensure that the trust is applying its resources efficiently and effectively to achieve the best possible educational outcomes.

Examples:

- a) Unrestricted income (excludes income from grants & delegated funding) as a percentage of total income: 5% (2019: 8%) Investing in quality staff has been fundamental in recruiting and retaining the right staff to raise pupil performance and improve teaching & learning standards
- b) Salary Expenditure: £2,304,997 (2019: £1,778,104)
- c) Total Income Grants: £2,951,401 (2019: £2,278,682)
- d) Staff costs as a percentage of grant income: 78% (2019: 78%)
- e) Net (outgoing)/incoming resources (before transfers and pension adjustments): (£359,710) (2019: (£518,945))
- f) Current Ratio (current assets/current liabilities): 3.7 (2019: 2.3)
- g) Liquidity (cash at bank and in hand): £708,234 (2019: £498,990)

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **Intake and attendance**

Twickenham and Didcot Primary Academies have increased from their combined intake of 587 pupils in September 2019 to 724 pupils across seven year groups in October 2020. Didcot Primary Academy is oversubscribed for years Reception to year six, and therefore has a waiting list, and is expecting to continue to be oversubscribed in 2021/22. Twickenham is now nearly full in every year group from Reception to year five and has a waiting list for Reception places for the first time since opening. Twickenham has lower numbers of children in year two but all other year groups are expected to remain full or close to full in 2021/22. Wantage has 10 children in the nursery, 20 in reception and a combined class of 8 year ones and twos. These numbers are expected to grow more slowly in line with the sale of new housing stock and the Trust has a minimum funding guarantee for five years with Oxfordshire County Council to ensure economic viability on lower numbers.

Whole school attendance was not required to be measured after the national lockdown was called in March 2020. Both Twickenham and Didcot complied with the return of attendance figures for the children of key workers. Both schools reopened to all year groups on a part time basis at the end of the academic year 2019/20. This supported our work in identifying gaps in learning caused by the lockdown period and supported the children with their social and emotional wellbeing and transition to a full time return in September 2020

##### Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future, even when taking the negative financial impact of COVID-19 control measures into account. For this reason, the trustees continue to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

##### **Financial review**

The majority of GEMS Learning Trust's income is derived from the Education Skills and Funding Agency (ESFA), an agent of the Department for Education (DfE), in the form of recurrent grants, the use of which is limited to specific purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The GEMS Learning Trust is in surplus at the end of August 2020. Despite being three quarters full, before transfers and pension adjustment, Twickenham Primary Academy achieved an in-year surplus for the year of £59,297 and carries forward a surplus of £112,576. GEMS Didcot Primary Academy achieved an in-year surplus of the year of £88,100 and a carried forward a surplus of £360,814. Central services had an in-year surplus of £38,219 and a carried for surplus of £84,902.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### Reserves policy

The GEMS Learning Trust requires each academy to deliver a free reserve fund but recognises the difficulty in achieving this without impacting of the quality of education in the academy and therefore expects the academy to build to a reasonable level of reserve within the first three years of opening.

When deciding on the level of reserve to build to the Board must take into account:

- forecasts for levels of income for current and future years, taking into account the reliability of each source of income;
- forecasts for expenditure for current and future years based on current payroll and planned activity information;
- analysis of future needs, opportunities, commitments or risks.

GEMS Learning Trust recommends that academies aim to deliver a free reserve fund which is minimally equivalent to one month's average payroll costs but recognise that levels will differ taking into account current and future circumstances.

Neither Twickenham Primary Academy nor the trust currently have any free reserves which are not budgeted for. GEMS Didcot Primary Academy is in the position to set aside one month's payroll in reserve during the 2019/20 financial year.

GEMS Didcot Primary Academy and Twickenham Primary Academy had a total of £5,585 and £4,758, respectively, in unspent devolved formula capital grant.

Disclosure of funds in deficit is also included in the Funds Note in the financial statements note 15.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### Investment policy

GEMS Learning Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

The Trust aims to:

- Ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements;
- Ensure there is no risk of loss in the capital value of any cash funds invested;
- Protect the capital value of any invested funds against inflation;
- Optimise returns on invested funds.

In considering and making any investments, the GEMS Learning Trust must:

- Act within its powers to invest as set out in their articles of association;
- Follow the Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees;
- Obtain ESFA prior approval for investment transactions which are novel and/or contentious;
- Exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser;
- Ensure that security takes precedence over revenue maximisation;
- Ensure that all investment decisions are in the best interests of the trust, are value for money and command broad public support;
- Prepare and monitor cash flow to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment;
- Invest in an interest bearing account in a UK regulated bank;
- Be able to access funds within 12 weeks of request;
- review its investments and investment policy regularly.

The GEMS Learning Trust has not currently invested any surplus cash funds.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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

The Trust has a formal risk management process in place to identify and assess all risks associated with the organisation; this enables the instigation of risk mitigation strategies. A Risk Register is in place which is subject to regular review and made available to all staff. Key members of staff and Trustees are involved in the preparation of the Risk Register, overseen by the Operations Committee. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk. The Risk Register identifies the types of risk the trust might encounter and rates the risks in terms of likelihood and impact. This ensures that the most significant risks are highlighted, appropriate strategies to be implemented and the allocation of resources.

As the majority of the Trust's funding is derived from the ESFA, via the Department for Education, the trustees consider this element of funding to be reasonably secure. The most significant financial risk relating to this income may result from opening with low pupil numbers at GEMS Wantage Primary Academy. The next largest risk is the impact of procedures related to COVID-19. This has already negatively impacted upon the additional income the schools are able to raise, on staffing levels and on the progress the pupils are able to make, in the event of localised and bubble lockdowns. The trustees have laid out their strategies for dealing with these risks within the trust's risk register.

##### **Principal risks and uncertainties:**

The education sector is one in which there is constant change and therefore there is continual need to identify and address risks and uncertainty. The responsibility to identify and react to risk rests with the trustees and Senior Leadership Team. The trust has adopted a policy whereby risks are monitored on a likelihood and impact basis. As such, the key risks facing the trust are detailed below:

##### **COVID-19 pandemic:**

The key risk, other than that to life and health of our children and staff, is the financial impact of covering staff who are absent in relation to the COVID-19 control measures. If each school faces one period of teacher self-isolation per half term, this could cost upwards of £12,000. In the event that costs spiral the risk of closing a year group for that period of self-isolation is high. Some of the negative impact on children can be mitigated through high quality home learning content but this relies on families being in the position to support their children to learn effectively, which is not always possible under these circumstances.

##### **Pupil numbers:**

There is a high risk of low pupil numbers at GEMS Wantage Primary Academy over the next few years. This is largely due to the hampered (COVID-19) and planned phasing of growth of new housing stock which is set to feed the school. We have a minimum funding guarantee with Oxfordshire County Council for the first 5 years of operation but we must remain alert towards the point this falls away and ensure we are able to afford staff at that point. Decisions about temporary and permanent contracts will be reviewed on an annual basis to ensure we are able to commit resources sustainably.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### Central trust funds

The trust is now waiting to hear whether it will receive additional project development grant funding for the school approved to open in Surbiton. The PDG reduced funding of £150,000 for this school in 2014, £70,000 less than the funding awarded for opening a new school by itself in one year (as it was planned to open in the same year as Twickenham Primary Academy). The trust has also invested circa £11,000 in non-recoupable costs for recruitment, advertising and marketing which it has asked the ESFA to reimburse to reduce the impact of the delays which were outside the trust's control.

##### Other risks

There may be delays to the build programme to the new Surbiton Primary Academy caused by COVID-19 control measures. There are significant works to be carried out on the grounds at Didcot Primary Academy which may affect the use of outside space and COVID control measures. There is also a risk associated with the impending re-brand of the trust as we plan to move away from GEMS during the 20/21 academic year.

##### Financial Instruments

###### Credit Risk:

The trust has no transactions it considers to be a credit risk.

###### Cash flow and liquidity:

The trust has one central bank account which supports the schools against potential cash flow risks. Monthly cash-flow reports are shared with directors. At the present there are no potential cash flow risks.

###### Equal Opportunities and Disabled Persons' policies (Equalities Policy)

The Academy Trust's policy on equal opportunities outlines the commitment of the staff and trustees of GEMS Learning Trust to ensure that equality of opportunity is available to all members of the trust community. For our trust this means, not simply treating everybody the same but, understanding and tackling the different barriers which could lead to unequal outcomes for different groups of pupils in the schools. It also means celebrating and valuing the equal opportunity achievements and strengths of all members of the school community. These include:

- Children;
- Teaching staff;
- Support staff;
- Parents/carers;
- Community governors;
- Multi-agency staff linked to the Trust;
- Visitors to the Trust and academies;
- Pupils on placement.

## **GEMS LEARNING TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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The trustees believe that equality at the trust should permeate all aspects of trust life and is the responsibility of every member of the trust and wider community. Every member of the trust community should feel safe, secure, valued and of equal worth.

At GEMS Learning Trust, equality is a key principle for treating all people the same irrespective of their gender, ethnicity, disability, religious beliefs, sexual orientations, age or any other recognised area of discrimination.

GEMS Learning Trust is an Equal Opportunities Employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet minimum selection criteria. The trust provides training and development for all its employees, including people with disabilities, tailored where appropriate, to ensure they have the opportunity to achieve their potential. If a trust employee becomes disabled while in our employment, we will do our best to retain them, including consulting them about their requirements, making reasonable and appropriate adjustments, and providing alternative suitable provisions.

#### **Employee Information Policy**

GEMS Learning Trust includes up to 2 staff trustees on each Local Academy Board and all three Principals serve as ex-officio members on regional QES boards. This ensures that:

- employees views are taken into account on decisions affecting their interests; and
- there is a common awareness on the part of all employees of all factors that affect the trust's performance.

GEMS Learning Trust also undertakes discussions with employees when making decisions that affect employee interests to ensure that employees' views are reflected in decisions made and their interests are protected.

#### **Plans for future periods**

GEMS Learning Trust reviewed the benefits that growth could bring to pupils attending its schools during the academic year 2020/21. The planned growth from two schools to three schools is now on a concrete footing. The Trust is now able to form two viable geographic hubs, one in South West London and the other in Oxfordshire. We have started work on developing a model of collaboration to the benefit of the schools in each hub and have rearranged the governance structure accordingly. The GEMS Surbiton Primary Academy is planned for opening in September 2022 so the Central Team will focus their efforts on project managing the pre-opening phase; admissions, recruitment, marketing, consultation, funding agreement, FFE, ICT and resources, utilities, contracts, parent communications, pre-Ofsted inspection and so on.

There is a requirement for more support at the centre in relation to the growth – increased financial processing and accountancy, operations and project management, HR and administration. The Trust has increased the Business Management time to 1.5 days per week and increased the level of clerking; all board and committee meetings are now fully clerked. Additional time has been allocated to the financial and accounting support for GEMS Wantage Primary Academy.

#### **Funds held as custodian trustee on behalf of others**

Neither the trust nor any of its trustees act as a custodian trustee.

**GEMS LEARNING TRUST**

**TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

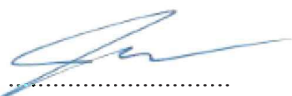
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**Auditor**

In so far as the trustees are aware:

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

Approved by order of the members of the governing body on 26/11/20 and signed on its behalf by:



Mr Jason Murphy  
**Chair of Trustees**

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### Scope of responsibility

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

The trustees have 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 GEMS Learning Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

##### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| <b>Trustees</b>   | <b>Meetings attended</b> | <b>Out of possible</b> |
|---|--------------------------|------------------------|
| Dr Harry Ziman (Resigned 31 December 2019)                                  | 1                        | 1                      |
| Ms Joanna Croft (CEO, Accounting Officer)                                   | 3                        | 3                      |
| Mr Rony Valeny (Resigned 21 April 2020)                                     | 0                        | 2                      |
| Ms Danielle West  | 2                        | 3                      |
| Ms Leah Perring (Resigned 23 September 2019)                                | 0                        | 0                      |
| Ms Lara Robson  | 3                        | 3                      |
| Mrs Rowena Duff   | 3                        | 3                      |
| Mr Jason Murphy (Chair of Trustees) (Appointed 21 November 2019)            | 3                        | 3                      |
| Ms Parineet Dhillon (Appointed 21 November 2019)                            | 2                        | 3                      |
| Mrs Paulina McGroarty (Appointed 18 November 2019 and resigned 8 June 2020) | 2                        | 2                      |
| Mrs Silvia Holgado-Gomez (Appointed 13 May 2020)                            | 2                        | 2                      |
| Mrs Alison Hill (Appointed 12 August 2020)                                  | 0                        | 0                      |

##### Changes to the board

During the academic year, Harry Ziman resigned as a Director, Member and Chair of the Trust. The Trust appointed Jason Murphy, Parineet Dhillon, Silvia Holgado Gomez and Alison Hill. Jason Murphy was elected as the new Chair from the 1st January 2020. Paulina McGroarty was elected as a director and subsequently resigned and was appointed as a member. Rony Valeny also resigned as director and was appointed as a member. Amar Purohit stood down as a member.

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **Governance reviews**

The Board has reviewed every aspect of financial planning, budgeting and forecasting, pay review decisions, Pupil Premium and Sports Premium spending and impact, compliance with health and safety and employment law, internal and external audit recommendations, compliance with statutory educational requirements, educational progress and attainment of individual children and groups of children and the overall quality of education. The Board has also overseen growth and development of the Trust itself and the set up and opening of a third new primary school.

During this period the Board has functioned very well. It has undergone a review and revision of its structure and has set up regional governance boards to ensure the functions are effectively delegated. The Trust now comprises of Directors at Board level and Governors at Regional Board Level. There are two Regional Boards, one in Oxfordshire and one in South West London, which oversee the quality of education and safeguarding in up to two schools. The Operations Committee continues to oversee all three schools centrally.

Much of the work is done at regional board and committee level and detailed reports are passed to the board. Matters of business are dealt with swiftly and meetings are focused on the right aspects of governance. The challenge for the Trust Board is to manage growth in terms of the number of schools whilst retaining a sharp focus on the key aspects of a quality education.

The Board receive the following reports:

- Monthly management accounts – including financial benchmarks
- Cashflow forecasts
- Balance sheets
- Summary statement of financial matters
- Termly CEO board report in standard format covering staffing, educational performance, financial performance, safeguarding, health and safety, strategy and growth
- Termly Director of Education reports on each school in standard format
- Termly Principals report from each school in standard format
- Termly context dashboard for each school – NOR, CP information, attendance, absence etc
- Termly progress report towards targets, broken down by group
- Annual external Health and Safety reports
- Annual external safeguarding reports
- Termly minutes of Operations, (former) Standards and GDPR committee meetings
- Monthly bulletins showing key developments, minuted actions and progress made

The financial reports and management accounts are reviewed in detail at eight meetings annually; four Operations Committee meetings and four full Board meetings. Furthermore, financial reports are sent to directors on a monthly basis.

Directors are asked to complete a self-evaluation of governance annually and to feedback any changes they would like to see made or improve any areas they feel require attention.

##### **Review of value for money**

The Accounting Officer has responsibility for ensuring that the 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.

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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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 trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the trust has delivered improved value for money during the year by:

- Successful recruitment of 4 new directors to the Board
- Successful recruitment of 2 new members of the Trust
- Successful restructuring of governance across the Trust
- Swift response to the COVID-19 pandemic and adoption of control measures
- Swift response to the provision of home learning, including quality assurance of content and support for vulnerable families
- Adoption of new Performance, Policy and Asset Management software across the Trust
- Capital investment at Didcot – new bike racks
- Support with large scale construction works at Didcot Primary Academy
- Redeploying the Director of Education to monitor the quality of education and standards throughout lockdown
- Effective management and retention of staff; low staff turnover and continued focus on reducing workload for teachers
- All children either achieved or close to achieving ambitious targets at the end of the Spring term, ahead of the nation-wide lockdown in March 2020.
- Minimal negative financial impact of COVID-19 in both schools
- Successful project management and opening of Wantage Primary Academy – only 3 weeks later than planned due to cessation of building works throughout lockdown. Project came in on budget.
- Successful deployment of Trust Business Manager to support with pre-opening project management of Wantage Primary Academy
- Large scale independent audit of trust wide GDPR processes conducted and all action points addressed
- Healthy surplus funds achieved in both schools, both exceeding planned surplus.
- Weekly monitoring of academy budgets to ensure spending controls.

#### **The purpose of the system of internal control**

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

#### **Capacity to handle risk**

The board of trustees have 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 trustees are 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 period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the trustees.

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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##### **The risk and control framework**

The trusts'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 trustees;
- Regular reviews by the Operations Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.
- The board of trustees has considered the need for a specific internal audit function and appointed UHY Hacker Young, as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems.

In particular the checks carried out in the current period include:

- testing of payroll systems;
- testing of purchase systems; and
- testing of control / bank reconciliations

On an annual basis, the internal auditor reports to the board of trustees, through the Operations Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The GEMS Learning Trust can confirm their internal auditor has delivered their schedule of work as planned. There were no large or major recommendations and all medium and small recommendations have been reviewed and addressed by the Board

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed UHY Hacker Young, as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems.

In particular the checks carried out in the current period include:

- testing of payroll systems;
- testing of purchase systems; and
- testing of control / bank reconciliations

On an annual basis, the internal auditor reports to the board of trustees, through the Operations Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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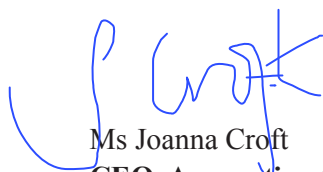
#### Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor and;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Trustees on 26/11/20 and signed on its behalf by:



Ms Joanna Croft  
CEO, Accounting Officer



Mr Jason Murphy  
Chair of Trustees

## GEMS LEARNING TRUST

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

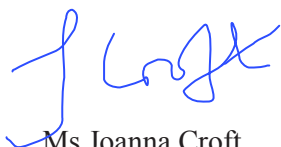
#### FOR THE YEAR ENDED 31 AUGUST 2020

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As Accounting Officer of GEMS Learning Trust I have considered my responsibility to notify the trust's Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Ms Joanna Croft  
**Accounting Officer**

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## GEMS LEARNING TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

#### FOR THE YEAR ENDED 31 AUGUST 2020

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

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

In preparing these financial statements, the trustees are required to:

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

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

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

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

Approved by order of the members of the Board of Trustees on 26/11/20 and signed on its behalf by:



Mr Jason Murphy  
**Chair of Trustees**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMS LEARNING TRUST**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Opinion**

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

In our opinion the accounts:

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

### **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 accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMS LEARNING TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Other information**

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMS LEARNING  
TRUST (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of Our Report**

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



Colin Wright (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young

12 December 2020  
.....

Chartered Accountants  
Statutory Auditor

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO GEMS LEARNING TRUST AND THE EDUCATION AND SKILLS  
FUNDING AGENCY**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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In accordance with the terms of our engagement letter dated 21 April 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GEMS Learning Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of GEMS Learning Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of GEMS Learning Trust's funding agreement with the Secretary of State for Education dated 18 March 2015 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO GEMS LEARNING TRUST AND THE EDUCATION AND SKILLS  
FUNDING AGENCY (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

The work undertaken to draw to our conclusion includes:

- Review and corroboration of the most recent Financial Management and Governance Evaluation
- Evaluation of the general control environment
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education
- Review of the declaration of interests to ensure completeness
- Review of minutes for evidence of declaration of interest
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities
- A sample of cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Formal representation have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

**Conclusion**

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

*UHY Hacker Young*

**Reporting Accountant**

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

Dated: *12 December 2020*

**GEMS LEARNING TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 AUGUST 2020**

|   | Notes | Unrestricted funds<br>£ | Restricted funds:<br>General    Fixed asset<br>£            £ |                   | Total<br>2020<br>£ | Total<br>2019<br>£ |
|---|-------|-------------------------|---|-------------------|--------------------|--------------------|
| <b>Income and endowments from:</b>                  |       |                         |   |                   |                    |                    |
| Donations and capital grants                        | 3     | 14,580                  | -   | 369,494           | 384,074            | 75,142             |
| Charitable activities:                              |       |                         |   |                   |                    |                    |
| - Funding for educational operations                | 4     | 64,625                  | 2,951,401   | -                 | 3,016,026          | 2,362,517          |
| Other trading activities                            | 5     | 92,253                  | -   | -                 | 92,253             | 109,637            |
| <b>Total</b>  |       | <u>171,458</u>          | <u>2,951,401</u>  | <u>369,494</u>    | <u>3,492,353</u>   | <u>2,547,296</u>   |
| <b>Expenditure on:</b>                              |       |                         |   |                   |                    |                    |
| Charitable activities:                              |       |                         |   |                   |                    |                    |
| - Educational operations                            | 7     | 55,145                  | 2,996,553   | 820,519           | 3,872,217          | 3,066,241          |
| <b>Total</b>  | 6     | <u>55,145</u>           | <u>2,996,553</u>  | <u>820,519</u>    | <u>3,872,217</u>   | <u>3,066,241</u>   |
| <b>Net income/(expenditure)</b>                     |       | 116,313                 | (45,152)  | (451,025)         | (379,864)          | (518,945)          |
| Transfers between funds                             | 15    | (4,878)                 | (13,665)  | 18,543            | -                  | 9,712,417          |
| <b>Other recognised gains/(losses)</b>              |       |                         |   |                   |                    |                    |
| Actuarial losses on defined benefit pension schemes | 16    | -                       | (129,000)   | -                 | (129,000)          | (73,000)           |
| <b>Net movement in funds</b>                        |       | <u>111,435</u>          | <u>(187,817)</u>  | <u>(432,482)</u>  | <u>(508,864)</u>   | <u>9,120,472</u>   |
| <b>Reconciliation of funds</b>                      |       |                         |   |                   |                    |                    |
| Total funds brought forward                         |       | 240,430                 | (90,754)  | 18,079,145        | 18,228,821         | 9,108,349          |
| Total funds carried forward                         |       | <u>351,865</u>          | <u>(278,571)</u>  | <u>17,646,663</u> | <u>17,719,957</u>  | <u>18,228,821</u>  |

**GEMS LEARNING TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

| <b>Comparative year information</b>                 |              | <b>Unrestricted</b> | <b>Restricted funds:</b> |                    | <b>Total</b>      |
|---|--------------|---------------------|--------------------------|--------------------|-------------------|
| <b>Year ended 31 August 2019</b>                    |              | <b>funds</b>        | <b>General</b>           | <b>Fixed asset</b> | <b>2019</b>       |
|   | <b>Notes</b> | <b>£</b>            | <b>£</b>                 | <b>£</b>           | <b>£</b>          |
| <b>Income and endowments from:</b>                  |              |                     |                          |                    |                   |
| Donations and capital grants                        | <b>3</b>     | 1,194               | -                        | 73,948             | 75,142            |
| Charitable activities:                              |              |                     |                          |                    |                   |
| - Funding for educational operations                | <b>4</b>     | 83,835              | 2,278,682                | -                  | 2,362,517         |
| Other trading activities                            | <b>5</b>     | 109,637             | -                        | -                  | 109,637           |
| <b>Total</b>  |              | <u>194,666</u>      | <u>2,278,682</u>         | <u>73,948</u>      | <u>2,547,296</u>  |
| <b>Expenditure on:</b>                              |              |                     |                          |                    |                   |
| Charitable activities:                              |              |                     |                          |                    |                   |
| - Educational operations                            | <b>7</b>     | 10,872              | 2,428,103                | 627,266            | 3,066,241         |
| <b>Total</b>  | <b>6</b>     | <u>10,872</u>       | <u>2,428,103</u>         | <u>627,266</u>     | <u>3,066,241</u>  |
| <b>Net income/(expenditure)</b>                     |              | 183,794             | (149,421)                | (553,318)          | (518,945)         |
| Transfers between funds                             | <b>15</b>    | (97,505)            | 85,725                   | 9,724,197          | 9,712,417         |
| <b>Other recognised gains/(losses)</b>              |              |                     |                          |                    |                   |
| Actuarial losses on defined benefit pension schemes | <b>16</b>    | -                   | (73,000)                 | -                  | (73,000)          |
| <b>Net movement in funds</b>                        |              | 86,289              | (136,696)                | 9,170,879          | 9,120,472         |
| <b>Reconciliation of funds</b>                      |              |                     |                          |                    |                   |
| Total funds brought forward                         |              | 154,141             | 45,942                   | 8,908,266          | 9,108,349         |
| Total funds carried forward                         |              | <u>240,430</u>      | <u>(90,754)</u>          | <u>18,079,145</u>  | <u>18,228,821</u> |

# GEMS LEARNING TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2020

|  | Notes | 2020      |                          | 2019      |                          |
|--|-------|-----------|--------------------------|-----------|--------------------------|
|  |       | £         | £                        | £         | £                        |
| <b>Fixed assets</b>                            |       |           |                          |           |                          |
| Tangible assets                                | 10    |           | 17,350,232               |           | 18,052,821               |
| <b>Current assets</b>                          |       |           |                          |           |                          |
| Debtors  | 12    | 461,141   |                          | 206,846   |                          |
| Cash at bank and in hand                       |       | 708,234   |                          | 498,990   |                          |
|  |       |           | <u>1,169,375</u>         |           | <u>705,836</u>           |
| <b>Current liabilities</b>                     |       |           |                          |           |                          |
| Creditors: amounts falling due within one year | 13    | (314,650) |                          | (306,836) |                          |
| <b>Net current assets</b>                      |       |           | <u>854,725</u>           |           | <u>399,000</u>           |
| <b>Net assets excluding pension liability</b>  |       |           | <u>18,204,957</u>        |           | <u>18,451,821</u>        |
| Defined benefit pension scheme liability       | 16    | (485,000) |                          | (223,000) |                          |
| <b>Total net assets</b>                        |       |           | <u><u>17,719,957</u></u> |           | <u><u>18,228,821</u></u> |
| <b>Funds of the Academy Trust:</b>             |       |           |                          |           |                          |
| <b>Restricted funds</b>                        | 15    |           |                          |           |                          |
| - Fixed asset funds                            |       |           | 17,646,663               |           | 18,079,145               |
| - Restricted income funds                      |       |           | 206,429                  |           | 132,246                  |
| - Pension reserve                              |       |           | (485,000)                |           | (223,000)                |
| <b>Total restricted funds</b>                  |       |           | <u>17,368,092</u>        |           | <u>17,988,391</u>        |
| <b>Unrestricted income funds</b>               | 15    |           | <u>351,865</u>           |           | <u>240,430</u>           |
| <b>Total funds</b>                             |       |           | <u><u>17,719,957</u></u> |           | <u><u>18,228,821</u></u> |

The accounts set out on pages 37 to 64 were approved by the Board of Trustees and authorised for issue on 26/11/2020 and are signed on its behalf by:



Mr Jason Murphy  
Chair of Trustees

Company Number 08346116

**GEMS LEARNING TRUST**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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|  | Notes | 2020<br>£         | £                 | 2019<br>£         | £                 |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                              |       |                   |                   |                   |                   |
| Net cash (used in)/provided by operating activities                      | 18    |                   | (42,320)          |                   | 29,032            |
| <b>Cash flows from investing activities</b>                              |       |                   |                   |                   |                   |
| Capital grants from DfE Group  |       | 54,610            |                   | 25,101            |                   |
| Capital funding received from sponsors and others                        |       | 314,884           |                   | 48,847            |                   |
| Purchase of tangible fixed assets  |       | (97,768)          |                   | (92,271)          |                   |
| Proceeds from sale of tangible fixed assets                              |       | (20,162)          |                   | -                 |                   |
|  |       | <u>          </u> |                   | <u>          </u> |                   |
| <b>Net cash provided by/(used in) investing activities</b>               |       |                   | 251,564           |                   | (18,323)          |
|  |       |                   | <u>          </u> |                   | <u>          </u> |
| <b>Net increase in cash and cash equivalents in the reporting period</b> |       |                   | 209,244           |                   | 10,709            |
| Cash and cash equivalents at beginning of the year                       |       |                   | 498,990           |                   | 488,281           |
|  |       |                   | <u>          </u> |                   | <u>          </u> |
| <b>Cash and cash equivalents at end of the year</b>                      |       |                   | <u>708,234</u>    |                   | <u>498,990</u>    |

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

GEMS Learning Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

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

##### 1.1 Basis of preparation

The accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### 1.2 Going concern

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

##### 1.3 Income

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

##### Grants

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

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

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

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

(Continued)

##### Sponsorship income

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

##### Donations

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

##### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

##### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 trust's accounting policies.

#### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

(Continued)

##### Expenditure on raising funds

This includes all expenditure incurred by the 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 trust's educational operations, including support costs and costs relating to the governance of the trust apportioned to charitable activities.

#### 1.5 Tangible fixed assets and depreciation

Land, buildings and improvements costing £5,000 or more, and machinery, equipment and vehicles costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Land and buildings are carried at valuation where a reliable valuation can be obtained.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

|                                |                |
|--------------------------------|----------------|
| Buildings                      | 15 to 25 years |
| Leasehold land                 | 125 years      |
| Assets under construction      | Nil            |
| Computer equipment             | 3 years        |
| Fixtures, fittings & equipment | 7 years        |

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.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

(Continued)

##### 1.6 Liabilities

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

##### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

##### 1.8 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. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

###### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

##### 1.9 Taxation

The 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 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.

##### 1.10 Pensions benefits

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the school.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

---

#### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 16, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### 1.11 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 trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency.

#### 1.12 Financial instruments

The trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the trust's statement of financial position when the trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

(Continued)

##### 1.13 Financial assets

###### Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

###### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

###### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

(Continued)

##### 1.14 Financial liabilities

###### Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the trust after deducting all of its liabilities.

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

###### Derecognition of financial liabilities

Financial liabilities are derecognised when the trust's contractual obligations expire or are discharged or cancelled.

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

Accounting 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.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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

(Continued)

##### Critical assumptions for LGPS

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### Depreciation

The Trustees estimate the useful economic lives and residual values of Buildings, Computer Equipment, Furniture and Fittings and Motor Vehicles in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of financial activities and the balance sheet.

##### Critical areas of judgement

The trustees do not consider that they have made any critical judgements in the preparation of the financial statements.

#### 3 Donations and capital grants

|                 | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants  | -                          | 369,494                  | 369,494            | 73,948             |
| Other donations | 14,580                     | -                        | 14,580             | 1,194              |
|                 | <u>14,580</u>              | <u>369,494</u>           | <u>384,074</u>     | <u>75,142</u>      |

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the Academy Trust's educational operations

|                                | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| <b>DfE / ESFA grants</b>       |                            |                          |                    |                    |
| General annual grant (GAG)     | -                          | 2,186,005                | 2,186,005          | 1,684,786          |
| Other DfE group grants         | -                          | 513,796                  | 513,796            | 442,815            |
|                                | -                          | 2,699,801                | 2,699,801          | 2,127,601          |
| <b>Other government grants</b> |                            |                          |                    |                    |
| Local authority grants         | -                          | 183,632                  | 183,632            | 141,093            |
| Special educational projects   | -                          | 67,968                   | 67,968             | 9,988              |
|                                | -                          | 251,600                  | 251,600            | 151,081            |
| <b>Other funding</b>           |                            |                          |                    |                    |
| Other incoming resources       | 64,625                     | -                        | 64,625             | 83,835             |
| <b>Total funding</b>           | <b>64,625</b>              | <b>2,951,401</b>         | <b>3,016,026</b>   | <b>2,362,517</b>   |

5 Other trading activities

|                                  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|----------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities               | 3,668                      | -                        | 3,668              | 16,372             |
| Catering income                  | 25,872                     | -                        | 25,872             | 28,607             |
| After school and breakfast clubs | 40,262                     | -                        | 40,262             | 48,602             |
| Other income                     | 22,451                     | -                        | 22,451             | 16,056             |
|                                  | 92,253                     | -                        | 92,253             | 109,637            |

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6 Expenditure

|                                  | Staff costs<br>£ | Non-pay expenditure<br>Premises<br>£ | Other<br>£     | Total<br>2020<br>£ | Total<br>2019<br>£ |
|----------------------------------|------------------|--------------------------------------|----------------|--------------------|--------------------|
| Academy's educational operations |                  |                                      |                |                    |                    |
| - Direct costs                   | 1,022,683        | -                                    | 174,008        | 1,196,691          | 934,285            |
| - Allocated support costs        | 1,272,686        | 1,080,097                            | 322,743        | 2,675,526          | 2,131,956          |
|                                  | <u>2,295,369</u> | <u>1,080,097</u>                     | <u>496,751</u> | <u>3,872,217</u>   | <u>3,066,241</u>   |

Net (income)/expenditure for the year includes:

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| Fees payable to auditor for audit services        | 17,650           | 15,000           |
| Operating lease rentals                           | 10,211           | 1,195            |
| Depreciation of tangible fixed assets             | 601,662          | 627,266          |
| Loss on disposal of fixed assets                  | 361,416          | -                |
| Net interest on defined benefit pension liability | 4,000            | 2,000            |
|   | <u>1,136,939</u> | <u>1,245,461</u> |

7 Charitable activities

|                        | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| <b>Direct costs</b>    |                            |                          |                    |                    |
| Educational operations | 32,694                     | 1,163,997                | 1,196,691          | 934,285            |
| <b>Support costs</b>   |                            |                          |                    |                    |
| Educational operations | 22,451                     | 2,653,075                | 2,675,526          | 2,131,956          |
|                        | <u>55,145</u>              | <u>3,817,072</u>         | <u>3,872,217</u>   | <u>3,066,241</u>   |

|                                  | 2020<br>£        | 2019<br>£        |
|----------------------------------|------------------|------------------|
| <b>Analysis of support costs</b> |                  |                  |
| Support staff costs              | 1,301,315        | 1,028,557        |
| Depreciation                     | 820,519          | 627,266          |
| Technology costs                 | 1,053            | 1,354            |
| Premises costs                   | 259,578          | 249,881          |
| Legal costs                      | 18,326           | 5,096            |
| Other support costs              | 230,499          | 182,449          |
| Governance costs                 | 44,236           | 37,353           |
|                                  | <u>2,675,526</u> | <u>2,131,956</u> |

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 8 Staff

##### Staff costs

Staff costs during the year were:

|   | <b>2020</b>      | <b>2019</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Wages and salaries                      | 1,807,437        | 1,383,000        |
| Pension costs                           | 446,252          | 256,052          |
|   | <hr/>            | <hr/>            |
| Staff costs - employees                 | 2,253,689        | 1,639,052        |
| Agency staff costs                      | 41,680           | 115,470          |
|   | <hr/>            | <hr/>            |
|   | 2,295,369        | 1,754,522        |
| Staff development and other staff costs | 29,782           | 23,582           |
|   | <hr/>            | <hr/>            |
| Total staff expenditure                 | <u>2,325,151</u> | <u>1,778,104</u> |

##### Staff numbers

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

|                            | <b>2020</b>   | <b>2019</b>   |
|----------------------------|---------------|---------------|
|                            | <b>Number</b> | <b>Number</b> |
| Teachers                   | 24            | 18            |
| Administration and support | 45            | 28            |
| Management                 | 9             | 8             |
|                            | <hr/>         | <hr/>         |
|                            | 78            | 54            |
|                            | <hr/>         | <hr/>         |

##### Higher paid staff

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

|                   | <b>2020</b>   | <b>2019</b>   |
|-------------------|---------------|---------------|
|                   | <b>Number</b> | <b>Number</b> |
| £70,001 - £80,000 | 1             | -             |
| £60,001 - £70,000 | 2             | 3             |
|                   | <hr/>         | <hr/>         |

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 8 Staff

(Continued)

##### Key management personnel

The key management personnel of the trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £271,311 (2019: £232,383).

#### 9 Trustees' remuneration and expenses

The Principals and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principals and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £1,956 (2019: £1,395) were reimbursed to 4 trustees (2019: 4 Trustees).

The value of trustees remuneration was as follows:

|   | Remuneration      |                   |
|---|-------------------|-------------------|
|   | 2020              | 2019              |
| Joanna Croft (CEO)                        | £60,000 - £65,000 | £65,000 - £65,000 |
| Alison Ashcroft (Principal)               | £70,000 - £75,000 | £65,000 - £70,000 |
| Teresa de Quincey (Director of Education) | £15,000 - £20,000 | £25,000 - £30,000 |
| John Smith (Principal)                    | £65,000 - £70,000 | £65,000 - £70,000 |
| Leah Perring                              | £20,000 - £25,000 | £Nil - £Nil       |

|   | Employer's pension contributions |                   |
|---|----------------------------------|-------------------|
|   | 2020                             | 2019              |
| Joanna Croft (CEO)                        | £Nil - £5,000                    | £Nil - £5,000     |
| Alison Ashcroft (Principal)               | £15,000 - £20,000                | £10,000 - £15,000 |
| Teresa de Quincey (Director of Education) | £Nil - £Nil                      | £Nil - £Nil       |
| John Smith (Principal)                    | £Nil - £Nil                      | £Nil - £Nil       |
| Leah Perring                              | £5,000 - £10,000                 | £Nil - £Nil       |

Other related party transactions involving the trustees are set out within the related parties note 20.

##### Trustees' and officers' insurance

The 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 trust business, and provides cover up to £10,000,000. It is not possible to quantify the trust and officers indemnity element from the overall cost of the RPA scheme.

**GEMS LEARNING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**10 Tangible fixed assets**

|                       | <b>Buildings</b>  | <b>Assets under<br/>construction</b> | <b>Computer<br/>equipment</b> | <b>Fixtures,<br/>fittings &amp;<br/>equipment</b> | <b>Total</b>      |
|-----------------------|-------------------|--------------------------------------|-------------------------------|---|-------------------|
|                       | <b>£</b>          | <b>£</b>                             | <b>£</b>                      | <b>£</b>  | <b>£</b>          |
| <b>Cost</b>           |                   |                                      |                               |   |                   |
| At 1 September 2019   | 18,994,059        | -                                    | 390,599                       | 243,660   | 19,628,318        |
| Additions             | 10,730            | 3,378                                | 61,384                        | 22,276  | 97,768            |
| Disposals             | (341,252)         | -                                    | -                             | -   | (341,252)         |
|                       | <u>18,663,537</u> | <u>3,378</u>                         | <u>451,983</u>                | <u>265,936</u>                                    | <u>19,384,834</u> |
| <b>Depreciation</b>   |                   |                                      |                               |   |                   |
| At 1 September 2019   | 1,177,866         | -                                    | 313,133                       | 84,498  | 1,575,497         |
| On disposals          | (142,557)         | -                                    | -                             | -   | (142,557)         |
| Charge for the year   | 513,064           | -                                    | 53,257                        | 35,341  | 601,662           |
|                       | <u>1,548,373</u>  | <u>-</u>                             | <u>366,390</u>                | <u>119,839</u>                                    | <u>2,034,602</u>  |
| <b>Net book value</b> |                   |                                      |                               |   |                   |
| At 31 August 2020     | <u>17,115,164</u> | <u>3,378</u>                         | <u>85,593</u>                 | <u>146,097</u>                                    | <u>17,350,232</u> |
| At 31 August 2019     | <u>17,816,193</u> | <u>-</u>                             | <u>77,466</u>                 | <u>159,162</u>                                    | <u>18,052,821</u> |

**11 Financial instruments**

|   | <b>2020</b>      | <b>2019</b>    |
|---|------------------|----------------|
|   | <b>£</b>         | <b>£</b>       |
| <b>Carrying amount of financial assets</b>      |                  |                |
| Debt instruments measured at amortised cost     | 1,087,495        | 594,443        |
|   | <u>1,087,495</u> | <u>594,443</u> |
| <b>Carrying amount of financial liabilities</b> |                  |                |
| Measured at amortised cost                      | 140,890          | 170,391        |
|   | <u>140,890</u>   | <u>170,391</u> |

The trustees have considered the trust's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the trust's risk register and monitored throughout the year. The trustees do not consider the trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 12 Debtors

|                                | 2020           | 2019           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| VAT recoverable                | 33,371         | 29,006         |
| Other debtors                  | -              | 424            |
| Prepayments and accrued income | 427,770        | 177,416        |
|                                | <u>461,141</u> | <u>206,846</u> |

#### 13 Creditors: amounts falling due within one year

|                                    | 2020           | 2019           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Trade creditors                    | 56,316         | 62,943         |
| Other taxation and social security | 36,514         | 28,548         |
| Other creditors                    | -              | 25,663         |
| Accruals and deferred income       | 221,820        | 189,682        |
|                                    | <u>314,650</u> | <u>306,836</u> |

#### 14 Deferred income

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | £              | £              |
| Deferred income is included within:      |                |                |
| Creditors due within one year            | 173,661        | 133,765        |
|  | <u>173,661</u> | <u>133,765</u> |
| Deferred income at 1 September 2019      | 133,765        | 152,129        |
| Released from previous years             | (133,765)      | (152,129)      |
| Resources deferred in the year           | 173,661        | 133,765        |
|  | <u>173,661</u> | <u>133,765</u> |
| <b>Deferred income at 31 August 2020</b> | <u>173,661</u> | <u>133,765</u> |

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

15 Funds

|                                     | Balance at<br>1 September<br>2019<br>£ | Income<br>£ | Expenditure<br>£ | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>31 August<br>2020<br>£ |
|-------------------------------------|--|-------------|------------------|--|--------------------------------------|
| <b>Restricted general funds</b>     |  |             |                  |  |                                      |
| General Annual Grant (GAG)          | 66,133                                 | 2,186,005   | (2,195,075)      | 6,958                                  | 64,021                               |
| Other DfE / ESFA grants             | 43,698                                 | 513,796     | (494,116)        | (20,623)                               | 42,755                               |
| Other government grants             | 22,415                                 | 251,600     | (174,362)        | -                                      | 99,653                               |
| Pension reserve                     | (223,000)                              | -           | (133,000)        | (129,000)                              | (485,000)                            |
|                                     | (90,754)                               | 2,951,401   | (2,996,553)      | (142,665)                              | (278,571)                            |
| <b>Restricted fixed asset funds</b> |  |             |                  |  |                                      |
| Inherited on conversion             | 15,984,152                             | -           | -                | -                                      | 15,984,152                           |
| DfE group capital grants            | 2,094,993                              | 369,494     | (820,519)        | 18,543                                 | 1,662,511                            |
|                                     | 18,079,145                             | 369,494     | (820,519)        | 18,543                                 | 17,646,663                           |
| <b>Total restricted funds</b>       | 17,988,391                             | 3,320,895   | (3,817,072)      | (124,122)                              | 17,368,092                           |
| <b>Unrestricted funds</b>           |  |             |                  |  |                                      |
| General funds                       | 240,430                                | 171,458     | (55,145)         | (4,878)                                | 351,865                              |
| <b>Total funds</b>                  | 18,228,821                             | 3,492,353   | (3,872,217)      | (129,000)                              | 17,719,957                           |

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 15 Funds

(Continued)

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

##### **General Annual Grant**

The General Annual Grant must be used for the normal running costs of the trust including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, GEMS Learning Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

##### **Start-Up Grant**

The Start-Up Grant must be used for the development of the school including salary costs, overheads and premises costs as the school is prepared for opening. Under the funding agreement with the Secretary of State the academy was not subject to a limit on the amount of Start-Up Grant that it could carry forward as at 31 August 2020.

##### **Other DfE/ESFA and government grants**

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

##### **Fixed asset fund**

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible assets.

##### **Pension reserve**

The pension reserve is the provision for the element of the local government pension fund liability attributable to GEMS Learning Trust.

##### **Transfer between funds**

A transfer from restricted fixed asset funds to the restricted general fund was necessary to fund capital expenditure, below the capitalisation limit, carried out during the year. A transfer between restricted general funds was necessary to reflect the funding of activities in the year.

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

15 Funds

(Continued)

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

|                                     | Balance at<br>1 September<br>2018<br>£ | Income<br>£      | Expenditure<br>£   | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>31 August<br>2019<br>£ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| <b>Restricted general funds</b>     |  |                  |                    |  |                                      |
| General Annual Grant (GAG)          | 84,886                                 | 1,684,786        | (1,796,274)        | 92,735                                 | 66,133                               |
| Other DfE / ESFA grants             | 25,158                                 | 442,815          | (417,265)          | (7,010)                                | 43,698                               |
| Other government grants             | 13,209                                 | 151,081          | (141,875)          | -                                      | 22,415                               |
| Other restricted funds              | 3,689                                  | -                | (3,689)            | -                                      | -                                    |
| Pension reserve                     | (81,000)                               | -                | (69,000)           | (73,000)                               | (223,000)                            |
|                                     | <u>45,942</u>                          | <u>2,278,682</u> | <u>(2,428,103)</u> | <u>12,725</u>                          | <u>(90,754)</u>                      |
| <b>Restricted fixed asset funds</b> |  |                  |                    |  |                                      |
| Transfer on conversion              | 6,271,732                              | -                | -                  | 9,712,417                              | 15,984,149                           |
| DfE group capital grants            | 2,636,534                              | 73,948           | (627,266)          | 11,780                                 | 2,094,996                            |
|                                     | <u>8,908,266</u>                       | <u>73,948</u>    | <u>(627,266)</u>   | <u>9,724,197</u>                       | <u>18,079,145</u>                    |
| <b>Total restricted funds</b>       | <u>8,954,208</u>                       | <u>2,352,630</u> | <u>(3,055,369)</u> | <u>9,736,922</u>                       | <u>17,988,391</u>                    |
| <b>Unrestricted funds</b>           |  |                  |                    |  |                                      |
| General funds                       | 154,141                                | 194,666          | (10,872)           | (97,505)                               | 240,430                              |
| <b>Total funds</b>                  | <u>9,108,349</u>                       | <u>2,547,296</u> | <u>(3,066,241)</u> | <u>9,639,417</u>                       | <u>18,228,821</u>                    |

**GEMS LEARNING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**15 Funds**

**(Continued)**

**Total funds analysis by academy**

|  | <b>2020</b>              | <b>2019</b>              |
|--|--------------------------|--------------------------|
|  | <b>£</b>                 | <b>£</b>                 |
| Fund balances at 31 August 2020 were allocated as follows: |                          |                          |
| GEMS Twickenham Primary Academy                            | 112,576                  | 53,279                   |
| GEMS Didcot Primary Academy                                | 360,814                  | 272,714                  |
| Central services   | 84,902                   | 46,683                   |
|  | <u>558,292</u>           | <u>372,676</u>           |
| Restricted fixed asset fund                                | 17,646,663               | 18,079,145               |
| Pension reserve  | (485,000)                | (223,000)                |
|  | <u>17,719,955</u>        | <u>18,228,821</u>        |
|  | <u><u>17,719,955</u></u> | <u><u>18,228,821</u></u> |

**Total cost analysis by academy**

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

|                                 | <b>Teaching and educational support staff</b> | <b>Other support staff costs</b> | <b>Educational supplies</b> | <b>Other costs excluding depreciation</b> | <b>Total 2020</b>       | <b>Total 2019</b>       |
|---------------------------------|---|----------------------------------|-----------------------------|---|-------------------------|-------------------------|
|                                 | <b>£</b>                                      | <b>£</b>                         | <b>£</b>                    | <b>£</b>                                  | <b>£</b>                | <b>£</b>                |
| GEMS Didcot Primary Academy     | 1,059,704                                     | 99,039                           | 153,587                     | 240,670                                   | 1,553,000               | 1,244,733               |
| GEMS Twickenham Primary Academy | 856,983                                       | 95,181                           | 67,562                      | 292,384                                   | 1,312,110               | 1,010,395               |
| Central services                | -   | 123,941                          | -                           | 42,492                                    | 166,433                 | 110,471                 |
|                                 | <u>1,916,687</u>                              | <u>318,161</u>                   | <u>221,149</u>              | <u>575,546</u>                            | <u>3,031,543</u>        | <u>2,365,599</u>        |
|                                 | <u><u>1,916,687</u></u>                       | <u><u>318,161</u></u>            | <u><u>221,149</u></u>       | <u><u>575,546</u></u>                     | <u><u>3,031,543</u></u> | <u><u>2,365,599</u></u> |

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 16 Pension and similar obligations

The 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. The trust has identified the requirement for eligible non-teaching staff to belong to the LGPS. The trust enrolled eligible staff and backdated contributions to 1 September 2015, when the staff became eligible to enrol. The outstanding LGPS deficit at 31 August 2020 is £485,000 and this has been recognised as a provision in the year end balance sheet. Both the TPS and LGPS are multi-employer defined benefit schemes.

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

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

#### **Teachers' Pension Scheme**

##### **Introduction**

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

##### **The Teachers' pension budgeting and valuation account**

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

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

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 16 Pension and similar obligations

(Continued)

##### 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 employer's pension costs paid to TPS in the period amounted to £149,302 (2019: 67,263).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**GEMS LEARNING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**16 Pension and similar obligations**

**(Continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £137,000 (2019: £95,000), of which employer's contributions totalled £108,000 (2019: £80,000) and employees' contributions totalled £29,000 (2019: £22,000). The agreed contribution rates for future years are 24.0% (2019: 23.8%) for employers and between 5.5% and 12.5% (2019: 5.5% and 12.5%) for employees.

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

| <b>Total contributions made</b> | <b>2020</b>    | <b>2019</b>    |
|---------------------------------|----------------|----------------|
|                                 | <b>£</b>       | <b>£</b>       |
| Employer's contributions        | 108,000        | 80,000         |
| Employees' contributions        | 29,000         | 22,000         |
|                                 | <u>137,000</u> | <u>102,000</u> |

| <b>Principal actuarial assumptions</b>             | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| Rate of increase in salaries                       | 2.70        | 3.58        |
| Rate of increase for pensions in payment/inflation | 2.20        | 2.33        |
| Discount rate for scheme liabilities               | 1.68        | 1.83        |
| Inflation assumption (CPI)                         | 2.20        | 2.23        |
|  | <u>2.20</u> | <u>2.23</u> |

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

|                      | <b>2020</b>  | <b>2019</b>  |
|----------------------|--------------|--------------|
|                      | <b>Years</b> | <b>Years</b> |
| Retiring today       |              |              |
| - Males              | 22.0         | 23.1         |
| - Females            | 24.3         | 24.6         |
| Retiring in 20 years |              |              |
| - Males              | 23.0         | 24.6         |
| - Females            | 22.0         | 26.2         |
|                      | <u>22.0</u>  | <u>26.2</u>  |

Scheme liabilities would have been affected by changes in assumptions as follows:

**GEMS LEARNING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**16 Pension and similar obligations**

**(Continued)**

**The Academy Trust's share of the assets in the scheme**

|                              | <b>2020</b>           | <b>2019</b>           |
|------------------------------|-----------------------|-----------------------|
|                              | <b>Fair value</b>     | <b>Fair value</b>     |
|                              | <b>£</b>              | <b>£</b>              |
| Equities                     | 256,000               | 210,000               |
| Bonds                        | 48,000                | 36,000                |
| Other                        | 39,000                | 38,000                |
| Multi                        | 18,000                | 11,000                |
| Property                     | 27,000                | 17,000                |
|                              | <u>388,000</u>        | <u>312,000</u>        |
| Total market value of assets | <u><u>388,000</u></u> | <u><u>312,000</u></u> |

The actual return on scheme assets was £(34,000) (2019: £21,000).

**Amount recognised in the Statement of Financial Activities**

|   | <b>2020</b>           | <b>2019</b>           |
|---|-----------------------|-----------------------|
|   | <b>£</b>              | <b>£</b>              |
| Current service cost  | 237,000               | 137,000               |
| Past service cost   | 11,000                | 10,000                |
| Interest income   | (7,000)               | (6,000)               |
| Interest cost   | 11,000                | 8,000                 |
| Benefit changes, curtailments and settlements gains or losses | (11,000)              | -                     |
|   | <u>241,000</u>        | <u>149,000</u>        |
| Total operating charge  | <u><u>241,000</u></u> | <u><u>149,000</u></u> |

**Changes in the present value of defined benefit obligations**

|                        | <b>2020</b>           | <b>2019</b>           |
|------------------------|-----------------------|-----------------------|
|                        | <b>£</b>              | <b>£</b>              |
| At 1 September 2019    | 535,000               | 272,000               |
| Current service cost   | 237,000               | 137,000               |
| Interest cost          | -                     | 8,000                 |
| Employee contributions | 29,000                | 22,000                |
| Actuarial loss         | 88,000                | 88,000                |
| Benefits paid          | (27,000)              | (2,000)               |
| Past service cost      | 11,000                | 10,000                |
|                        | <u>873,000</u>        | <u>535,000</u>        |
| At 31 August 2020      | <u><u>873,000</u></u> | <u><u>535,000</u></u> |

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Pension and similar obligations (Continued)

Changes in the fair value of the Academy Trust's share of scheme assets

|                        | 2020     | 2019    |
|------------------------|----------|---------|
|                        | £        | £       |
| At 1 September 2019    | 312,000  | 191,000 |
| Interest income        | 7,000    | 6,000   |
| Actuarial loss/(gain)  | (41,000) | 15,000  |
| Employer contributions | 108,000  | 80,000  |
| Employee contributions | 29,000   | 22,000  |
| Benefits paid          | (27,000) | (2,000) |
|                        | 388,000  | 312,000 |
|                        | 388,000  | 312,000 |

17 Analysis of net assets between funds

|  | Unrestricted<br>Funds<br>£ | Restricted funds:<br>General<br>£ | Fixed asset<br>£ | Total<br>Funds<br>£ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| <b>Fund balances at 31 August 2020 are represented by:</b> |                            |                                   |                  |                     |
| Tangible fixed assets                                      | 20,165                     | -                                 | 17,330,067       | 17,350,232          |
| Current assets   | 497,369                    | 355,410                           | 316,596          | 1,169,375           |
| Creditors falling due within one year                      | (165,669)                  | (148,981)                         | -                | (314,650)           |
| Defined benefit pension liability                          | -                          | (485,000)                         | -                | (485,000)           |
|  | 351,865                    | (278,571)                         | 17,646,663       | 17,719,957          |
| <b>Total net assets</b>                                    | 351,865                    | (278,571)                         | 17,646,663       | 17,719,957          |

|  | Unrestricted<br>Funds<br>£ | Restricted funds:<br>General<br>£ | Fixed asset<br>£ | Total<br>Funds<br>£ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| <b>Fund balances at 31 August 2019 are represented by:</b> |                            |                                   |                  |                     |
| Tangible fixed assets                                      | -                          | -                                 | 18,052,821       | 18,052,821          |
| Current assets   | 547,266                    | 132,246                           | 26,324           | 705,836             |
| Creditors falling due within one year                      | (306,836)                  | -                                 | -                | (306,836)           |
| Defined benefit pension liability                          | -                          | (223,000)                         | -                | (223,000)           |
|  | 240,430                    | (90,754)                          | 18,079,145       | 18,228,821          |
| <b>Total net assets</b>                                    | 240,430                    | (90,754)                          | 18,079,145       | 18,228,821          |

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 18 Reconciliation of net expenditure to net cash flow from operating activities

|   | 2020            | 2019          |
|---|-----------------|---------------|
|   | £               | £             |
| Net expenditure for the reporting period (as per the statement of financial activities) | (379,864)       | (518,946)     |
| Adjusted for:   |                 |               |
| Capital grants from DfE and other capital income  | (369,494)       | (73,948)      |
| Defined benefit pension costs less contributions payable                                | 129,000         | 67,000        |
| Defined benefit pension scheme finance cost   | 4,000           | 2,000         |
| Depreciation of tangible fixed assets   | 459,103         | 627,267       |
| Loss on disposal of fixed assets  | 361,416         | -             |
| (Increase) in debtors   | (254,295)       | (51,904)      |
| Increase/(decrease) in creditors  | 7,814           | (22,437)      |
| <b>Net cash (used in)/provided by operating activities</b>                              | <u>(42,320)</u> | <u>29,032</u> |

#### 19 Analysis of changes in net funds

|      | 1 September<br>2019 | Cash flows | 31 August<br>2020 |
|------|---------------------|------------|-------------------|
|      | £                   | £          | £                 |
| Cash | 498,990             | 209,244    | 708,234           |

#### 20 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. There were no related party transactions in the period of account and none also in the prior year.

#### 21 Post balance sheet events

The only post balance sheet event relates to the Trust opening its third brand new primary academy in Wantage, Oxfordshire in September 2020.

#### 22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.