

REGISTERED COMPANY NUMBER: 08916147 (England and Wales)

Report of the Trustees and
Financial Statements for the Year Ended 31st August 2018
for
Pear Tree Alliance

UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Pear Tree Alliance

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for the Year Ended 31st August 2018

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Reference and Administrative Details
for the Year Ended 31st August 2018

MEMBERS

R Hadfield
A Edleston
J Angus
S Holden
M Stone

TRUSTEES

J Angus
R Hadfield (resigned 31.8.18)
S Holden
R Jones
Z Buggie
A Edleston (Principal & Accounting Officer)
D Gallagher
J Hillman
K Morrell (appointed 12.12.17)
K Shand
J Saunders-Bain (appointed 16.10.17) (resigned 12.4.18)
L Wrenshall (resigned 11.12.17)

SENIOR MANAGEMENT TEAM

L Wrenshall (Teacher)
L Newman (Teacher)
A Edleston (Principal & Accounting Officer)
R Hadfield (Deputy Headteacher)

REGISTERED OFFICE

Pear Tree Primary School
Pear Tree Field
Stapeley
Nantwich
CW5 7GZ

**REGISTERED COMPANY
NUMBER**

08916147 (England and Wales)

AUDITORS

UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Reference and Administrative Details
for the Year Ended 31st August 2018

BANKERS

Lloyds Bank Plc
13 Victoria Street
Crewe
CW1 2JQ

Report of the Trustees
for the Year Ended 31st August 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st August 2018. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period to 31st August 2018. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates 1 primary academy in Nantwich. The academy has pupil capacity of 210 and had a roll of 216 in the school census in May 2018.

Report of the Trustees
for the Year Ended 31st August 2018

OBJECTIVES AND ACTIVITIES

Objectives and aims

In 2017-18 Pear Tree School continued its focus on improving standards of teaching and learning through a range of initiatives, the results of which are evident in the good progress made by most children.

The academy trust's main strategy is encompassed in its mission statement which is:

"Pear Tree School - Being our Best Selves..."

Pear Tree Primary School nurtures every child to enable them to achieve beyond expectations, develop into confident individuals with a lifelong love of learning and equipped with the skills they need to thrive in a rapidly changing world.

PEAR TREE PRIMARY SCHOOL LEAVERS WILL BE:

- Caring, respectful, with good social skills underpinned with honesty and integrity
- Imaginative individuals, thinking critically and reflectively
- Masters of the basic skills in all areas of learning
- Confident, independent and resilient learners for life
- Respectful of diversity and value all communities
- Secure in their own set of personal values and guiding principles

We aim to:

- Promote high standards of teaching, learning and life skills
- Ensure that everyone achieves his or her potential irrespective of race, gender or physical capability and
- Provide a happy, supportive and safe environment

Planned in accordance with the national Curriculum we provide a meaningful, broad based curriculum that recognises the importance of knowledge and experience and ensures that all our pupils leave having had the opportunity to develop a positive, balanced and responsible attitude towards themselves and others.

We provide a broad cross-curricular approach to the core and foundation subjects enriched through the Arts, in all year groups.

The School Development Plan objectives, focused specifically on the following in 2017-18:

- Actively engage with the LA to address local need for school places across the town.
- Develop new role of shadow SENCO.
- Engage new IT engineers to maintain school IT provision and audit IT hardware and ensure school ready to comply with requirements of the General Data Protection Regulation (GDPR) which came into force May 25th 2018.
- Total review of whole school curriculum to ensure coverage and tracking developed and the role of the curriculum co-ordinators.
- Focus on writing across the school to build reading stamina, purpose and reward for writing.
- Focus on Science to build confidence.
- Focus on Maths (Yr. 1 of two year programme).
- Focus on IT - purchase new equipment to develop staff ability to deliver curriculum to whole class. Implement new curriculum planning tools.
- Introduce weekly Forest Schools work in conjunction with EHS work to develop Forest School area and focus on developing resilience and risk taking in pupils.
- High achievement of all pupils in school to reach ARE + in line with National averages and above.
- Purchase new laptops and embed into IT curriculum.
- Engage in NEP wide Emotionally Healthy Schools Programme.

Report of the Trustees
for the Year Ended 31st August 2018

OBJECTIVES AND ACTIVITIES

Objectives and aims

Public benefit

Pear Tree School is an academy converter catering for children aged 4-11 and strives to promote and support the advancement of education within the Nantwich area. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example the school works with:

- Music for Life
- The Love Music Trust
- North West Drama
- Head into the Wild
- North West Coaching
- Crewe and Nantwich Sports Partnership

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities e.g;

- Nantwich Young Voices
- Boot Camp
- Red Wellies Nursery
- Excel Gym

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment and by making support resources available.

Report of the Trustees
for the Year Ended 31st August 2018

STRATEGIC REPORT

Achievement and performance

Charitable activities

The trustees were generally pleased with the main academic achievement in the period, which can be summarised as follows:

Normally pupils achieve high standards of attainment at Pear Tree School. Results in the end of key stage tests in English and Mathematics have been above the national averages for the past three years. In 2018 results were above national averages in EYFS, Phonics, Key Stage 1 and Key Stage 2.

Pupils make good progress in Reception Year due to quality of provision and by the end their attainment is above average. Pupils mostly make good progress through Key stages 1 and 2.

There are small numbers of pupils in the School with disabilities or special needs who are eligible for the pupil premium. The data indicates that some of these are now making expected or better progress due to well-targeted and effective interventions. Some still show attainment and progress that is lower than other groups. This continues to be addressed by the Senior Leadership Team.

Key financial performance indicators

The trustees consider that the following are key performance indicators for the academy trust:

- Pupils numbers (leading directly to the Education and Skills Funding Agency (ESFA) funding level
- General financial stability - aim for income to match expenditure each year
- Percentage of income received from ESFA spent on total staff costs

The trustees have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

Financial review

Financial position

Most of the academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2018 total expenditure of £1,151,000 was covered by total incoming resources of £1,340,000 leaving net incoming resources of £189,000 before actuarial movements on defined benefit pension schemes.

The actuarial gain on the Local Government Pension Scheme of £74,000, part of a total pension liability of £417,000, resulted in an overall net increase in funds of £263,000.

At 31 August 2018 the net book value of fixed assets was £2,129,000 and movements in tangible fixed assets are shown in the notes to the financial statements. During the year the assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Reserves policy

The trustees review the reserve levels of the academy trust throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves.

Report of the Trustees
for the Year Ended 31st August 2018

STRATEGIC REPORT

Financial review

Going concern

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

Principal risks and uncertainties

The main risks that the academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans.

Operational and reputational - this covers risks to the running of the School (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

Financial - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management

The risks to which the academy trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations and the financial position of the staff pension schemes. External incidents can also disrupt the activities of the School.

Financial and risk management objectives and policies

The academy trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise from its operations.

The main risks arising from the trust's financial activities are liquidity risk and interest rate risk;

Liquidity risk - the trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - the trust earns interest on cash deposits. With interest rates currently low, the directors will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the trust's assets.

Credit risk arises from the possibility that amounts owed to the trust will not be repaid. The trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Future plans

The trustees' main plans for future years are:

- Recruit, retain and develop an outstanding teaching, management and support staff team
- Provide an outstanding education for all our children, with the highest standards of teaching and learning and support to ensure that every child achieves their full potential
- Develop the school's facilities, space, IT infrastructure and resources so it can fulfil ambitious educational aims
- Work with staff, parents and other local schools and organisations, to provide exceptional opportunities for local children
- Ensure effective financial management and governance to keep the School secure and protected as far as possible from risk in difficult economic times.

Report of the Trustees
for the Year Ended 31st August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity constitution

The academy trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the academy trust.

The trustees are also the directors of the academy trust for the purposes of company law. Details of the trustees who served throughout the period except as noted are included in the Reference and Administrative Details page.

The academy trust currently consists of one school, namely Pear Tree School.

Members' liability

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

Trustees' Indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

The academy trust's principal object is to manage the school's provision of education to pupils between the ages of 4 and 11.

Recruitment and appointment of new trustees

Under the terms of its articles, the academy trust shall have the following trustees:

- Up to 3 trustees, appointed under Article 50
- Any staff trustees up to 1/3rd of the total, if appointed under Article 50B
- A minimum of 2 parent trustees appointed under Article 53
- The Chief Executive Officer
- Any additional trustees, if appointed under Article 53
- Any co-opted trustees, if appointed under Article 58

The Trustees who were in office at 31 August 2018 and served throughout the year, except where shown, are listed on the Reference and Administrative Details page.

Report of the Trustees
for the Year Ended 31st August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The organisational structure consists of three levels; the trustees, the Senior Leadership Team and staff team. The aim of the management structure is to develop responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy contributing to and setting the strategic direction of the school, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. The Senior Leadership Team comprises the Headteacher, Deputy Headteacher and two Senior Leaders one of whom is the SENCO. These managers control the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for the Headteacher always contain a Trustee. Some spending control is devolved to members of the staff team, with limits above which a member of the Senior Leadership Team must countersign.

The staff team includes curriculum leaders. Along with the Senior Management Team these managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Induction and training of new trustees

During the period under review the Full Governing Body met 3 times and there were 6 committee meetings. The training and induction provided for new trustees depends on their previous experience. All new trustees are given a tour of the school and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. New trustees attend an induction course provided by the school and have access to a full programme of courses which they may choose to attend, based on their role and experience.

Report of the Trustees
for the Year Ended 31st August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management remuneration

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on the Reference and Administrative page.

The pay policy, setting the terms and conditions for the key management personnel, was set and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies and local authority. Naturally the Headteacher was not involved in setting his/her own remuneration package.

The day to day running of the pay policy is delegated to the Headteacher and monitored by the finance and strategic development committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked closely to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and in recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provide value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Related parties

Pear Tree Primary School Parent Teacher Association, is a separately registered charity, registration number 40356. It is not part of the academy trust but it organises various fundraising events to provide facilities for the pupils of the School.

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision effective system of internal financial controls and this is explained in more detail in the Governance Statement of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remain they have ensured they have adequate insurance cover.

Trade union facility time

The trust had no employees who were relevant Trade Union Officials during the year.

AUDITORS

The auditors, UHY Hacker Young, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Pear Tree Alliance

Report of the Trustees
for the Year Ended 31st August 2018

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 27th November 2018 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'S Holden', written in a cursive style.

S Holden - Trustee

Pear Tree Alliance

Governance Statement for the Year Ended 31st August 2018

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Pear Tree Alliance 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Principal, 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 Pear Tree Alliance and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees 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:

| Trustee | Meetings attended | Out of a possible |
|-----------------|--------------------------|--------------------------|
| S Holden | 3 | 3 |
| R Jones | 3 | 3 |
| J Angus | 3 | 3 |
| Z Buggie | 2 | 3 |
| K Shand | 1 | 3 |
| D Gallagher | 1 | 3 |
| K Morrell | 3 | 3 |
| J Hillman | 3 | 3 |
| J Saunders-Bain | 1 | 2 |
| A Edleston | 3 | 3 |

Review of Value for Money

As accounting officer the head teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by ensuring the following:

Members apply the four principles of best value.

Challenge: Is the school's performance high enough? Why and how is a service provided? Can it be delivered differently? What do stakeholders require? Do we support the school's vision and principles?

Compare: How does the school's pupil performance and financial performance compare with all schools? How does it compare with Cheshire East schools? How does it compare with similar schools?

Consult: How does the school seek the views of stakeholders about the services the school provides?

Governance Statement
for the Year Ended 31st August 2018

Review of Value for Money

Compete: How does the school secure efficient and effective services? Are services of appropriate quality, economic?

The Trustees' Approach

The Trustees and Senior Leadership Team apply the principles of best value when making decisions about:

- The allocation of resources to best promote the vision and principles of the school.
- The targeting of resources to best improve standards and the quality of provision.
- The use of resources to best support the various educational needs of all groups of pupils.

Trustees, and Senior Leadership Team, will:

- Make comparisons with other/similar schools using data provided by Cheshire East and the Government, e.g. benchmarking tools, quality of teaching, pupil achievement measures, and levels of expenditure.
- Challenge proposals, examining them for effectiveness, efficiency and cost
- Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup.
- Consult individuals and organisations on quality/suitability of service we provide to stakeholders and services we receive from providers.
- Continue to target income generation.

This will apply particular to:

- Staffing
- Use of resources
- Quality of teaching
- Quality of learning
- Purchasing
- Pupils' welfare
- Health and safety

Monitoring

These areas will be monitored for best value by:

1. In-house monitoring by the Headteacher/Deputy Headteacher and Senior Leadership team by such methods as classroom observations and work scrutiny and learning walks.

Governance Statement
for the Year Ended 31st August 2018

Review of Value for Money

2. Termly target setting between the Senior Leaders and teaching staff/support staff.
3. Staff Appraisal
4. Annual Budget Planning
5. Analysis of school pupil performance data against similar Cheshire East schools and analysis of Cheshire East financial data against bench mark data for similar schools.
6. Analysis of DFE pupil performance data
7. Ofsted Inspection reports
8. Trustees' committee meetings
9. Trustees' meetings.

Our trust employs approved auditors and accounting systems which are overseen by the Members and Trustees who have business, financial and accounting experience and expertise. Under their scrutiny and as a result of regular reports, cash flow, bank balances and spending are managed and considered all within the context of risk management.

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 charitable company 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 Pear Tree Alliance for the period 1st September 2017 to 31st August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1st September 2017 to 31st August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- Regular reviews by the Finance and strategic development committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programme
- Setting targets to measure financial and other performance

Governance Statement
for the Year Ended 31st August 2018

The Risk and Control Framework

- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management risks

The board of trustees has considered the need for a specific internal audit function and has appointed auditors through UHY Hacker Young to undertake the responsible officer role and complete an internal audit of financial practices twice a year.

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

- Testing of payroll systems
- Testing of purchases and creditors system
- Testing of control accounts/bank reconciliations
- Testing of capital purchases
- Testing of income received
- Testing of VAT reclaims

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

During the year ended 31st August 2018 the internal audit, and previously the Responsible Officer function has been fully delivered in line with the requirements of the Education and Skills Funding Agency.

Review of Effectiveness

As Accounting Officer the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- The work of the Responsible officer
- The work of the external auditors
- The financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework
- Review of Value for Money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The setting up of 'Pear Tree in Partnership' (PIPs) before and after school provision
- Generating additional income through extending rental/hire opportunities
- Running courses

Pear Tree Alliance

Governance Statement
for the Year Ended 31st August 2018

Approved by order of the members of the board of trustees on 27th November 2018 and signed on its behalf by:



S Holden - Trustee



Miss A Edleston - Accounting Officer
~~Mr.~~

Pear Tree Alliance

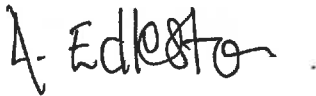
Statement on Regularity, Propriety and Compliance
for the Year Ended 31st August 2018

As accounting officer of Pear Tree Alliance I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company 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 2017.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

- Services totalling £4,490 were provided by a connected party. These services exceed the 'at cost' De minimis of £2,500 and as a result should have been provided 'at cost' to the academy trust.



~~Miss~~ A Edleston - Accounting Officer
Mrs.

27th November 2018

Pear Tree Alliance

Statement of Trustees Responsibilities for the Year Ended 31st August 2018

The trustees (who act as governors of Pear Tree Alliance and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 27th November 2018 and signed on it's behalf by:



S Holden - Trustee

Report of the Independent Auditors to the Members of Pear Tree Alliance

Opinion

We have audited the financial statements of Pear Tree Alliance (the 'charitable company') for the year ended 31st August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2018 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 Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

Report of the Independent Auditors to the Members of
Pear Tree Alliance

Opinion on other matters prescribed by the Companies Act 2006

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

Report of the Independent Auditors to the Members of
Pear Tree Alliance



Mr Nicolaus Stuart Jenkins (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

27th November 2018

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pear Tree Alliance during the period 1st September 2017 to 31st August 2018 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 Pear Tree Alliance and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Pear Tree Alliance and the 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 Pear Tree Alliance and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Pear Tree Alliance's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Pear Tree Alliance's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2017, 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 2017 to 2018. 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 1st September 2017 to 31st August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

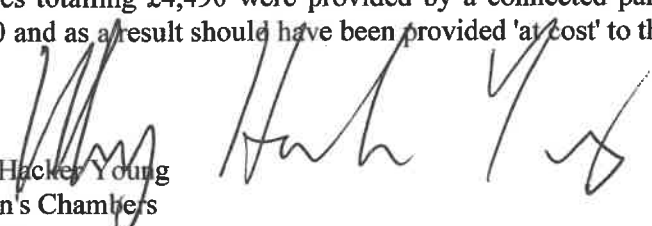
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the charitable company's income and expenditure.

Conclusion

In the course of our work, except for the matter listed below nothing has come to our attention which suggests that in material respects the expenditure disbursed and income received during the year ended 31st August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Exception Matter

Services totalling £4,490 were provided by a connected party. These services exceed the 'at cost' De minimis of £2,500 and as a result should have been provided 'at cost' to the academy trust.



UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

27th November 2018

Pear Tree Alliance

Statement of Financial Activities
for the Year Ended 31st August 2018

| | | | | | 31.8.18 | 31.8.17 |
|--|-------|-------------------------------|------------------------------|--|-------------------------|-------------------------|
| | Notes | Unrestricted fund £'000 | Restricted funds £'000 | Restricted fixed asset fund £'000 | Total funds £'000 | Total funds £'000 |
| INCOME AND | | | | | | |
| ENDOWMENTS FROM | | | | | | |
| Donations and capital grants | 3 | 4 | 2 | 275 | 281 | 11 |
| Charitable activities | | | | | | |
| Funding for the academy's educational operations | 4 | 115 | 935 | - | 1,050 | 1,011 |
| Other trading activities | 5 | 9 | - | - | 9 | 5 |
| Total | | 128 | 937 | 275 | 1,340 | 1,027 |
| EXPENDITURE ON | | | | | | |
| Charitable activities | | | | | | |
| Academy's educational operations | | 77 | 1,039 | 35 | 1,151 | 1,076 |
| NET | | | | | | |
| INCOME/(EXPENDITURE) | | 51 | (102) | 240 | 189 | (49) |
| Transfers between funds | 18 | (25) | (2) | 27 | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains/losses on defined benefit schemes | | - | 74 | - | 74 | 174 |
| Net movement in funds | | 26 | (30) | 267 | 263 | 125 |
| RECONCILIATION OF FUNDS | | | | | | |
| Total funds brought forward | | 71 | (386) | 2,128 | 1,813 | 1,688 |
| TOTAL FUNDS CARRIED FORWARD | | 97 | (416) | 2,395 | 2,076 | 1,813 |

The notes form part of these financial statements

Pear Tree Alliance

Balance Sheet
At 31st August 2018

| | Notes | 31.8.18 £'000 | 31.8.17 £'000 |
|---|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 12 | 2,129 | 2,119 |
| CURRENT ASSETS | | | |
| Debtors | 13 | 53 | 23 |
| Cash at bank | | 388 | 163 |
| | | <u>441</u> | <u>186</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | (77) | (42) |
| NET CURRENT ASSETS | | <u>364</u> | <u>144</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,493 | 2,263 |
| PENSION LIABILITY | 19 | (417) | (450) |
| NET ASSETS | | <u>2,076</u> | <u>1,813</u> |
| FUNDS | 18 | | |
| Unrestricted funds | | 98 | 71 |
| Restricted funds: | | | |
| General Annual Grant (GAG) | | - | 64 |
| Pension reserve | | (417) | (450) |
| Fixed Asset Fund - Transfer on conversion | | 2,063 | 2,087 |
| Fixed Asset Fund - DFE/EFSA capital grants | | 304 | 38 |
| Fixed Asset Fund - Capital Expenditure from GAG | | 28 | 3 |
| | | <u>1,978</u> | <u>1,742</u> |
| TOTAL FUNDS | | <u>2,076</u> | <u>1,813</u> |

The notes form part of these financial statements

Pear Tree Alliance

Balance Sheet - continued
At 31st August 2018

The financial statements were approved by the Board of Trustees on 27th November 2018 and were signed on its behalf by:



S Holden -Trustee

The notes form part of these financial statements

Pear Tree Alliance

Cash Flow Statement
for the Year Ended 31st August 2018

| | Notes | 31.8.18 £'000 | 31.8.17 £'000 |
|---|-------|-------------------|-------------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | (7) | 9 |
| | | <u> </u> | <u> </u> |
| Net cash provided by (used in) operating activities | | (7) | 9 |
| | | <u> </u> | <u> </u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (45) | (9) |
| Capital grants from DfE/ESFA | | 277 | 8 |
| Sale of tangible fixed assets | | - | 1 |
| | | <u> </u> | <u> </u> |
| Net cash provided by (used in) investing activities | | 232 | - |
| | | <u> </u> | <u> </u> |
| Change in cash and cash equivalents in the reporting period | | 225 | 9 |
| Cash and cash equivalents at the beginning of the reporting period | | 163 | 154 |
| | | <u> </u> | <u> </u> |
| Cash and cash equivalents at the end of the reporting period | | 388 | 163 |
| | | <u> </u> | <u> </u> |

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31st August 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 31.8.18 £'000 | 31.8.17 £'000 |
|---|------------------|------------------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 189 | (49) |
| Adjustments for: | | |
| Depreciation | 31 | 30 |
| Capital grants from DfE/ESFA | (277) | (8) |
| Loss on disposal of fixed assets | 4 | - |
| Increase in debtors | (30) | (2) |
| Increase in creditors | 35 | 4 |
| Difference between pension charge and cash contributions | 41 | 34 |
| | <hr/> | <hr/> |
| Net cash provided by (used in) operating activities | (7) | 9 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Financial Statements
for the Year Ended 31st August 2018

1. PRINCIPAL ACCOUNTING POLICIES

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Pear Tree Alliance meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes, 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 2018. 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.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

2. ACCOUNTING POLICIES - continued

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the charity 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 it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

2. ACCOUNTING POLICIES - continued

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|--------------------------------|
| Long leasehold | - Straight line over 125 years |
| Fixtures and fittings | - 10% on cost |
| Computer equipment | - 15% on reducing balance |

Assets costing £100 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the financial statements. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes to the financial statements. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

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

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

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

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

3. DONATIONS AND CAPITAL GRANTS

| | 31.8.18 | 31.8.17 |
|-----------|------------|-----------|
| | £'000 | £'000 |
| Donations | 4 | 3 |
| Grants | 277 | 8 |
| | <u>281</u> | <u>11</u> |

Grants received, included in the above, are as follows:

| | 31.8.18 | 31.8.17 |
|----------------------------|------------|----------|
| | £'000 | £'000 |
| Devolved Formula Capital | 8 | 8 |
| Condition Improvement Fund | 269 | - |
| | <u>277</u> | <u>8</u> |

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds £'000 | Restricted funds £'000 | 31.8.18 Total funds £'000 | 31.8.17 Total funds £'000 |
|---|--------------------------------|------------------------------|------------------------------------|------------------------------------|
| Other income from the academy trust's educational operations | 115 | 45 | 160 | 98 |
| Grants | - | 890 | 890 | 913 |
| | <u>115</u> | <u>935</u> | <u>1,050</u> | <u>1,011</u> |

An analysis of grants received is given below:

| | Unrestricted funds £'000 | Restricted funds £'000 | 31.8.18 Total funds £'000 | 31.8.17 Total funds £'000 |
|-------------------------------|--------------------------------|------------------------------|------------------------------------|------------------------------------|
| DfE/ESFA revenue grant | | | | |
| General Annual Grant(GAG) | - | 792 | 792 | 806 |
| Pupil Premium | - | 21 | 21 | 21 |
| Other DfE/ESFA Grants | - | 57 | 57 | 44 |
| | <u>-</u> | <u>870</u> | <u>870</u> | <u>871</u> |
| Other government grant | | | | |
| Local authority grants | - | 20 | 20 | 42 |
| | <u>-</u> | <u>890</u> | <u>890</u> | <u>913</u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

5. OTHER TRADING ACTIVITIES

| | | |
|---------------|-------------------|-------------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Rent received | 9 | 5 |
| | <u> </u> | <u> </u> |

6. EXPENDITURE

| | | | | |
|---|-------------------|---------------------------|-------------------|-------------------|
| | | | 31.8.18 | 31.8.17 |
| | Staff costs | Non-pay expenditure | | |
| | £'000 | Premises Other costs | Total | Total |
| | | £'000 £'000 | £'000 | £'000 |
| Charitable activities | | | | |
| Academies educational operations | | | | |
| Direct costs | 635 | - | 99 | 734 |
| Allocated support costs | 217 | 56 | 144 | 417 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 852 | 56 | 243 | 1,151 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Net income/(expenditure) is stated after charging/(crediting):

| | | |
|------------------------------------|-------------------|-------------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Auditor Rem | 6 | 4 |
| Other non-audit services | 2 | 2 |
| Depreciation - owned assets | 31 | 29 |
| Other operating leases | 1 | 1 |
| Deficit on disposal of fixed asset | 4 | - |
| | <u> </u> | <u> </u> |

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

| | | | | |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 31.8.18 | 31.8.17 |
| | Unrestricted | Restricted | Total | Total |
| | funds | funds | funds | funds |
| | £'000 | £'000 | £'000 | £'000 |
| Direct costs | - | 734 | 734 | 804 |
| Support costs | 76 | 341 | 417 | 272 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 76 | 1,075 | 1,151 | 1,076 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

| | 31.8.18 | 31.8.17 |
|----------------------------------|------------|------------|
| | Total | Total |
| | £'000 | £'000 |
| Analysis of support costs | | |
| Support staff costs | 217 | 121 |
| Depreciation | 18 | 30 |
| Technology costs | 14 | 20 |
| Premises costs | 56 | 43 |
| Other support costs | 104 | 47 |
| Governance costs | 8 | 11 |
| | <hr/> | <hr/> |
| Total support costs | 417 | 272 |
| | <hr/> | <hr/> |

8. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Mrs A Edleston (principal and trustee)

- Remuneration £55,000 - £60,000 (2017: £55,000 - £60,000)
- Employers pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

Mrs L Wrenshall (staff trustee)

- Remuneration £10,000 - £15,000 (2017: £30,000 - £35,000)
- Employers pension contributions - £0,000 - £5,000 (2017: £5,000 - £10,000)

Mrs R Hadfield (staff trustee)

- Remuneration £45,000 - £50,000 (2017: £45,000 - £50,000)
- Employers pension contributions - £5,000 - £10,000 (2017: £5,000 - £10,000)

Mrs K Morrell (staff trustee) - Full year equivalent

- Remuneration £35,000 - £40,000
- Employers pension contributions - £5,000 - £10,000

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st August 2018 nor for the year ended 31st August 2017.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

9. STAFF COSTS

| | 31.8.18 | 31.8.17 |
|--|------------|------------|
| | £'000 | £'000 |
| Wages and salaries | 628 | 572 |
| Social security costs | 50 | 49 |
| Operating costs of defined benefit pension schemes | 170 | 148 |
| | <u>848</u> | <u>769</u> |
| Supply teacher costs | 4 | 6 |
| | <u>852</u> | <u>775</u> |

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

| | 31.8.18 | 31.8.17 |
|----------------------------|-----------|-----------|
| Teachers | 9 | 11 |
| Administrative and support | 25 | 24 |
| Management | 2 | 2 |
| | <u>36</u> | <u>37</u> |

No employees received emoluments in excess of £60,000.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on the Reference and Administrative Details page. The total amount of employee benefits (including employers pension contributions) received by key management personnel for their services to the academy trust was £195,318 (2017 - £201,181).

10. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £'000 | Restricted funds £'000 | Restricted fixed asset fund £'000 | Total funds £'000 |
|--|-------------------------------|------------------------------|--|-------------------------|
| INCOME AND ENDOWMENTS FROM | | | | |
| Donations and capital grants | 4 | - | 7 | 11 |
| Charitable activities | | | | |
| Funding for the academy's educational operations | 59 | 952 | - | 1,011 |
| Other trading activities | 5 | - | - | 5 |
| Total | <u>68</u> | <u>952</u> | <u>7</u> | <u>1,027</u> |
| EXPENDITURE ON | | | | |
| Charitable activities | | | | |
| Academy's educational operations | 60 | 985 | 31 | 1,076 |
| NET INCOME/(EXPENDITURE) | <u>8</u> | <u>(33)</u> | <u>(24)</u> | <u>(49)</u> |
| Other recognised gains/(losses) | | | | |
| Actuarial gains/losses on defined benefit schemes | - | 174 | - | 174 |
| Net movement in funds | <u>8</u> | <u>141</u> | <u>(24)</u> | <u>125</u> |
| RECONCILIATION OF FUNDS | | | | |
| Total funds brought forward | 62 | (526) | 2,152 | 1,688 |
| TOTAL FUNDS CARRIED FORWARD | <u><u>70</u></u> | <u><u>(385)</u></u> | <u><u>2,128</u></u> | <u><u>1,813</u></u> |

Pear Tree Alliance

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

12. TANGIBLE FIXED ASSETS

| | Long leasehold £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Assets under construction £'000 | Totals £'000 |
|------------------------|----------------------------|-----------------------------------|--------------------------------|---------------------------------------|-------------------|
| COST | | | | | |
| At 1st September 2017 | 2,100 | 29 | 90 | - | 2,219 |
| Additions | - | - | 25 | 20 | 45 |
| Disposals | - | - | (6) | - | (6) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31st August 2018 | 2,100 | 29 | 109 | 20 | 2,258 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| DEPRECIATION | | | | | |
| At 1st September 2017 | 57 | 9 | 34 | - | 100 |
| Charge for year | 17 | 3 | 11 | - | 31 |
| Eliminated on disposal | - | - | (2) | - | (2) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31st August 2018 | 74 | 12 | 43 | - | 129 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| NET BOOK VALUE | | | | | |
| At 31st August 2018 | <u>2,026</u> | <u>17</u> | <u>66</u> | <u>20</u> | <u>2,129</u> |
| At 31st August 2017 | <u>2,043</u> | <u>20</u> | <u>56</u> | <u>-</u> | <u>2,119</u> |

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|--------------------------------|-----------|-----------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Trade debtors | 3 | - |
| Other debtors | 27 | - |
| VAT | 6 | 5 |
| Prepayments and accrued income | 17 | 18 |
| | <u>53</u> | <u>23</u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.8.18 | 31.8.17 |
|-------------------------------------|------------------|------------------|
| | £'000 | £'000 |
| Trade creditors | 7 | - |
| Social security and other taxes | 12 | - |
| Other creditors | 15 | - |
| Accruals and deferred income | 20 | 42 |
| Deferred government grants | 23 | - |
| | <u>77</u> | <u>42</u> |
| | <u><u>77</u></u> | <u><u>42</u></u> |
| | 2018 | 2017 |
| | £'000 | £'000 |
| Deferred income at 1 September 2017 | 26 | 25 |
| Released from previous year | (24) | (23) |
| Resources deferred in the year | 23 | 24 |
| | <u>25</u> | <u>26</u> |
| Deferred Income at 31 August 2018 | <u><u>25</u></u> | <u><u>26</u></u> |

At the balance sheet date the trust was holding fund in advance relating to Universal Free School Meals and Rates Relief.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 31.8.18 | 31.8.17 |
|----------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| Within one year | 1 | - |
| Between one and five years | - | 2 |
| | <u>1</u> | <u>2</u> |
| | <u><u>1</u></u> | <u><u>2</u></u> |

16. MEMBERS' LIABILITY

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

Pear Tree Alliance

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted fund £'000 | Restricted funds £'000 | Restricted fixed asset fund £'000 | 31.8.18 Total funds £'000 |
|---------------------|-------------------------------|------------------------------|--|------------------------------------|
| Fixed assets | - | - | 2,129 | 2,129 |
| Current assets | 98 | 77 | 266 | 441 |
| Current liabilities | - | (77) | - | (77) |
| Pension liability | - | (417) | - | (417) |
| | <u>98</u> | <u>(417)</u> | <u>2,395</u> | <u>2,076</u> |

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

| | Unrestricted fund | Restricted funds | Restricted fixed asset fund £'000 | 31.8.17 Total funds £'000 |
|---------------------|----------------------|---------------------|--|------------------------------------|
| Fixed assets | - | (9) | 2,128 | 2,119 |
| Current assets | 71 | 115 | - | 186 |
| Current liabilities | - | (42) | - | (42) |
| Pension liability | - | (450) | - | (450) |
| | <u>71</u> | <u>(386)</u> | <u>2,128</u> | <u>1,813</u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

18. MOVEMENT IN FUNDS

| | At 1.9.17 £'000 | Net movement in funds £'000 | Transfers between funds £'000 | At 31.8.18 £'000 |
|---|---------------------|--------------------------------------|-------------------------------------|---------------------|
| Unrestricted funds | | | | |
| General fund | 71 | 52 | (25) | 98 |
| Restricted funds | | | | |
| General Annual Grant (GAG) | 64 | (62) | (2) | - |
| Pension reserve | (450) | 33 | - | (417) |
| Fixed Asset Fund - Transfer on conversion | 2,087 | (24) | - | 2,063 |
| Fixed Asset Fund - DFE/EFSA capital grants | 38 | 266 | - | 304 |
| Fixed Asset Fund - Capital Expenditure from GAG | 3 | (2) | 27 | 28 |
| | <u>1,742</u> | <u>211</u> | <u>25</u> | <u>1,978</u> |
| TOTAL FUNDS | <u><u>1,813</u></u> | <u><u>263</u></u> | <u><u>-</u></u> | <u><u>2,076</u></u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources £'000 | Resources expended £'000 | Gains and losses £'000 | Movement in funds £'000 |
|---|--------------------------------|--------------------------------|------------------------------|-------------------------------|
| Unrestricted funds | | | | |
| General fund | 128 | (76) | - | 52 |
| Restricted funds | | | | |
| General Annual Grant (GAG) | 821 | (883) | - | (62) |
| Pupil Premium | 21 | (21) | - | - |
| Other Government Grants | 76 | (76) | - | - |
| Other Restricted Income | 19 | (19) | - | - |
| Fixed Asset Fund - DFE/EFSA capital grants | 274 | (8) | - | 266 |
| Fixed Asset Fund - Capital Expenditure from GAG | 1 | (3) | - | (2) |
| Pension reserve | - | (41) | 74 | 33 |
| Fixed Asset Fund - Transfer on conversion | - | (24) | - | (24) |
| | <u>1,212</u> | <u>(1,075)</u> | <u>74</u> | <u>211</u> |
| TOTAL FUNDS | <u><u>1,340</u></u> | <u><u>(1,151)</u></u> | <u><u>74</u></u> | <u><u>263</u></u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

| | At 1.9.16 £'000 | Net movement in funds £'000 | Transfers between funds £'000 | At 31.8.17 £'000 |
|---|--------------------|--------------------------------------|-------------------------------------|---------------------|
| Unrestricted Funds | | | | |
| General fund | 62 | 9 | - | 71 |
| Restricted Funds | | | | |
| General Annual Grant (GAG) | 65 | (1) | - | 64 |
| Pension reserve | (591) | 141 | - | (450) |
| Fixed Asset Fund - Transfer on conversion | 2,110 | (23) | - | 2,087 |
| Fixed Asset Fund - DFE/EFSA capital grants | 38 | - | - | 38 |
| Fixed Asset Fund - Capital Expenditure from GAG | 4 | (1) | - | 3 |
| | <u>1,626</u> | <u>116</u> | <u>-</u> | <u>1,742</u> |
| TOTAL FUNDS | <u>1,688</u> | <u>125</u> | <u>-</u> | <u>1,813</u> |

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £'000 | Resources expended £'000 | Gains and losses £'000 | Movement in funds £'000 |
|---|--------------------------------|--------------------------------|------------------------------|-------------------------------|
| Unrestricted funds | | | | |
| General fund | 68 | (59) | - | 9 |
| Restricted funds | | | | |
| General Annual Grant (GAG) | 806 | (807) | - | (1) |
| Pupil Premium | 21 | (21) | - | - |
| Other Government Grants | 86 | (86) | - | - |
| Other Restricted Income | 39 | (39) | - | - |
| Fixed Asset Fund - DFE/EFSA capital grants | 7 | (7) | - | - |
| Pension reserve | - | (33) | 174 | 141 |
| Fixed Asset Fund - Transfer on conversion | - | (23) | - | (23) |
| Fixed Asset Fund - Capital Expenditure from GAG | - | (1) | - | (1) |
| | <u>959</u> | <u>(1,017)</u> | <u>174</u> | <u>116</u> |
| TOTAL FUNDS | <u>1,027</u> | <u>(1,076)</u> | <u>174</u> | <u>125</u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

18. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

| | At 1.9.16 £'000 | Net movement in funds £'000 | Transfers between funds £'000 | At 31.8.18 £'000 |
|---|--------------------|--------------------------------------|-------------------------------------|---------------------|
| Unrestricted funds | | | | |
| General fund | 62 | 61 | (25) | 98 |
| Restricted funds | | | | |
| General Annual Grant (GAG) | 65 | (63) | (2) | - |
| Pension reserve | (591) | 174 | - | (417) |
| Fixed Asset Fund - Transfer on conversion | 2,110 | (47) | - | 2,063 |
| Fixed Asset Fund - DFE/EFSA capital grants | 38 | 266 | - | 304 |
| Fixed Asset Fund - Capital Expenditure from GAG | 4 | (3) | 27 | 28 |
| | <u>1,626</u> | <u>327</u> | <u>25</u> | <u>1,978</u> |
| TOTAL FUNDS | <u>1,688</u> | <u>388</u> | <u>-</u> | <u>2,076</u> |

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

| | Incoming resources £'000 | Resources expended £'000 | Gains and losses £'000 | Movement in funds £'000 |
|---|--------------------------------|--------------------------------|------------------------------|-------------------------------|
| Unrestricted funds | | | | |
| General fund | 196 | (135) | - | 61 |
| Restricted funds | | | | |
| General Annual Grant (GAG) | 1,627 | (1,690) | - | (63) |
| Pupil Premium | 42 | (42) | - | - |
| Other Government Grants | 162 | (162) | - | - |
| Other Restricted Income | 58 | (58) | - | - |
| Fixed Asset Fund - DFE/EFSA capital grants | 281 | (15) | - | 266 |
| Fixed Asset Fund - Capital Expenditure from GAG | 1 | (4) | - | (3) |
| Pension reserve | - | (74) | 248 | 174 |
| Fixed Asset Fund - Transfer on conversion | - | (47) | - | (47) |
| | <u>2,171</u> | <u>(2,092)</u> | <u>248</u> | <u>327</u> |
| TOTAL FUNDS | <u>2,367</u> | <u>(2,227)</u> | <u>248</u> | <u>388</u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

19. PENSION AND SIMILAR OBLIGATIONS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £14,975 were payable to the schemes at 31 August 2018 (2017: £NIL) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge,

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £88,533 (2017: £55,886).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £87,000 (2017: £71,000), of which employer's contributions totalled £73,000 (2017: £59,000) and employees' contributions totalled £14,000 (2017: £12,000). The agreed contribution rates for future years are 29.8% in 2018/2019 & increasing to 31.1% in 2019/2020 for employers and between 5.5% and 12.2% 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.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

| | Defined benefit pension plans | |
|-------------------------------------|-------------------------------|---------------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Present value of funded obligations | (919) | (854) |
| Fair value of plan assets | 502 | 404 |
| | <u>(417)</u> | <u>(450)</u> |
| Deficit | <u>(417)</u> | <u>(450)</u> |
| Liability | <u><u>(417)</u></u> | <u><u>(450)</u></u> |

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

| | Defined benefit pension plans | |
|---|-------------------------------|------------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Current service cost | 102 | 80 |
| Net interest from net defined benefit asset/liability | 23 | 12 |
| | <u>125</u> | <u>92</u> |
| Actual return on plan assets | <u><u>21</u></u> | <u><u>82</u></u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

| | Defined benefit pension plans | |
|--|-------------------------------|------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Defined benefit obligation | 854 | 972 |
| Current service cost | 102 | 80 |
| Contributions by scheme participants | 14 | 12 |
| Interest cost | 23 | 20 |
| Benefits paid | (10) | (10) |
| Remeasurements: | | |
| Actuarial (gains)/losses from changes in demographic assumptions | - | 4 |
| Actuarial (gains)/losses from changes in financial assumptions | (64) | (64) |
| Oblig other remeasurement | - | (160) |
| | <u>919</u> | <u>854</u> |

Changes in the fair value of scheme assets are as follows:

| | Defined benefit pension plans | |
|--------------------------------------|-------------------------------|------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Fair value of scheme assets | 404 | 381 |
| Contributions by employer | 73 | 59 |
| Contributions by scheme participants | 14 | 12 |
| Assets Interest | 11 | 8 |
| Actuarial gains/(losses) | 10 | (46) |
| Benefits paid | (10) | (10) |
| | <u>502</u> | <u>404</u> |

The amounts recognised in other recognised gains and losses are as follows:

| | Defined benefit pension plans | |
|--|-------------------------------|------------|
| | 31.8.18 | 31.8.17 |
| | £'000 | £'000 |
| Actuarial (gains)/losses from changes in demographic assumptions | - | (4) |
| Actuarial (gains)/losses from changes in financial assumptions | 64 | 64 |
| Oblig other remeasurement | - | 160 |
| Actuarial gains/(losses) | 10 | 174 |
| | <u>74</u> | <u>394</u> |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | Defined benefit pension plans | |
|----------|-------------------------------|---------|
| | 31.8.18 | 31.8.17 |
| Equities | 59% | 62% |
| Bonds | 31% | 28% |
| Property | 9% | 7% |
| Cash | 1% | 3% |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

| | 31.8.18 | 31.8.17 |
|--------------------------|---------|---------|
| Discount rate | 2.8% | 2.5% |
| Future salary increases | 2.7% | 2.7% |
| Future pension increases | 2.4% | 2.4% |

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

| | At 31 August 2018 | At 31 August 2017 |
|----------------------|----------------------|----------------------|
| Retiring today | | |
| Males | 22.3 | 22.3 |
| Females | 24.5 | 24.5 |
| Retiring in 20 years | | |
| Males | 23.9 | 23.9 |
| Females | 26.5 | 26.5 |

| | At 31 August 2018 £'000 | At 31 August 2017 £'000 |
|---|-------------------------------|-------------------------------|
| Discount rate +0.1% | 22 | 20 |
| Discount rate -0.1% | (22) | (20) |
| Mortality assumptions - 1 year increase | 18 | 34 |
| Mortality assumptions - 1 year decrease | (18) | (34) |
| CPI rate +0.1% | 3 | 16 |
| CPI rate -0.1% | (3) | (16) |

Notes to the Financial Statements - continued
for the Year Ended 31st August 2018

20. CAPITAL COMMITMENTS

| | 31.8.18 | 31.8.17 |
|---|------------|----------|
| | £'000 | £'000 |
| Contracted but not provided for in the financial statements | 248 | - |
| | <u>248</u> | <u>-</u> |

21. RELATED PARTY DISCLOSURES

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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Services amounting to £4,490 were provided to the trust by a family member of a trustee (Mrs R Hadfield).

Except as disclosed under Trustees' remuneration and expenses, no other related party transactions in the reporting period require disclosure.