

**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 2019**

# GEMS LEARNING TRUST

## CONTENTS

---

	<b>Page</b>
Reference and administrative details	1 - 2
Trustees' report	3 - 20
Governance statement	21 - 25
Statement on regularity, propriety and compliance	26
Statement of Trustees' responsibilities	27
Independent auditor's report on the accounts	28 - 31
Independent reporting accountant's report on regularity	32 - 33
Statement of financial activities including income and expenditure account	34 - 35
Balance sheet	36
Statement of cash flows	37
Notes to the accounts including accounting policies	38 - 61

---

## GEMS LEARNING TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS

---

**Trustees**

Dr Harry Ziman (Chair of Trustees)  
Mr Joseph Garrod (Vice Chair of Trustees) (Resigned 1 April 2019)  
Ms Joanna Croft (Accounting Officer)  
Mr Rony Valeny  
Ms Danielle West  
Ms Leah Perring (Resigned 23 September 2019)  
Ms Lara Robson (Appointed 1 October 2018)  
Mrs Rowena Duff (Appointed 1 April 2019)  
Mr Jason Murphy (Appointed 21 November 2019)  
Ms Parineet Dhillon (Appointed 21 November 2019)  
Mrs Paulina McGroarty (Appointed 18 November 2019)

**Members**

Harry Ziman  
Barbara Harrison  
Amar Purohit  
Jay Varkey  
Rebecca Plaskitt

**Senior management team**

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

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

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

**Academies operated**

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

**Independent auditor**

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

**GEMS LEARNING TRUST**

**REFERENCE AND ADMINISTRATIVE DETAILS**

---

**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 2019**

---

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 2019.

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 Academy Trust operates 2 primary academies in England. Its academies have a combined pupil capacity of 868 including places in the nursery at Didcot, and had a roll of 581 in the school census in October 2019.

#### **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 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 2019**

---

#### ***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 2019

---

#### *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 members appointed Rowena Duff to the Board during the year, based on her financial experience and expertise and re-appointed Dr Harry Ziman for a second term of office. Leah Perring resigned due to her appointment to the trust executive team as Principal Designate of the Trust's fourth approved school, GEMS Wantage Primary Academy. 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 Governors; and
- any person appointed under Article 16

When required, new trustees are recruited through advertisement on the trust website, on the New Schools Network website and the National Governors Association website.

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 2019

---

##### *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 provision and in-house training is organised as and when required. Trustees are informed of external training opportunities.

New trustees are mentored by existing trustees.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

#### *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.

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.

The Chief Executive and Director of Education meets regularly with the Principals. The Chair of the Board meets regularly with the Chief Executive and Director of Education. All trustees visit both sites to make first hand observations of the work of the trust. 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 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 2019

---

#### Objectives and activities

##### *Objects and aims*

The GEMS Learning Trust is sponsored by its members.

The members of the company are Dr Harry Ziman, Jay Varkey, Barbara Harrison, Rebecca Plaskitt and Amar Purohit. One of the members of the company is also a director of GEMS Education. GEMS Education has provided high-quality, international education to over 142,000 children from 150 countries, for over 50 years. One of the directors of the company is also a member of the company.

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 in our fledgling 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 2019

---

During the year GEMS Didcot Primary Academy was judged to be 'Outstanding' by Ofsted.

The main objectives of GEMS Learning Trust during the year ended 31 August 2019 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.

#### *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; 3 weekly safeguarding audit exercises carried out on each site by the Chief Executive Officer.

The main priorities of Twickenham Primary Academy 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 in a tight budget scenario. At Didcot Primary Academy the main priority is to 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.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

#### *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 2019**

**STRATEGIC REPORT**

*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 with 60 places in Reception, and 30 in a mixed year 1 and 2 class. As the year progressed the year 1 and 2 class were split ending 30 in year 1 and 28 in year 2. The school is now oversubscribed in Reception, year one, year two and year two and has a full class of 30 in year five.

Twickenham had four 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 – 2018/19

**Twickenham**

	16/17	16/17	16/17	17/18	17/18	17/18	18/19	18/19	18/19
<b>Overall attainment</b>	<b>TPA</b>	<b>LBRT</b>	<b>Ntnl</b>	<b>TPA</b>	<b>LBRT</b>	<b>Ntnl</b>	<b>TPA</b>	<b>LBRT</b>	<b>Ntnl</b>
%GLD Reception	<b>81</b>	78	71	<b>86</b>	81	72	<b>85</b>	81	72
% Y1 Phonics	<b>90</b>	89	81	<b>95</b>	88	83	<b>94</b>	87	82
% KS1 Reading	-	83	76	<b>90</b>	84	75	<b>85</b>	83	75
% KS1 Writing	-	73	68	<b>90</b>	84	70	<b>83</b>	83	69
% KS1 Maths	-	82	75	<b>93</b>	95	76	<b>88</b>	83	76
% KS1 Reading GD	-	36	25	<b>54</b>	40	26	<b>50</b>	39	25
% KS1 Writing GD	-	21	16	<b>30</b>	24	16	<b>33</b>	23	15
% KS1 Maths GD	-	28	21	<b>45</b>	32	22	<b>40</b>	34	22

**Didcot**

	16/17	16/17	16/17	17/18	17/18	17/18	18/19	18/19	18/19
<b>Overall attainment</b>	<b>DPA</b>	<b>Oxon</b>	<b>Ntnl</b>	<b>DPA</b>	<b>Oxon</b>	<b>Ntnl</b>	<b>DPA</b>	<b>Oxon</b>	<b>Ntnl</b>
% GLD Reception	77	73	71	<b>80</b>	73	72	<b>78</b>	74	72
% Y1 Phonics	<b>80</b>	81	81	<b>88</b>	82	83	<b>87</b>	81	82
% KS1 Reading	<b>69</b>	76	76	<b>83</b>	77	75	<b>82</b>	77	75
% KS1 Writing	<b>54</b>	66	68	<b>80</b>	69	70	<b>72</b>	70	69
% KS1 Maths	<b>62</b>	75	75	<b>80</b>	77	76	<b>88</b>	76	76
% KS1 Reading GD	<b>22</b>	27	25	<b>20</b>	27	26	<b>33</b>	27	25
% KS1 Writing GD	<b>11</b>	16	16	<b>17</b>	15	16	<b>15</b>	15	15
% KS1 Maths GD	<b>22</b>	20	21	<b>20</b>	22	22	<b>25</b>	21	nya

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

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 interim targets 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 ensure that the Trust grows in leadership and capacity to effectively lead and manage the two open schools, open a third school by 2021 and achieves 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, Oxon in June 2019. The school will also offer a nursery for 2-4 year olds. The school will open in September 2020 with a brand new purpose built building on a new housing development. Further to this addition to the Trust, Kingston Borough Council has approved the sale of a site in Surbiton to the Department for Education which will house the Trust's third approved school, which has been in the pipeline since 2015.

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.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

#### *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: 8% (2018: 7%)

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: £1,778,104 (2018: £1,333,102)

- c) Total Income Grants: £2,278,682 (2018: £1,727,740)

- d) Staff costs as a percentage of grant income: 78% (2018: 67%)

- e) Net (outgoing)/incoming resources (before transfers and pension adjustments): (£518,945) (2018: (£370,331))

- f) Current Ratio (current assets/current liabilities): 2.3 (2018: 1.95)

- g) Liquidity (cash at bank and in hand): £498,990 (2018: £488,281)

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

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

Both schools have increased from their combined intake of 426 pupils in September 2018 to 587 pupils across six year groups in October 2019. Didcot Primary Academy is oversubscribed for years Reception to year five, and therefore has a waiting list, and is expecting to continue to be oversubscribed in 2020/21. The school has high attendance rates amongst those pupils that are on roll. The average attendance rate of the two schools was close to 97% in 2018/19.

##### **Ofsted inspection extracts**

GEMS Didcot Primary Academy had its first Ofsted inspection in June 2019 and the school was judged "Outstanding" in all areas.

"The headteacher, ably supported by senior leaders, is unwavering in her determination to provide the very best possible school experience for every pupil."

"Governance is clearly structured, well informed and highly effective. Trust representatives and school leaders work as a cohesive team, using their considerable skills to drive the school forward."

"The depth and quality of leadership, at all levels, is excellent. Middle and subject leaders are an effective team. Staff are supported and trained well. Their morale is high."

"The curriculum inspires staff and pupils because it is vibrant and thoughtfully planned."

"Pupils' skills, knowledge and understanding are developed exceptionally well across a range of carefully interconnected curriculum areas."

"Pupils' spiritual, moral, social and cultural education runs seamlessly as a unifying thread through all aspects of school life. All members of the school community understand and aspire to model the school's motto: 'be kind, be brilliant'. As a result, the school is a harmonious, high-achieving environment, which reflects fundamental British values."

"Teachers and teaching assistants know pupils well. Teachers use this understanding and their strong subject knowledge to plan activities that are expertly matched to pupils' abilities in all subjects. Teachers' and teaching assistants' use of questioning is highly effective."

"Pupils are happy, motivated and excited to learn. They demonstrate excellent attitudes, and enthusiastically rise to the high expectations set for them."

"Children get off to a great start in early years because of the outstanding leadership and provision. Children settle happily into school, thrive, and are well prepared for Year 1."

Across the school, current pupils, including those with special educational needs and or disabilities (SEND), and disadvantaged pupils, are making very good progress from their starting points to attain well across the curriculum. Nevertheless, leaders rightly aspire to ensuring that more disadvantaged pupils attain at higher standards."

"Parents are highly supportive of the school. All those who completed the Ofsted survey, Parent View, would recommend the school. Parents and school leaders are keen to explore ways of further developing their effective partnerships."

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

##### *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. 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 2019 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 2019. Despite being three quarters full, before transfers and pension adjustment, Twickenham Primary Academy achieved a surplus for the year of £21,034 and carries forward a surplus of £53,279. GEMS Didcot Primary Academy is fully subscribed is operating a waiting list for places in Reception at the start of September 2019, with a surplus of the year of £86,342 and a carried forward a surplus of £272,714. Central services has a deficit of £(15,783) and a carried for surplus of £46,683.

##### *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 currently has £19,707 in unspent capital grants issues for pre-opening ICT. Twickenham Primary Academy has a total of £6,617 unspent devolved formula capital grant.

Disclosure of funds in deficit is also included in the Funds Note in the financial statements note 14.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

##### *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.

##### *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 Finance 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 risks relating to this income may result from opening with low pupil numbers at GEMS Wantage Primary Academy in September 2020 and the effect of fluctuating pupil numbers at Twickenham. The trustees have laid out their strategies for dealing with these risks within the trust's risk register.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

##### *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:

##### *Pupil numbers*

There is a low risk of a deficit budget at GEMS Twickenham Primary Academy at the end of 2019/20 academic year due to low pupil numbers currently on roll in relation to reduced birth rates for this year group across the borough which is different to the predictions previously forecast by the LA. The academy drove a stronger marketing campaign, improved its website and promoted the excellent results through the local press for 2019/20 places. Take up of places increased from 41 in September 2018 to 52 September 2019. The recent Ofsted judgement, as expected had a positive impact on take up of places. Furthermore, in year numbers have increased. The ESFA funding was allocated for 222 pupils and the October 2019 Census reported 261, therefore the school is expecting a large in-year pupil number adjustment in 2019/20.

##### *Central trust funds*

The trust is now waiting to hear whether it will receive additional PDG funding for the school approved to open in Kingston. 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 risk*

Following the collapse of Carillion, the primary contractor at Didcot Primary Academy, Oxfordshire County Council have allocated £1 million to address and remedy the legacy defects left at the school as a result of the build process. In 2019/20, two meetings have been held with OCC plus additional correspondence with the Director of Children's Services have increased reassurance that the defects will be addressed but the school has yet to see a concrete schedule of works.

## GEMS LEARNING TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

#### *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. 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.

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

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

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 both Principals serve as ex-officio members of the local 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 2018/19. The planned growth from two schools to four schools has now moved to a more concrete footing. This will enable the Trust to form two viable geographic hubs, one in South West London and the other in Oxfordshire. We will now work on developing a model of collaboration to the benefit of the schools in each hub. The GEMS Wantage Primary Academy is planned for opening in September 2020 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. The Trust will also be involved in supporting the ESFA to gain planning permission for the building in Surbiton, Kingston upon Thames.

There may be 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. There will also be a review of governance skills and structures to ensure the board is fit for purpose.

#### **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 2019**

---

**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 20/11/19 and signed on its behalf by:



.....  
Dr Harry Ziman  
Chair of Trustees

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 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:

Trustees	Meetings attended	Out of possible
Dr Harry Ziman (Chair of Trustees)	3	3
Mr Joseph Garrod (Vice Chair of Trustees) (Resigned 1 April 2019)	1	1
Ms Joanna Croft (Accounting Officer)	3	3
Mr Rony Valeny	1	3
Ms Danielle West	1	3
Ms Leah Perring (Resigned 23 September 2019)	1	3
Ms Lara Robson (Appointed 1 October 2018)	3	3
Mrs Rowena Duff (Appointed 1 April 2019)	1	2
Mr Jason Murphy (Appointed 21 November 2019)		
Ms Parineet Dhillon (Appointed 21 November 2019)		
Mrs Paulina McGroarty (Appointed 18 November 2019)		

During the academic year, Harry Ziman was re-appointed as a director by members for a second term of office. Joe Garrod's four-year term of office came to an end in April 2019 and the Trust thanks him profusely for his dedication and support. Sanket Solanki was appointed but quickly resigned due to a promotion so Rowena Duff was appointed to support the Trust with her financial expertise. Also recently, Leah Perring resigned as she applied and was appointed as Principal Designate of GEMS Wantage Primary Academy. Since the end of this period. The Trust has carried out a rigorous selection process and is currently in the process of appointing three new directors.

## GEMS LEARNING TRUST

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

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 as also overseen growth and development of the Trust itself.

During this period the Board has functioned well. It has been a challenge to gather all directors around the table hence the decision to increase the number appointed. Committees work very well; attendance is high. Much of the work is done at this 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. Ofsted praised governance in their report of Didcot in June 2019. 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.

Much work has been done this year to sharpen the quality of data received by the board. They 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 Principals report 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, 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 six meetings annually; three Operations Committee meetings and three 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. This year the review has led to the recruitment of three new directors to add capacity to the board. There will also be an additional strategy review day scheduled this year to reflect on the end of our current 3-5 year plan and to develop and new one. The next annual review will take place in July 2020.

#### **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 2019**

---

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:

- Outstanding Ofsted judgement at GEMS Didcot Primary Academy with full on-site support from the Director of Education and CEO throughout the two-day inspection to assist the principal with joint observations and production of evidence for inspectors
- Deploying the Director of Education to conduct 20 visits per year to per school; supporting and challenging Principals and Senior Staff, setting and following up on short term targets and reporting progress directly to the CEO
- Higher than national average attainment and progress at both schools
- Effective management and retention of staff; low staff turnover and reduced workload strategies implemented swiftly
- Tight performance management of staff; pay increases only awarded for successful performance and meeting of all targets
- Effective use of pupil premium grant; targeted children showing increased attendance and rates of progress made
- Acquisition and implementation of Trust-wide budgeting software for tighter financial control
- Appointment of new Trust-wide payroll provider and successful transition from previous provider
- Capital investment in both schools – external play equipment at Didcot and internal sports facilities at Twickenham
- Increased additional income in both schools
- Award of GEMS Wantage Primary Academy – the Trust's fourth approved school
- 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 2018 to 31 August 2019 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 2018 to 31 August 2019 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 2019**

---

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

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

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.

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.

#### **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.

**GEMS LEARNING TRUST**

**GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

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 20/11/19 and signed on its behalf by:



Dr Harry Ziman  
Chair of Trustees



Ms Joanna Croft  
Accounting Officer

**GEMS LEARNING TRUST**

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

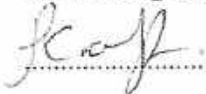
---

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 2018.

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 2018.

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

Ms Joanna Croft  
**Accounting Officer**



.....

## GEMS LEARNING TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

---

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 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 20/11/19 and signed on its behalf by:



Dr Harry Ziman  
Chair of Trustees

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### **Opinion**

We have audited the accounts of GEMS Learning Trust for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

### **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 2019**

---

**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 2019**

---

**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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMS LEARNING  
TRUST (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

---

**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**

.....

**Chartered Accountants  
Statutory Auditor**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO GEMS LEARNING TRUST AND THE EDUCATION & SKILLS  
FUNDING AGENCY  
FOR THE YEAR ENDED 31 AUGUST 2019**

---

In accordance with the terms of our engagement letter dated 21 April 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GEMS Learning Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO GEMS LEARNING TRUST AND THE EDUCATION & SKILLS  
FUNDING AGENCY (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

---

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Reporting Accountant**

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

Dated: .....

GEMS LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	1,194	-	73,948	75,142	126,540
Charitable activities:						
- Funding for educational operations	3	83,835	2,278,682	-	2,362,517	1,758,652
Other trading activities	4	109,637	-	-	109,637	102,364
<b>Total</b>		<b>194,666</b>	<b>2,278,682</b>	<b>73,948</b>	<b>2,547,296</b>	<b>1,987,556</b>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	6	10,872	2,428,103	627,266	3,066,241	2,357,887
<b>Total</b>	<b>5</b>	<b>10,872</b>	<b>2,428,103</b>	<b>627,266</b>	<b>3,066,241</b>	<b>2,357,887</b>
<b>Net income/(expenditure)</b>		<b>183,794</b>	<b>(149,421)</b>	<b>(553,318)</b>	<b>(518,945)</b>	<b>(370,331)</b>
Transfers between funds	14	(97,505)	85,725	11,780	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	16	-	(73,000)	-	(73,000)	86,000
Revaluation of property	10	-	-	9,712,417	9,712,417	-
<b>Net movement in funds</b>		<b>86,289</b>	<b>(136,696)</b>	<b>9,170,879</b>	<b>9,120,472</b>	<b>(284,331)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		154,141	45,942	8,908,266	9,108,349	9,392,680
Total funds carried forward		240,430	(90,754)	18,079,145	18,228,821	9,108,349

GEMS LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
<b>Income and endowments from:</b>					
Donations and capital grants	2	5,666	-	120,874	126,540
Charitable activities:					
- Funding for educational operations	3	30,912	1,727,740	-	1,758,652
Other trading activities	4	102,364	-	-	102,364
<b>Total</b>		<u>138,942</u>	<u>1,727,740</u>	<u>120,874</u>	<u>1,987,556</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	6	13,775	1,836,790	507,322	2,357,887
<b>Total</b>	5	<u>13,775</u>	<u>1,836,790</u>	<u>507,322</u>	<u>2,357,887</u>
<b>Net income/(expenditure)</b>		125,167	(109,050)	(386,448)	(370,331)
Transfers between funds	14	(51,975)	51,878	97	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	16	-	86,000	-	86,000
<b>Net movement in funds</b>		73,192	28,828	(386,351)	(284,331)
<b>Reconciliation of funds</b>					
Total funds brought forward		80,949	17,114	9,294,617	9,392,680
Total funds carried forward		<u>154,141</u>	<u>45,942</u>	<u>8,908,266</u>	<u>9,108,349</u>

**GEMS LEARNING TRUST**

**BALANCE SHEET**

**AS AT 31 AUGUST 2019**

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		18,052,821		8,875,399
<b>Current assets</b>					
Debtors	12	206,846		154,942	
Cash at bank and in hand		498,990		488,281	
			705,836		643,223
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(306,836)		(329,273)	
<b>Net current assets</b>			399,000		313,950
<b>Net assets excluding pension liability</b>			18,451,821		9,189,349
Defined benefit pension scheme liability	16		(223,000)		(81,000)
<b>Total net assets</b>			18,228,821		9,108,349
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	14				
- Fixed asset funds			18,079,145		8,908,266
- Restricted income funds			132,246		126,942
- Pension reserve			(223,000)		(81,000)
<b>Total restricted funds</b>			17,988,391		8,954,208
<b>Unrestricted income funds</b>	14		240,430		154,141
<b>Total funds</b>			18,228,821		9,108,349

The accounts set out on pages 34 to 61 were approved by the Board of Trustees and authorised for issue on 20/11/19, and are signed on its behalf by:

  
 Dr Harry Ziman  
 Chair of Trustees

Company Number 08346116

GEMS LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

---

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	18		29,032		93,778
<b>Cash flows from investing activities</b>					
Capital grants from DfE Group		25,101		10,565	
Capital funding received from sponsors and others		48,847		110,309	
Purchase of tangible fixed assets		(92,271)		(150,102)	
<b>Net cash used in investing activities</b>			<u>(18,323)</u>		<u>(29,228)</u>
<b>Net increase in cash and cash equivalents in the reporting period</b>			10,709		64,550
Cash and cash equivalents at beginning of the year			488,281		423,731
<b>Cash and cash equivalents at end of the year</b>			<u>498,990</u>		<u>488,281</u>

---

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### 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 receivable

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.

###### 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.

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

(Continued)

##### 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 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.

##### 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.

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

(Continued)

##### Governance costs

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

#### 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
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.

#### 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 Leasing and hire purchase commitments

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

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

(Continued)

##### 1.8 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.

##### 1.9 Pensions benefits

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit schemes and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. 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 are 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.

##### 1.10 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.

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

(Continued)

##### 1.11 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.

##### 1.12 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 2019**

---

**1 Accounting policies**

**(Continued)**

**1.13 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.

**1.14 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 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 2019

---

#### 1 Accounting policies

(Continued)

##### Pension Liability Provision

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 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

##### (1) The "McCloud/Sargeant judgement"

This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by 5% of annualised pensionable pay over the accounting period ending 31 August 2019. This is reflected as a past service cost, within staff costs, and detailed in note 16 of £10,000

##### (2) Guaranteed Minimum Pension (GMP)

GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

# GEMS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### (3) Discount rates

There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

#### (4) Mortality assumptions

Details of the changes in mortality assumptions are shown in note 16. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

#### Critical areas of judgement

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

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	73,948	73,948	120,874
Other donations	1,194	-	1,194	5,666
	<u>1,194</u>	<u>73,948</u>	<u>75,142</u>	<u>126,540</u>

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,684,786	1,684,786	1,257,155
Other DfE group grants	-	442,815	442,815	348,640
	-	2,127,601	2,127,601	1,605,795
<b>Other government grants</b>				
Local authority grants	-	141,093	141,093	121,945
Special educational projects	-	9,988	9,988	-
	-	151,081	151,081	121,945
<b>Other funding</b>				
Other incoming resources	83,835	-	83,835	30,912
<b>Total funding</b>	<b>83,835</b>	<b>2,278,682</b>	<b>2,362,517</b>	<b>1,758,652</b>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	16,372	-	16,372	46,306
Catering income	28,607	-	28,607	7,823
After school and breakfast clubs	48,602	-	48,602	35,398
Other income	16,056	-	16,056	12,837
	109,637	-	109,637	102,364

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	749,547	-	184,738	934,285	618,543
- Allocated support costs	1,028,557	877,147	226,252	2,131,956	1,739,344
	<u>1,778,104</u>	<u>877,147</u>	<u>410,990</u>	<u>3,066,241</u>	<u>2,357,887</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for audit services	15,000	14,250
Operating lease rentals	1,195	-
Depreciation of tangible fixed assets	627,266	507,322
Net interest on defined benefit pension liability	2,000	2,000
	<u>645,461</u>	<u>1,023,572</u>

6 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	7,263	927,022	934,285	618,543
<b>Support costs</b>				
Educational operations	3,609	2,128,347	2,131,956	1,739,344
	<u>10,872</u>	<u>3,055,369</u>	<u>3,066,241</u>	<u>2,357,887</u>

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	1,028,557	827,690
Depreciation	627,266	507,322
Technology costs	1,354	749
Premises costs	249,881	182,969
Other support costs	182,449	178,765
Governance costs	42,449	41,849
	<u>2,131,956</u>	<u>1,739,344</u>

**GEMS LEARNING TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

**7 Staff**

**Staff costs**

Staff costs during the year were:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,273,779	611,472
Social security costs	109,093	86,317
Pension costs	257,510	197,403
	<hr/>	<hr/>
Amounts paid to employees	1,640,382	895,192
Agency staff costs	115,470	68,365
	<hr/>	<hr/>
Amounts paid to staff	1,755,852	963,557
Staff development and other staff costs	22,252	369,545
	<hr/>	<hr/>
Total staff expenditure	<u>1,778,104</u>	<u>1,333,102</u>

**Staff numbers**

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Teachers	18	12
Administration and support	28	23
Management	8	6
	<hr/>	<hr/>
	54	41
	<hr/>	<hr/>

**Higher paid staff**

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	3	2
	<hr/>	<hr/>

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

#### 7 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 £232,383 (2018: £231,884).

#### 8 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 £3,098 (2018: £1,395) were reimbursed to 4 trustees (2018: 4 Trustees).

The value of trustees remuneration was as follows:

	Remuneration	
	2019	2018
Joanna Croft (CEO)	£60,000 - £65,000	£55,000 - £60,000
Alison Ashcroft (Principal)	£65,000 - £70,000	£60,000 - £65,000
Teresa de Quincey (Director of Education)	£25,000 - £30,000	£35,000 - £40,000
John Smith (Principal)	£65,000 - £70,000	£60,000 - £65,000
	<b>Employer's pension contributions</b>	
	<b>2019</b>	<b>2018</b>
Joanna Croft (CEO)	£Nil - £5,000	£Nil - £5,000
Alison Ashcroft (Principal)	£10,000 - £15,000	£10,000 - £15,000
Teresa de Quincey (Director of Education)	£Nil - £Nil	£Nil - £Nil
John Smith (Principal)	£Nil - £Nil	£Nil - £Nil

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

##### 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 2019**

**9 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.

**10 Tangible fixed assets**

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2018	9,256,142	349,190	218,298	9,823,630
Additions	25,500	41,409	25,362	92,271
Revaluation	9,712,417	-	-	9,712,417
	<u>18,994,059</u>	<u>390,599</u>	<u>243,660</u>	<u>19,628,318</u>
<b>Depreciation</b>				
At 1 September 2018	652,583	245,513	50,135	948,231
Charge for the year	525,283	67,620	34,363	627,266
	<u>1,177,866</u>	<u>313,133</u>	<u>84,498</u>	<u>1,575,497</u>
<b>Net book value</b>				
At 31 August 2019	<u>17,816,193</u>	<u>77,466</u>	<u>159,162</u>	<u>18,052,821</u>
At 31 August 2018	<u>8,603,559</u>	<u>103,677</u>	<u>168,163</u>	<u>8,875,399</u>

The Twickenham Property was revalued by Montagu Evans in the year. The building value was revalued to £4,555,000, while the land was revalued to £7,415,000.

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>11 Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	594,443	556,946
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	170,391	154,367
	<u>          </u>	<u>          </u>
<p>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.</p>		
<b>12 Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	10,225
VAT recoverable	29,006	16,234
Other debtors	424	-
Prepayments and accrued income	177,416	128,483
	<u>          </u>	<u>          </u>
	206,846	154,942
	<u>          </u>	<u>          </u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	62,943	53,990
Other taxation and social security	28,548	21,410
ESFA creditors	2,494	1,367
Other creditors	23,169	15,641
Accruals and deferred income	189,682	236,865
	<u>          </u>	<u>          </u>
	306,836	329,273
	<u>          </u>	<u>          </u>

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<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>					
Inherited 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	<u>154,141</u>	<u>194,666</u>	<u>(10,872)</u>	<u>(97,505)</u>	<u>240,430</u>
<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 2019

---

#### 14 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 2019.

##### **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 2019.

##### **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 2019

14 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	95,408	1,257,155	(1,319,555)	51,878	84,886
Other DfE / ESFA grants	10,336	348,640	(333,818)	-	25,158
Other government grants	10,681	121,945	(119,417)	-	13,209
Other restricted funds	3,689	-	-	-	3,689
Pension reserve	(103,000)	-	(64,000)	86,000	(81,000)
	<u>17,114</u>	<u>1,727,740</u>	<u>(1,836,790)</u>	<u>137,878</u>	<u>45,942</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	6,271,732	-	-	-	6,271,732
DfE group capital grants	3,022,885	120,874	(507,322)	97	2,636,534
	<u>9,294,617</u>	<u>120,874</u>	<u>(507,322)</u>	<u>97</u>	<u>8,908,266</u>
<b>Total restricted funds</b>	<u>9,311,731</u>	<u>1,848,614</u>	<u>(2,344,112)</u>	<u>137,975</u>	<u>8,954,208</u>
<b>Unrestricted funds</b>					
General funds	<u>80,949</u>	<u>138,942</u>	<u>(13,775)</u>	<u>(51,975)</u>	<u>154,141</u>
<b>Total funds</b>	<u>9,392,680</u>	<u>1,987,556</u>	<u>(2,357,887)</u>	<u>86,000</u>	<u>9,108,349</u>

**GEMS LEARNING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**14 Funds**

**(Continued)**

**Total funds analysis by academy**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fund balances at 31 August 2019 were allocated as follows:		
GEMS Twickenham Primary Academy	53,279	32,244
GEMS Didcot Primary Academy	272,714	186,372
Central services	46,683	62,467
	<u>372,676</u>	<u>281,083</u>
Restricted fixed asset fund	18,079,145	8,908,266
Pension reserve	(223,000)	(81,000)
	<u>18,228,821</u>	<u>9,108,349</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 2019</b>	<b>Total 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
GEMS Didcot Primary Academy	778,440	93,552	95,647	277,094	1,244,733	931,568
GEMS Twickenham Primary Academy	623,489	66,872	52,589	267,445	1,010,395	740,979
Central services	-	110,471	-	-	110,471	113,997
	<u>1,401,929</u>	<u>270,895</u>	<u>148,236</u>	<u>544,539</u>	<u>2,365,599</u>	<u>1,786,544</u>

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

---

<b>15 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	133,765	152,129
	<u>          </u>	<u>          </u>
Deferred income at 1 September 2018	152,129	44,667
Released from previous years	(152,129)	(44,667)
Resources deferred in the year	133,765	152,129
	<u>          </u>	<u>          </u>
<b>Deferred income at 31 August 2019</b>	<b>133,765</b>	<b>152,129</b>
	<u>          </u>	<u>          </u>

#### **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 2019 is £223,000 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019

---

16 Pension and similar obligations

(Continued)

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

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

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

**Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

**Scheme changes**

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

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

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

The employer's pension costs paid to the TPS in the period amounted to £67,263 (2018: £81,682 ).

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

**GEMS LEARNING TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

**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 2019 was £95k (2018: £73k), of which employer's contributions totalled £80k (2018: £58k) and employees' contributions totalled £22k (2018: £15k). The agreed contribution rates for future years are 23.8% (2018: 23.8%) for employers and between 5.5% and 12.5% (2018: 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>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Employer's contributions	80,000	58,000
Employees' contributions	22,000	15,000
	<u>          </u>	<u>          </u>
Total contributions	<u>102,000</u>	<u>73,000</u>

<b>Principal actuarial assumptions</b>	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.58	3.53
Rate of increase for pensions in payment/inflation	2.33	2.33
Discount rate for scheme liabilities	1.83	2.68
Inflation assumption (CPI)	2.23	
	<u>          </u>	<u>          </u>

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

	<b>2019</b>	<b>2018</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	23.1	24
- Females	24.6	25.8
Retiring in 20 years		
- Males	24.6	26.3
- Females	26.2	28.2
	<u>          </u>	<u>          </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 2019**

**16 Pension and similar obligations**

**(Continued)**

The Academy Trust's share of the assets in the scheme	<b>2019</b>	<b>2018</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	312,000	191,000
Total market value of assets	<u>312,000</u>	<u>191,000</u>

The actual return on scheme assets was £21,000 (2018: £10,000).

Amount recognised in the Statement of Financial Activities	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current service cost	137,000	120,000
Past service cost	10,000	-
Interest income	(6,000)	(3,000)
Interest cost	8,000	5,000
Total operating charge	<u>149,000</u>	<u>122,000</u>

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

**2019**  
**£**

At 1 September 2018	272,000
Current service cost	137,000
Interest cost	8,000
Employee contributions	22,000
Actuarial loss/(gain)	88,000
Benefits paid	(2,000)
Past service cost	10,000
At 31 August 2019	<u>535,000</u>

GEMS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Pension and similar obligations

(Continued)

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

	2019 £
At 1 September 2018	191,000
Interest income	6,000
Actuarial gain	15,000
Employer contributions	80,000
Employee contributions	22,000
Benefits paid	(2,000)
	<hr/>
At 31 August 2019	312,000
	<hr/> <hr/>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General    Fixed asset £            £		Total Funds £
<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)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total net assets</b>	240,430	(90,754)	18,079,145	18,228,821
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Unrestricted Funds £	Restricted funds: General    Fixed asset £            £		Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	8,875,399	8,875,399
Current assets	483,414	126,942	32,867	643,223
Creditors falling due within one year	(329,273)	-	-	(329,273)
Defined benefit pension liability	-	(81,000)	-	(81,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total net assets</b>	154,141	45,942	8,908,266	9,108,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## GEMS LEARNING TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019	2018
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(518,946)	(370,331)
Adjusted for:		
Capital grants from DfE and other capital income	(73,948)	(120,874)
Defined benefit pension costs less contributions payable	67,000	62,000
Defined benefit pension scheme finance cost	2,000	2,000
Depreciation of tangible fixed assets	627,267	507,322
(Increase)/decrease in debtors	(51,904)	198,785
(Decrease) in creditors	(22,437)	(185,124)
<b>Net cash provided by operating activities</b>	<u>29,032</u>	<u>93,778</u>

#### 19 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.

#### 20 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.

