

Registration number: 11121514 (England and Wales)

The Pennine Trust
(A company limited by guarantee)
Annual Report and Financial Statements
for the Period Ended 31 August 2018



Contents

Reference and Administrative Details	1 - 2
Trustees' Report	3 - 12
Governance Statement	13 - 15
Statement of Trustees' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17 - 19
Statement of Financial Activities incorporating Income and Expenditure Account	20
Balance Sheet	21
Notes to the Financial Statements	22 - 26

References & Administrative Details**Company number:** 11121514 (England & Wales)**Operational address:** The Pennine Trust
Park High School
Colne, Lancashire
BB8 7DP

<u>Members</u>	<u>Joined</u>	<u>Ceased</u>
Ms M Burnham	3 rd May 2018	-
Mr P Catterall	21 st December 2017	-
Mr H Devonport	21 st December 2017	-
Mr T Root	21 st December 2017	-
Mrs H Swinson	21 st December 2017	-
Mr T Webber	21 st December 2017	30 th January 2018

<u>Trustees</u>	<u>Joined</u>	<u>Ceased</u>
Ms M Burnham	21 st December 2017	-
Mr H Devonport	21 st December 2017	-
Ms E Gauntlett	21 st December 2017	-
Mr V Green	21 st December 2017	-
Ms C Hitchen	21 st December 2017	-
Dr P Parkin	21 st December 2017	-
Mr A Pettinger	21 st December 2017	-
Ms J Pickering	21 st December 2017	-
Mr P White	21 st December 2017	-

References & Administrative Details**Principal staff and dates of their appointments****Executive Central Team**

	Date of Appointment
Dr P Parkin – Executive Headteacher	1 st September 2018
Mrs H Scholey – Head of Finance and business	1 st September 2018
Mrs K Dobney – Head of HR	1 st September 2018
Mr B Walker – Head of Governance	1 st September 2018

Central School Improvement Team

	Date of Appointment
Dr P Parkin – Executive Headteacher	1 st September 2018
Mrs Jo Sharples – Primary Lead - School Development	1 st September 2018
Mrs C Eulert – Secondary Lead – School Development	1 st September 2018

Banker

Lloyds TSB
1 Skipton Road
Earby, Barnoldswick
BB18 5NG

Auditors

Beever and Struthers
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

Solicitors

Hill Dickinson
No.1 St. Paul's Square
Liverpool
L3 9SJ

Trustees' Report for the Period Ended 31st August 2018

The Trustees present their annual report together with the financial statements and auditors' report of The Pennine Trust (the "Charitable Company") for the period from 21st December 2017 to 31st August 2018. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Multi-Academy Trust (MAT) operates academies for pupils aged 4-16, serving the catchment area in the Borough of Pendle. It has a combined pupil capacity of 1,810. The numbers on roll are 1,687 pupils as reported in the school census in January 2018.

Discussion on Conversion to Academy Trust

The company was incorporated on 21 December 2017. On 1st September 2018 The Pennine Trust was formed having trust status under the Academies Act 2010 and all operations, assets and liabilities of Blacko Primary School, Colne Park High School, Laneshaw Bridge Primary School and Lord Street Primary School were transferred to The Pennine Trust from the Local Authority for £Nil consideration.

Governance, Structure & Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academies. The Trustees of The Pennine Trust are also the directors of the charitable company for the purpose of company law. The charitable company operates as The Pennine Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on Pages 1 and 2.

Members' Liability

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

Trustees' Indemnities

Professional Indemnity Insurance is in place to protect Members, Trustees and Officers from claims arising from negligent acts, errors or omissions occurring on Trust business.

Method of Recruitment and Appointment or Election of Trustees

The members of the trust are responsible for the appointment of the Trustees and it is dependent upon their expertise, experience and skills. The number of Trustees shall be a minimum of three but shall not be subject to any maximum, as referenced in the Articles of Association and are appointed for a term of four years.

Trustees' Report for the Period Ended 31st August 2018**Policies and Procedures Adopted for the Induction and Training of Trustees**

Trustees are appointed based on the skills they bring to the board to maintain a robust overview and governance throughout the trust. Prior to conversion the Trustees agreed the Trust's vision and ethos, committee structures and organisation and agreed the scheme of delegation. In future appointments, Trustees will receive information relating to the Trust, including policies and procedures and receive an induction pack on the role and responsibilities of Trustees.

There currently has not been any training to report on. Appropriate skill gap analysis has taken place to form a thorough training programme for the 2018/19 academic year.

Organisational Structure

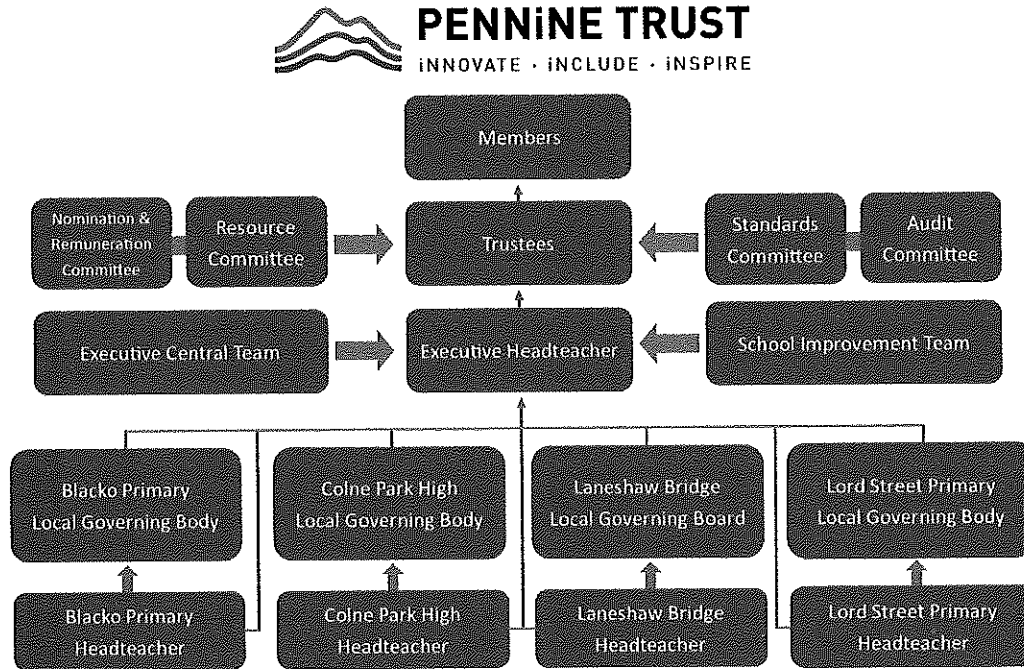
The organisational structure is set out in the Memorandum and Articles of The Pennine Trust. The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels. Trustees have overall responsibility and ultimate decision making at all levels. The Trustees also have overall responsibility for strategic direction and growth of the Trust, adopting an annual plan and budget, monitoring the Trust and academies by the use of financial management and other performance information; making staff appointments to the Senior Leadership and approving the Annual report and Financial statements. They are also responsible for all matters relating to finance and personnel and for setting the Trusts general policies.

The Trustees are responsible for ensuring the Local Governing Boards fulfil their statutory obligations in a manner which will allow the Academy Trust to fulfil its aims, ensuring procedures are in place to ensure regularity, propriety and value for money, setting general policies, budget planning and monitoring and major decision making about the direction of the trust, capital expenditure and senior staff appointments. The Executive Headteacher is the Accounting Officer and is supported by the Central School Improvement Team & Executive Central Team. The Central Teams are responsible for implementing the policies laid down by the Trustees and reporting back to them. The Trustees delegate day to day operation of the Academies to the Headteachers in each school who are supported by school leadership.

The Trustees have clear terms of reference and also have four sub-committees: Audit, Nominations and Remuneration, Resources and Standards. The Trustees will meet termly, the first meeting after conversion was held on the 6th of September 2018. The Trustees have established Local Governing Boards (LGB) post conversion in each Academy. The Local Governing Boards also have clear terms of reference and work from the Trusts' Scheme of Delegation. Each committee and Local Governing Board will meet at least on a termly basis. Reports from the Sub-Committees and Local Governing Board's will be received, scrutinised and ratified by the Trustees. Trustees will also make regular visits to all four of the Academies within the Trust.

Trustees' Report for the Period Ended 31st August 2018

Organisational Structure



The Pennine Trust Organisation Structure 1

Roles and responsibilities of Members, Trustees, Local Governing Board's, Executive Headteacher and Headteachers of School are clearly defined in the Scheme of Delegation.

Trustees of the Multi-Academy Trust are:

- Ms M Burnham
- Mr H Devonport (Chair of Trust)
- Ms E Gauntlett
- Mr V Green
- Ms C Hitchen
- Dr P Parkin
- Mr A Pettinger
- Ms J Pickering
- Mr P White (Vice-Chair of Trust)

Committee Organisation

Audit Committee

- Ms M Burnham (Chair of Committee)
- Ms E Gauntlett
- Mr H Devonport
- Dr P Parkin
- Mr V Green

Trustees' Report for the Period Ended 31st August 2018**Nomination & Remuneration Committee**

Ms J Pickering (Chair of Committee)
Mr H Devonport
Ms M Burnham
Dr P Parkin
Mr V Green

Resources Committee

Mr V Green (Chair of Committee)
Mr A Pettinger
Mr H Devonport
Ms J Pickering
Dr P Parkin
Mr P White

Standards Committee

Mr H Devonport (Chair of Committee)
Ms C Hitchen
Ms E Gauntlett
Ms M Burnham
Dr P Parkin

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees met prior to conversion to set pay ranges for the Executive Headteacher, School Improvement Leads and members of the Executive Central Support Team. Moving forward the pay increases for the Executive Headteacher, School Improvement Leads and members of the Executive Central Support Team will be reviewed annually at the Nomination and Remuneration Committee. This committee will also review all other pay increases in a report given by the Executive Headteacher annually.

Trustees' Report for the Period Ended 31st August 2018**Trade Union Facility Time**

As this annual report is from a period pre-academisation we do not have any trade union facility times to report.

Related parties and other connected charities and organisations

Prior to conversion the schools had no related parties, other connected charities or organisations.

Objectives and Activities**Objectives and Aims**

The Academy Trust is due for conversion on the 1st September 2018 with three primary schools and one high school; Blacko Primary School, Colne Park High School, Laneshaw Bridge Primary School and Lord Street Primary School. The Pennine Trust's principal object and activity of the charitable company is the operation of the schools to provide education for pupils of mixed abilities between the ages of 4 and 16 years. The pupils who attend are from the local area of Pendle. As a Trust we aim to provide as many opportunities as we can for every child to not only achieve their best academically but also to offer a broad and balanced range of enrichment opportunities to become a well-rounded, confident citizen that has the skills and qualities required for their adult life.

We have an unswerving determination to ensure no-one gets left behind by:

- Creating a culture of ambition and high aspirations.
- Transforming education to match world class standards.
- Overcoming barriers to social mobility.
- Fostering a sense of understanding and compassion for others.
- Developing the courage to question, challenge and change existing norms.
- Nurturing active and creative minds to promote a life-long love of learning.
- Securing the future wellbeing of all young people.
- Ensuring a highly effective family partnership reflecting our ethos.

The justification for our trust is that by working in partnership we will improve the current educational outcomes, social mobility and wellbeing for all young people in our area. These are the three core values at the heart of our trust:

Innovation: Visionary leadership prepared to take radical decisions to bring about sustained long-term improvement.

We believe innovation is the key to unlocking the potential of our young people, which will be driven forward by the unique qualities of each school. Our young people will follow distinctive learning pathways and support and personal development programmes matched to their individual needs. Common rigorous accountability procedures will ensure gaps in performance can be quickly identified and addressed.

Trustees' Report for the Period Ended 31st August 2018***Inclusion: A determination that no one gets left behind.***

We believe that through close partnership with parents, schools, other agencies and the local community the outcomes for our young people will be enhanced. The success of all groups working together in our trust provides a model for building future social collaboration. We recognise, value and celebrate differences and provide personalised learning and support for all. Our young people will have the skills and understanding to promote, lead and work as part of diverse teams which will shape their future.

Inspiration: A culture of risk taking founded on cutting edge research, creating a vibrant learning environment in which all people can excel.

We believe igniting the ambition and markedly raising the aspirations of young people, staff, parents and others in our local community will ensure a self-sustaining drive for social mobility. This is modelled by inspirational staff and leaders dedicated to academic excellence for all unlocking the imagination and creativity of all young people. Learning experiences, provided by leading universities and successful companies, will engage our young people in the possibilities of their future education and career pathways.

Objectives, Strategies and Activities

Following a successful informal cross-phase partnership all four school governing bodies made the decision to jointly form a new Multi-Academy Trust to deliver significant benefits to young peoples' education and life chances through:

- Providing a seamless educational journey from ages 4-16 within the MAT
- Removing barriers to sharing best teaching practice and learning and development between schools
- Using innovative research to drive our ambition to provide a world class education for all our young people
- Improving our chances of being successful for grant funding for school improvement
- Helping us to recruit and retain the best teachers through joint training and development initiatives
- Promoting more contact between pupils of different schools
- Delivering financial efficiencies by improving buying power, allowing more funds for learning

We are all committed to delivering these benefits, whilst at the same time retaining the identities and best aspects of our schools. Each school will keep its own name, headteacher and local governing body, and will continue to focus on delivering quality teaching within its local community. The autonomy of each school will be maximised and the family ethos of our schools will be preserved. But we also agree that closer joint working of staff and pupils, with the oversight of a joint Trust Board, will maximise the chances of achieving the best learning outcomes.

The Multi-Academy Trust has a clear 'Plan for Excellence' 2018/2019, the progress towards objectives in the 'Plan for Excellence' will be monitored by the Trustees and Local Governing Boards on a termly basis.

Trustees' Report for the Period Ended 31st August 2018

The common agreed priorities for school improvement in 2018-19 are:

- Raising attainment in English and Maths, particularly for disadvantaged pupils, boys and high attainers.
- Enhancing the effectiveness of Middle Leadership teams to drive school improvement.
- Developing independent and resilient learners.

Our school improvement model is based on a research practice model which involves all teaching staff making incremental improvements to the quality of teaching and learning in all 4 schools in the PENNINE Trust.

Public Benefit

In setting objectives and planning activities, the Trustees have paid due regard to the published guidance from the Charity Commission on the operation of the public benefit requirement under the Charities Act 2011.

Trustees' Report for the Period Ended 31st August 2018

Strategic Report

The strategic focus of the Trust during 2018/2019 will be to raise pupil outcomes by strengthening and developing skills and relationships within the Multi-Academy Trust. The Trustees have written the values, beliefs and aims outlining the vision for the Trust and a scheme of delegation outlining responsibilities of Members, Trustees, LGB's, Executive Headteacher and Headteachers of schools.

Achievements and Performance and Key Performance Indicators

As we were not acting as a Multi-Academy Trust during the accounting period to 31st August 2018 we do not have any data to report under these items.

Going Concern

After making appropriate enquiries, the board of Trustees 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.

Financial Review

During the year a restricted grant has been received which has not yet been spent at the year end offset against professional fees incurred in the period, this has resulted in restricted reserves as at 31st August 2018 of £79,300. There have been no further financial activities in this period.

Reserves Policy

As of the 31st August 2018 the school held no GAG reserves. However, the Trustees will seek to implement a reserve policy post academisation.

Investment Policy

All investments are agreed by the Trustees, which has regard to the Charity Commission guidance in relation to charity investment policy. The Trust does not currently hold any investments other than cash, which is held for its normal operations. Bank accounts were opened post period end. The Trustees have adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access account to ensure that there is always sufficient cash to meet short and medium term requirements.

In the longer term, as reserves build up, the Trust will seek to maximise its return by investing surplus cash in time deposits with banks approved by the Trustees.

Trustees' Report for the Period Ended 31st August 2018**Principal Risks and Uncertainties**

The Trust has identified the following principal risks related to its future financial and operating status.

- Pupil numbers. The income of the Trust, both as an Academy Trust and previously as maintained Schools, is greatly dependent on the number of pupils on roll.
- Funding. The income of the Trust is dependent not solely on pupil recruitment but also on the Education and Skills Funding Agency (ESFA) national funding for both mainstream funding and deprivation funding. This risk is subject to the vagaries of government and not within the control of the Trust. However, the risk is managed through good communication with the ESFA in the understanding of future funding such that forward plans can be formulated, subject to the inherent uncertainties.
- Diversification of income. The pressures on government funding cause the Trust to rely more heavily on its other funding streams. Procedures are in place for maintaining and enhancing income from the external letting of the Trust's facilities.
- Capital expenditure. The Trust is formulating a long-term plan which should yield surpluses and generate cash.
- Teaching and learning. In order to continue as a successful provider of academic education, high standards of teaching and learning must be delivered. The Trust is focusing on enhancing high standards by implementing a clear School Improvement Plan.

Fundraising

Under the provisions of the charities (protection and social investment) Act 2016 the Trust will ensure their approach to fundraising upon conversion will conform to recognised standards. The approach, oversight and monitoring will be carried out by the Trustees.

Plans for Future Period

The Trust will establish its reputation as an Academy Trust delivering the highest standards of education to the local and wider community.

The Trustees will review its strategy including assumptions, efficiencies, pressures and deployment of resources in the context of the National Funding review.

The Trust will implement all necessary action plans, monitored by the Trustees, to ensure that improvements are made and reflected in the next Ofsted report

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

Trustees' Report for the Period Ended 31st August 2018

Auditor

Insofar as the Trustees are aware:


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

Statement of Regularity, Propriety and Compliance

Whilst the Trustees' Report and Financial statements have been prepared in accordance with the Academies Accounts Direction 2017-18 the Accounting Officer has not included a Statement of Regularity, Propriety and Compliance as the terms of the Trust's Master Funding Agreement with the ESFA do not apply until the provision of educational services commences which was 1 September 2018 on conversion of the schools to Academy status. Prior to conversion it was not possible to entirely comply with the terms of the Academies Financial Handbook as the Trustees were not responsible for the management of the schools.

Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 18 December 2018 and signed on the board's behalf by:

Ms Marie Burnham – Trustee

Signed - 

Governance Statement for the Period Ended 31st August 2018

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, Dr P Parkin as accounting officer, for ensuring the financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Pennine Trust 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met once (3rd May 2018) during the year. Attendance at the meeting was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Ms M Burnham	1	1
Mr H Devonport	1	1
Ms E Gauntlett	1	1
Mr V Green	1	1
Ms C Hitchen	1	1
Dr P Parkin	1	1
Mr A Pettinger	1	1
Ms J Pickering	1	1
Mr P White	0	1

The resources, standards, nomination and remuneration committees are sub-committees of the main board of Trustees. Their purpose is to:

- **Resource Committee** - monitor income and expenditure for all the Academies and has a responsibility to ensure the preparation of responsible budget planning. It recommends annual budgets to the Board of Trustees, through the work of the Head of Finance and Business. It also oversees capital expenditure and asset management.
- **Standards Committee** - is to monitor the academic progress and ensure high standards in the quality of teaching and learning within the Trusts Academies
- **Nomination and Remuneration Committee** - act as part of the organisation's corporate governance. The committee evaluates the Board of Trustees and examines the skills and characteristics needed in board candidates. Determining specific remuneration packages, terms of employment and determining performance incentive arrangements for the Executive Headteacher.

As the trust had not formally converted, there was no attendance to report.

Governance Statement for the Period Ended 31st August 2018

The audit committee is also a sub-committee of the main board of Trustees. Its purpose is to:

- **Audit Committee** - ensure that the Trust and all of its Academies are compliant with current regulation across a number of areas, to assess risk on behalf of each of the Academies and the Trust as a whole and to ensure appropriate auditing is arranged.

Again, as the trust had not formally converted, there was no attendance to report.

Review of Value for Money

As accounting officer, the Executive 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 academy 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 appropriate.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in The Pennine Trust for the period 22 December 2017 to 31 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 academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the 22 December 2017 to 31 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.

Governance Statement for the Period Ended 31st August 2018

The Risk and Control Framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint an Internal Auditor.

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:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

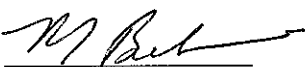
On a termly basis the auditor reports to the board of Trustees, through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

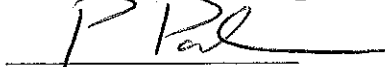
As an accounting officer, Dr P Parkin has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the Trust had no open Academies, the Trust held working groups to develop policies and procedures to ensure compliance with the Academies Financial Handbook.

Approved by order of the members of the Trust Board on 18 December 2018 and signed on its behalf by:

Ms Marie Burnham – Trustee

Signed - 

Dr Paul Parkin – Accounting Officer

Signed - 

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

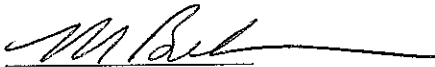
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Trust Board on 18 December 2018 and signed on its behalf by:

Ms Marie Burnham – Trustee

Signed - 

Independent Auditor's Report on the Financial Statements to the Members of The Pennine Trust

Opinion

We have audited the financial statements of The Pennine Trust (the 'Academy') for the period ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its results for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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 Academy'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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report on the Financial Statements to the Members of The Pennine Trust

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 set out on page 16, the Trustees 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 Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report on the Financial Statements to the Members of The Pennine Trust

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy's Trustees, 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 Academy's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Bradley BA FCA (Senior Statutory Auditor)

For and on behalf of Beaver and Struthers, Statutory Auditor

Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

Date: 18 December 2018

**Statement of Financial Activities for the Period Ended 31 August 2018
(including Income and Expenditure Account)**

	Note	Restricted General Funds £	Total 2018 £
Income and endowments from:			
<i>Charitable activities:</i>			
Funding for the academy trust's educational operations	2	82,300	82,300
Total		<hr/> 82,300	82,300
Expenditure on:			
<i>Charitable activities:</i>			
Academy trust educational operations	3	<hr/> (3,000)	(3,000)
Net income before transfers		<hr/> 79,300	79,300
Net movement in funds		79,300	79,300
Reconciliation of funds			
Total funds carried forward at 31 August 2018		<hr/> 79,300	79,300

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


As the academy trust was incorporated in the period there is no comparative SOFA.

Balance Sheet as at 31 August 2018
(Company number: 11121514)

	Note	2018 £
Current assets		
Debtors	6	<u>82,300</u>
		82,300
Creditors: Amounts falling due within one year	7	<u>(3,000)</u>
Net assets		<u>79,300</u>
Funds of the Academy:		
Restricted funds		
Restricted income funds	8	<u>79,300</u>
Total funds		<u>79,300</u>

The financial statements on pages 20 to 27 were approved by the Trustees and authorised for issue on 18 December 2018 and signed on their behalf by:

Ms Marie Burnham - Trustee

Signed - 

Date - 18.12.2018.

Notes to the Financial Statements for the Period Ended 31 August 2018

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. As disclosed on page 12 the Accounting Officer has not included a Statement of Regularity, Propriety and Compliance, nor has the Reporting Accountant included an Assurance Report on Regularity.

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

The financial statements cover the period from incorporation to 31 August 2018.

Going Concern

After making appropriate enquiries, the board of Trustees 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.

Income

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

- **Grants**

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

Notes to the Financial Statements for the Period Ended 31 August 2018**1 Accounting policies (continued)****Expenditure**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

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.

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 note 6. 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 note 7. 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 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.

Notes to the Financial Statements for the Period Ended 31 August 2018
1 Accounting policies (continued)
Fund Accounting

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

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 Trustees have established that there are no areas of estimation or judgement which are deemed to be critical to the Academy Trust's financial statements.

2 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2018 £
DfE/ESFA revenue grants		
Other DfE/ESFA grants	82,300	82,300
Total Grants	<u>82,300</u>	<u>82,300</u>

3 Expenditure
Academy trust educational operations:

	2018 £
- Allocated support costs	<u>3,000</u>
Total	<u>3,000</u>

Net income for the period includes:

	2018 £
Fees payable to the auditor for:	
- Audit	1,500
- Other services	<u>1,500</u>
Total	<u>3,000</u>

Notes to the Financial Statements for the Period Ended 31 August 2018
4 Staff numbers

The average number of persons employed by the academy trust in the period was nil.

5 Related party transactions

None of the Trustees have been paid remuneration or received other benefits from employment with the academy trust.

There were no other transactions with Trustees or other related parties to the trust in the period.

The chief executive was remunerated by Colne Park High School, a state maintained school until conversion to Academy status on 1 September 2018.

6 Debtors

	2018
	£
Prepayments and accrued income	82,300
	<u>82,300</u>

7 Creditors: amounts falling due within one year

	2018
	£
Accruals and deferred income	3,000
	<u>3,000</u>

8 Funds

The academy trust is carrying a net surplus of £79,300 on restricted general funds due to unspent restricted funds, this balance will be spent in the year ending 31 August 2019.

	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£
Restricted general funds				
Other grants	82,300	(3,000)	-	79,300
Total restricted funds	<u>82,300</u>	<u>(3,000)</u>	-	<u>79,300</u>
Total funds	<u>82,300</u>	<u>(3,000)</u>	-	<u>79,300</u>

Notes to the Financial Statements for the Period Ended 31 August 2018
9 Analysis of net assets between funds

Fund balances as at 31 August 2018 represented by:

	Restricted General Funds	Total Funds
	£	£
Current assets	82,300	82,300
Current liabilities	(3,000)	(3,000)
Total net assets	79,300	79,300

10 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.

11 Events after the end of the reporting period

On 1 September 2018, the following schools joined the trust:

- Colne Park High School
- Blacko Primary School
- Laneshaw Bridge Primary School
- Lord Street Primary School