



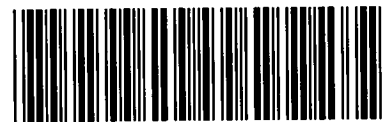
The Pennine Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

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## Contents Table

Reference and Administrative Details	1 - 2
Trustees' Report	3 – 13
Governance Statement	14 – 18
Statement of Regularity, Propriety and Compliance	19
Statement of Trustees' Responsibilities	20
Independent Auditor's Report on the Financial Statements	21 - 25
Statement of Financial Activities incorporating Income and Expenditure Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29 - 49

**References & Administrative Details**

**Company number:** 11121514 (England & Wales)

**Operational Address:** The PENNiNE Trust  
 Park High School  
 Colne, Lancashire  
 BB8 7DP

**Members**

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

**Trustees**

	<b><u>Joined</u></b>	<b><u>Ceased</u></b>
Ms M Burnham	21 <sup>st</sup> December 2017	-
Mr H Devonport	21 <sup>st</sup> December 2017	-
Ms E Gauntlett	21 <sup>st</sup> December 2017	-
Mr V Green	21 <sup>st</sup> December 2017	31 <sup>st</sup> March 2019
Ms C Hitchen	21 <sup>st</sup> December 2017	-
Dr P Parkin	21 <sup>st</sup> December 2017	-
Mr A Pettinger	21 <sup>st</sup> December 2017	-
Ms J Pickering	21 <sup>st</sup> December 2017	19 <sup>th</sup> July 2019
Mr P White	21 <sup>st</sup> December 2017	-
Mr C Tiernan	6 <sup>th</sup> September 2019	-

**References & Administrative Details****Principle staff and dates of their appointments**

<b>Executive Central Team</b>		<b>Date of Appointment</b>
Dr P Parkin	Executive Headteacher	1 <sup>st</sup> September 2018
Mrs H Scholey	Head of Finance & Business	1 <sup>st</sup> September 2018
Miss K Dobney	Head of Human Resources	1 <sup>st</sup> September 2018
Mr B Walker	Head of Governance	1 <sup>st</sup> September 2018

**Central School Improvement Team**

Dr P Parkin	Executive Headteacher	1 <sup>st</sup> September 2018
Mrs J Sharples	Director of School Improvement (Primary)	1 <sup>st</sup> September 2018

**Banker**

Lloyds TSB  
7 Manchester Road  
Burnley  
BB11 1HT

**Auditor**

Beever and Struthers  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

**Solicitors**

First North Law  
County Hall  
Northallerton  
North Yorkshire  
DL7 8AD

## **Trustees' Report for the Year Ended 31<sup>st</sup> August 2019**

The Trustees present their annual report together with the financial statements and auditors' report of The Pennine Trust (the "Charitable Company") for the year ended 31<sup>st</sup> August 2019. 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's capacity of 1,810. The numbers on roll are 1,740 pupils as reported in the school census in January 2019.

### **Discussion on Conversion to Academy Trust**

The company was incorporated on 21<sup>st</sup> December 2017. On 1<sup>st</sup> 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 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**

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. The recruitment of Trustees is solely dependent on the skill gaps that the Members identify and upon the candidate's 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.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

Trustees are appointed 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 Trusts' vision and ethos, committee structure and organisation and agreed the scheme of delegation. In future appointments, Trustees will receive information in relation to the Trust, including policies and procedures and receive an induction pack on the roles and responsibilities of being a Trustee.

A training session has taken place on the new Ofsted Framework and other training will take place later in the new academic year. Appropriate skill gap analysis is undertaken annually which is then used to form a training programme for the 2019/20 academic year.

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019**

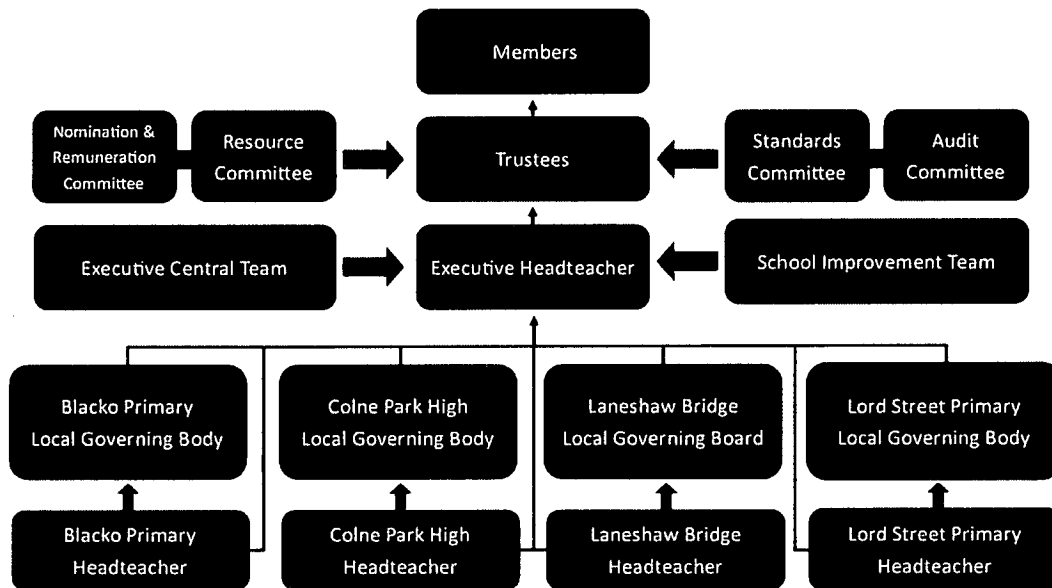
**Organisational Structure**

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 Teams and approving the Annual Report and financial statements. They are also responsible for all matters relating to finance, governance, and personnel and for setting the Trust's 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 and 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 have four sub-committees that meet termly: Audit, Nomination and Remuneration, Resources and Standards. The Trustees have Local Governing Boards (LGB) in each Academy. The LGB's also have clear terms of reference and work from the Trusts' Scheme of Delegation. Each committee and LGB will meet at least on a termly basis. Reports from the sub-committees and LGB'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.

**Organisational Structure**



*The PENNiNE Trust Organisational Structure*

Roles and responsibilities of Members, Trustees, Local Governing Boards, Executive Headteacher and Headteachers of School are clearly defined within the Scheme of Delegation.

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019****Trustees of the Multi-Academy Trust**

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

**Committee Organisation****Audit Committee**

Ms M Burnham (Committee Chair)  
Ms E Gauntlett  
Mr H Devonport

**Nomination & Remuneration Committee**

Mr H Devonport (Committee Chair)  
Ms M Burnham  
Dr P Parkin

**Resources Committee**

Mr P White (Committee Chair)  
Mr A Pettinger  
Mr H Devonport  
Dr P Parkin

**Standards Committee**

Mr H Devonport (Committee Chair)  
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 at the Nomination and Remuneration Committee to set the pay for the Executive Headteacher, School Improvement Lead and members of the Executive Central Team. The committee receives a report which will also review all other pay increases in a report provided by the Executive Headteacher annually.

**Trade Union Facility Time**

When the schools converted to a Multi-Academy Trust, they changed payroll provider and HR services. The Local Authority which the Trust moved from Lancashire County Council (LCC), had the Trade Union Facility Time Agreement as part of the delegated budget for authority schools. Following conversion, the Trust contacted LCC to ask for details of their Trade Union Facility Time Agreement but this did not include access to the policies that had been agreed as part of the local Professional Association Facility Agreement. As such the schools did not buy the service level agreement and with the help of our human resource services the Trust is looking to implement a Joint Consultative Committee (JCC) which will include paying internally for facility time and activities. In academic year 2018-19 trade union regional representatives attended internal meetings.

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019****Related Parties and other connected charities and organisations**

Since the Trust converted back on the 1<sup>st</sup> September 2018 there have been no related parties, other connected charities or organisations to report under this section.

**Objectives and Activities****Objectives and Aims**

The Multi-Academy Trust was formed on the 1<sup>st</sup> September 2018 with three primary schools and one high school; Colne Park High School, Blacko Primary School, Laneshaw Bridge Primary School and Lord Street Primary School. The Pennine Trust's principal objective and the main activity of the charitable company is the operation of the schools to provide education for pupils of mixed abilities between the ages of four and sixteen. The pupils who attend are from the local area of Pendle. As a Trust it aims to provide as many opportunities as they 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 to carry them into their adult lives.

The Trust has an unswerving determination to ensure that no-one gets left behind, and does this 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 course 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 the ethos of the Trust

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 the local area. These are the three core values that are at the heart of the trust:

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

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

***Inclusion: A determination that no one gets left behind.***

The Pennine Trust believes that through close partnership with parents, schools, other agencies and the local community the outcomes for young people will be enhanced. The success of all groups working together within the Multi-Academy Trust provides a model for building future social collaboration. The Trust recognises, values and celebrates differences and provides personalised learning and support for all. The Trust aims to ensure that all 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.***

The Pennine Trust believes in igniting the ambition and markedly raising the aspirations of young people, staff, parents and others in the local community. In turn this 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 the Trust's pupils in the possibilities of their future education and career pathways.



## Trustees' Report for the Year Ended 31<sup>st</sup> August 2019

### Strategies and Activities

Following a successful academisation process all four schools within the Trust are now primely positioned to deliver significant benefits to the pupils in the Trust's four schools together with enhanced life chances for the young people in Pendle. The Trust is focussed on:

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

Underneath the strategic plan sits a set of aims and objectives that will ensure that the Trust delivers its commitment to ensure the success of the Trust's five-year plan. During academic year 2019-20 the Trust will:

- Achieve a step change in KS2 & 4 performance (All Trust schools to achieve pupil outcomes in the top 20 of schools nationally)
- Sustain drive for excellence in EYFS & Years 1 to 11 (All aspects of the schools' provision which are less than good for all pupil groups are improved to be good)
- Prepare the foundations for the growth of the Trust in 2020-21

Furthermore, the Trust has outlined its aims and objectives for the 2020-21 academic year:

- Sustain drive for excellence in EYFS & Years 1 to 11 (All aspects of the founding schools' provision for all pupil groups continues to be good, including outcomes in the top 20% of schools nationally and schools provide an environment in which outstanding practice can flourish)
- Integrate one or two new schools into the Trust (All aspects of the new schools' provision which are less than good for all pupil groups are rapidly improving to be at least good)
- Restructure the Executive Central Team to support the growth of the Trust (School Senior Leadership Teams are no longer responsible for managing school finances & Estates and proportion of funding spent directly supporting teaching and learning increases)

### The Pennine Trust Curriculum Intent

The Trust has a curriculum that provides all pupils, regardless of their aptitude, interest or background, the knowledge, skills and character development to feel success in learning and ambition for their future.

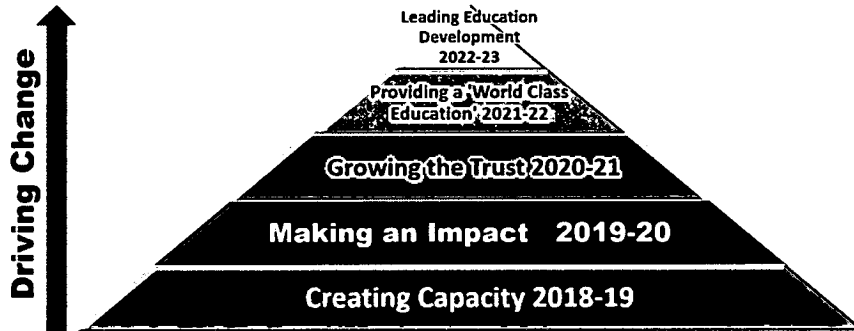
Curriculum Aims:

- Provide a challenging and rigorous academic core for all pupils to study to ensure no one is disadvantaged or restricted in their future education opportunities or career prospects
- Integrate learning experiences which facilitate the rapid closure of gaps in both academic progress and personal development.
- Ensure the holistic development of a pupil's character to instil confidence, personal skills and the drive to fulfil their dreams and potential in any social context.
- Structure and progressively develop learning around common fundamental concepts rather than focusing on contexts and application.
- Facilitate higher order thinking of pupils using cognitive resourced linked to fundamental concepts (core knowledge) that have been located in their long-term memory.
- Develop young people with active and creative minds, engender a sense of understanding and compassion for others and the courage to act on their beliefs, to enable them to make a lasting contribution to the communities in which they live
- Offer distinctive academic and technical learning pathways from KS4 onwards which are commensurate with the unusually high number of advanced engineering career opportunities in the geographical area of our schools.

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019**

**Five-year Strategic Plan**

The Trust is committed to delivering the above benefits, whilst at the same time retaining the identities and best aspects of all four schools. Each school has kept its own name, headteacher and local governing board, and will continue to focus on delivering quality teaching within the trust's local community. The Pennine Trust has developed an ambitious five-year plan with the following strategic plan themes:



**Achievements and Performance: Creating Capacity – 2018/19**

Creating the capacity to successfully implement the changes necessary to achieve our vision has been the first priority of the trust.

Following the formation of our Trust in September 2018 a substantial amount of work has been required in the first academic / financial year to build the governance and financial infrastructure necessary to effectively manage a £9M company. As part of this process Trust wide policies have been produced and implemented to ensure statutory obligations are met and to facilitate effective working practices. Securing the long term financial security of our Trust has been of paramount importance in sustaining the on-going improvements.

The Executive Trust Central Team with separate support and school improvement staffing were created from the inception of our Trust. Many small Trusts (3-5 schools) do not initially have a separate school improvement team. However, due to emphasis we place on transforming pupil outcomes, seconding staff to school improvement teams and providing additional funding for external support was considered essential. In the first year Central Support Team was staffed to provide Governance & Estates, Finance & Business and HR & Payroll functions. In the second year of our Trust (2019-20) staffing will be increased to include IT and Marketing functions. Permanent appointments will be made to the Central School Improvement Team in the third year (2020-21) to support the sustained rapid improvements and the growth of our Trust.

In 2019-20 a step change in the outcomes of pupils in all our schools is planned. Furthermore, subsequent rapid and sustained improvements will be required to achieve our vision of 'world class' outcomes by 2021-22. Therefore, it has been critical in the first year that we evolved a Trust specific school improvement model which is commensurate with the ethos of our Trust. 'Rapid Improvement Action Plans' (RIAPs) in specific subject areas in each school were implemented to minimise the likelihood of dips in performance in 2018-19. School leaders have shared in the development and trials of this model and are confident and fully committed to its whole school implementation in 2019-20

Our achievements in Creating Capacity 2018-19 are summarised below:

- Effective governance in place
- Good progress has been made in making effectively financial management
- Trust reserves have increased despite challenging conditions
- Effective payroll services now in place
- Effective compliance procedures now in place
- Common approach in improving teaching successfully trialled
- Cohesive Trust wide support and school improvement teams established

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019**
**Achievements and Performance: Key Performance Indicators (2018-19)**

The tables below summarise the key attainment and progress indicators for our three primary schools:

**Key Stage 2 Attainment**

	Percentage of pupils achieving the expected standard or higher	Percentage of pupils achieving the higher standard
Blacko Primary School	71	0
Laneshaw Bridge Primary School	80	27
Lord Street Primary School	45	7

**Key Stage 2 Progress**

	Reading	Writing	Maths
Blacko Primary School	-3.56	2.40	-0.87
Laneshaw Bridge Primary School	1.54	2.22	0.53
Lord Street Primary School	-1.11	0.60	-0.69

In 2019 there has been a significant improvement in the percentages of the pupils achieving the combined, expected and higher standards at Laneshaw Bridge. The percentage of pupils achieving the expected standard at Lord Street Primary School is the same as that achieved in 2018, although there has been a significant increase in the percentage of pupils achieving the higher standard. The percentage of pupils achieving the expected and higher standard at Blacko Primary School has declined in 2019 compared to the previous year due to relatively low outcomes for reading. The outcomes for Maths and Writing were comparable/higher than the previous year.

The tables below summarise the key attainment and progress indicators for our high school.

**KS4 Attainment**

	Park High School
Attainment 8 Score	43.0
Average Ebacc APS Score	3.79
% Achieving Grade 4+ in English & Maths	65
% Achieving Grade 5+ in English & Maths	33
% Achieving Grade 4+ in English Baccalaureate	24
% Achieving Grade 5+ in English Baccalaureate	11

**Trustees' Report for the Period Ended 31<sup>st</sup> August 2019**
**KS4 Progress**

	<b>Park High School</b>
Progress 8 Score	-0.14
Progress 8 Score – English	-0.01
Progress 8 Score - Maths	0.04
Progress 8 Score – Ebacc Subjects	-0.10
Progress 8 Score – Open Subjects	-0.47

The overall attainment (Attainment 8) of pupils in 2019 is lower than that achieved in 2018. However, the overall progress (Progress 8) continues to be in-line with national averages. The percentage of pupils achieving a pass grade (Grade 4+ in English and Maths) is in-line with the national average. The percentage of pupils achieving a good pass (Grade 5+ in English and Maths) is below the national average due to significant decline in the number of pupils achieving 5+ in Maths. There has been a significant increase in the progress achieved for English from below average to average in 2019. The progress made by pupils in English is now comparable with the progress they have made in Maths and the Ebacc Subjects. The only area which now remains below average for progress is the performance of pupils in the 'open bucket' subjects.

All schools have implemented action plans to address relative weaknesses in performance in 2018-19 to ensure they can achieve a step change in performance in 2019-20.

**Public Benefit**

In setting the objectives, and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education. The key public benefit delivered by The Pennine Trust is the development of high quality education provided within its schools, to the public benefit of all children local to these schools.

**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.

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019****Financial Review**

During the year The Pennine Trust has received income of £20,059,802 (2018:£82,300) comprising:

- GAG funding for all 4 schools in the Trust
- The donation of properties (£11,944,754), cash (£380,041) and a pension liability (£2,146,000) on conversion of the academies.

Over the year the Trust expended £10,017,922 (2018:£3,000), resulting in net income of £10,041,880, leading to reserves carried forward of £9,224,180. Of this, a surplus of £549,139 (2018: £79,300) which related to restricted funds for the academies which is being carried forward to be utilised in future years and £406,842 (2018:£Nil) of unrestricted funds to be used within the Academies Charitable objectives. The Trust also has a restricted fixed asset fund of £11,733,199 (2018: £Nil) which is being carried forward and will be spent in line with the Capital Grant programme and offset future depreciation charges.

**Reserves Policy**

The Trusts reserves policy is to hold a minimum of one month of general annual grant funding per school. This equates to approximately £660k for the Trust.

As noted above, the restricted general reserves carried forward a surplus of £549,139. Combining the restricted and unrestricted reserves prior to the pension adjustment the Trust has reserves of £955,981; this is after reflecting the transfers from the local authority of £380,041. As the trust is in its infancy there are plans to reinvest these funds over the next few years to ensure that the Trust continues to thrive.

The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

- Contingency fund to deal with minor adjustments to operational expenditure from some budget headings;
- a planned accumulation of funds to pay for some major construction work or project; and
- expenditure held over to the following year to withstand variations in the level of funding the Trust receives.

The Board of Trustees ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook by the ESFA. It is the policy for the Trust to have reserves which can be used for the future education purposes in line with the development plans.

**Investment Policy**

All investments are agreed by the Trustees, which have 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. 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 Year Ended 31<sup>st</sup> August 2019

### Principal Risks and Uncertainties

The Multi-Academy Trust has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which has been designed to protect the Academy Trust's assets and reputation. A full review of the risks faced by The Pennine Trust was conducted and systems have been established to mitigate those risks. The Pennine Trust has identified the major risks it faces and has documented these within its Risk Register; this is reviewed termly by its Trustees. The Trustees are also kept up-to-date between these meetings of any issues that may impact upon the management of risk.

The Audit Committee has an ongoing responsibility for the monitoring of risks and has engaged Hallidays as its Internal Auditors to ensure maintained compliance. An internal audit plan was agreed and undertaken in 2018/19. Further details around the focus of this work is included within the Governance Statement.

### Fundraising

The Trust has nominated a senior leader who is responsible for ensuring that charitable giving by pupils, staff and families is appropriate and only allows fundraising activities if:

- The charity is registered with the UK's Charity Commission.
- The charity and the cause demonstrates no political, religious or cultural discrimination.
- The charity's values are consistent with fundamental British values of democracy, rule of law, individual liberty and mutual respect, and tolerance of those with different faiths and beliefs.
- There is no compulsion for pupils, staff and families to participate in any fundraising activities.
- If the monies raised are to be split across a number of charities the basis of this split must be notified in advance and during the fundraising activity.
- Pupils and staff organising fundraising are adequately inducted on the appropriate procedures.
- All charitable giving is entered on to the Charitable Giving Record and is reviewed and approved by the nominated senior leader.
- Evidence is sought to ensure charitable funds have been appropriately spent.
- Learning is not disrupted by any fundraising activities, however, any fundraising that takes place within the school day enhances pupil's development.
- All funds raised will be collected, accounted for and dispersed to the identified charity in line with the Trust Financial Procedures Manual.

### Plans for Future Period

The Pennine Trust will seek to grow as a Multi-Academy Trust as detailed in the five-year plan that has been developed by the Trust. Within the current and prospective academies, the Trust will work to ensure the high performance of its students and that the schools meet the needs of the community.

The theme in our Trust's five-year plan for the 2019-20 academic year is 'Making and Impact'. The three key aims for the 2019-20 academic year are outlined below:

1. Achieve a step change in KS2 & 4 performance – *All our Trust schools achieve pupil outcomes in the top 20% of schools nationally*
2. Sustain drive for excellence in EYFS & Years 1 to 11 – *All aspects of our schools' provision which are less than good for all pupil groups are improved to be good*
3. Prepare the foundations for the growth of our Trust in 2020-21 – *Our Trust grows by one or two schools in 2020-21*

The underlying strategy to achieve the above aims is outlined below:

- Nurture a positive 'mind set' in staff and pupils so that they have the confidence and drive to strive for excellence in all aspects of their work and personal development.
- Significantly increase the progress of pupils, reducing attainment / progress gaps by:
  - Further developing teachers understanding of the theory of how pupils learn key concepts in each subject area using latest accredited research and actively seek advice from effective lead practitioners, including beyond our school.
  - Further improving the effectiveness of teachers' subject pedagogy including: challenge; use of assessment; intervention; engagement; and use of support staff.
- Developing the effectiveness of Middle Leadership Teams in schools so that they become the driving force for sustained improvements in the quality of teaching and learning.
- Increase the capacity of the Trust Central Team to support the aims of the Trust in 2019-20

**Trustees' Report for the Year Ended 31<sup>st</sup> August 2019**

**Funds Held as Custodian Trustee on Behalf of Others**

The Pennine Trust holds no funds on behalf of others.

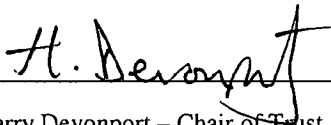
**Auditor**

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.

Beever and Struthers are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

The trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2019 and signed on the Board's behalf by:



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Mr Harry Devonport – Chair of Trust

## Governance Statement for the Year Ended 31<sup>st</sup> August 2019

### Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that 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 provide only 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, as Accounting Officer, for ensuring financial controls conform to 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 *Members* have formally met once during the year. Attendance during the year at meetings of the Members was as follows: -

Member	Meetings attended	Out of a possible
Mr Harry Devonport (Chair)	1	1
Ms M Burnham	1	1
Mr P Catterall	1	1
Mr T Root	0	1
Mrs H Swinson	0	1

The *Board of Trustees* have formally met five times during the year (18<sup>th</sup> December 2018, 7<sup>th</sup> February 2019, 28<sup>th</sup> February 2019, 28<sup>th</sup> March 2019 and 2<sup>nd</sup> May 2019). Attendance during the year at meetings of the Board of Trustees was as follows: -

Trustee	Meetings attended	Out of a possible
Ms M Burnham	5	5
Mr H Devonport (Chair)	5	5
Ms E Gauntlett	4	5
Mr V Green (resigned March 2019)	4	4
Ms C Hitchen	3	5
Dr P Parkin	5	5
Mr A Pettinger	4	5
Ms J Pickering (resigned July 2019)	2	5
Mr P White	1	5

Where Trustees have tendered apologies during the year this has been due to work commitments.

The Pennine Trust Board has met five times this academic year. The Trust has maintained adequate oversight of its finances through:

- Delegating oversight to the Resources Committee who have met five times in the 2018-19 academic year
- Circulating financial management reports every month to all trustees.



**Governance Statement for the Year Ended 31<sup>st</sup> August 2019**

The *Audit Committee* is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure regulatory compliance, financial probity and manage risk. The appointment of Internal Auditors was a decision made by the Audit Committee and Hallidays were appointed.

Attendance at meetings in the year (6<sup>th</sup> December 2018, 21<sup>st</sup> March 2019 and 15<sup>th</sup> July 2019) was as follows: -

Trustee	Meetings attended	Out of a possible
Ms M Burnham (Chair)	2	3
Ms E Gauntlett	3	3
Mr H Devonport	3	3
Dr P Parkin ( <i>removed as staff member after FMGS Audit</i> )	2	3
Mr Vince Green (resigned March 2019)	1	2

The *Resources Committee* is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure sound management of the Trust's business resources, including proper planning, monitoring and probity.

Attendance at meetings in the year (4<sup>th</sup> October 2018, 6<sup>th</sup> December 2019, 25<sup>th</sup> March 2019, 1<sup>st</sup> May 2019 and 15<sup>th</sup> July 2019) was as follows: -

Trustee	Meetings attended	Out of a possible
Mr P White (Chair)	2	5
Mr A Pettinger	4	5
Mr H Devonport	5	5
Dr P Parkin	4	5
Mr Vince Green (resigned March 2019)	3	4

The *Standards Committee* is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure high standards in the quality of teaching and learning within Trust schools.

Attendance at meetings in the year (10<sup>th</sup> October 2018, 10<sup>th</sup> January 2019 and 23<sup>rd</sup> April 2019) was as follows: -

Trustee	Meetings attended	Out of a possible
Mr H Devonport (Chair)	3	3
Ms M Burnham	3	3
Ms E Gauntlett	3	3
Ms C Hitchen	3	3
Dr P Parkin	3	3

### Governance Statement for the Year Ended 31<sup>st</sup> August 2019

The *Nomination and Remuneration Committee* is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the oversight of Governance for the Trust.

Attendance at meetings in the year (11<sup>th</sup> December 2018, 14<sup>th</sup> March 2019 and 10<sup>th</sup> June 2019)

Trustee	Meetings attended	Out of a possible
Ms J Pickering (Chair) (resigned July 2019)	3	3
Ms M Burnham	2	3
Mr H Devonport	3	3
Dr P Parkin	3	3
Mr V Green (resigned March 2019)	1	2

#### 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 must consider how the Trust's use of its resources have 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 Accounting Officer for the Academy Trust has delivered improved value for money during the year by: -

- Improving educational standards – Refining the education model to be applied across all Trust schools aimed at maximising pupil performance.
- Robust governance and oversight of Multi-Academy Trust Finances – Developing a Financial Procedures Manual to ensure segregation of duties, uniformity and consistency across all schools within the Trust.
- Reviewing controls and managing risks – Business continuity Plans, Risk Management Policies and risk register have been devised at Trust level and these are reviewed termly by the each of the Board's sub-committees.

#### 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 Academy Trust's significant risks that have been in place for the year to 31<sup>st</sup> August 2019 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 Year Ended 31<sup>st</sup> August 2019****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 agreed by the Board of Trustees;

- comprehensive budgeting and monitoring system with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews undertaken by the resources committee of reports which indicate financial performance against the forecasts and a of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined (asset purchase or capital investment) guidelines;
- delegation of authority by using the Scheme of Delegation; and
- Identification, tracking and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Hallidays as their internal auditors.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. An Internal Audit Plan for the year was agreed and undertaken in 2018/19. This focused upon the following areas: -

- Finance Procedures Manual
- Payroll
- Purchases
- Bank Reconciliation
- Capital Contracts
- Control Accounts

On a termly basis the internal auditor reports back 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.

The reviews that have been undertaken have provided recommendations for where the Trust could strengthen its systems and internal controls, from this a full action plan has been developed in discussion with the Audit Committee. Further reviews will continue into the 2019/20 academic year to assist in identifying other areas in which the Trust are able to implement an improved control environment.

**Governance Statement for the Year Ended 31<sup>st</sup> August 2019**

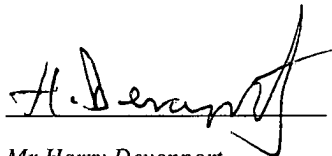
**Review of Effectiveness**

As accounting officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by: -

- the work of the Internal Auditor;
- The work of the External Auditor;
- the financial management and governance self-assessment process (FMGS)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address the weaknesses and ensure a continuous improvement of the systems are in place.

Approved by order of the members of the Board of Trustees on.....<sup>12</sup>..... December 2019 and signed on its behalf by:



*Mr Harry Devonport*

**Chair of Trustees**



*Dr Paul Parkin*

**Accounting Officer**

**Statement on Regularity, Propriety and Compliance**

**For the Year Ended 31 August 2019**

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

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

I can confirm that no instances of irregularity, impropriety or funding non-compliance has been discovered to date.



*Dr Paul Parkin*

**Accounting Officer**

## Statement of Trustees' Responsibilities

### For the Year Ended 31<sup>st</sup> August 2019

The Trustees (who act as governors of The Pennine Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction 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:

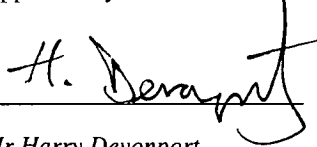
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (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 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 in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on its behalf by:



*Mr Harry Devonport*

**Chair of Trustees**

**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 year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, the Statement of Cashflows 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', and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

**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 year 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 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 20, 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

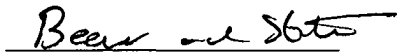
### Auditor's responsibilities for the audit of the financial statements

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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 Beever and Struthers, Statutory Auditor

Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP

Date: 12/12/19

## **Independent Reporting Accountant's Report on Regularity to The Pennine Trust and the Education and Skills Funding Agency**

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

This report is made solely to The Pennine Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Pennine Trust 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 Pennine Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of the Trustee's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated January 2018 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review that the activities are in keeping with the Academy Trust's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the Academy Trust's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2018 to 2019.

**Independent Reporting Accountant's Report on Regularity to Pennine Trust and the  
Education and Skills Funding Agency (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Beever and Struthers*

Mark Bradley BA FCA

For and on behalf of Beever and Struthers, Chartered Accountants

Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP

Date: 12/12/19

**Statement of Financial Activities for the Year Ended 31 August 2019**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	25,549	65,625	91,174	-
Transfer from local authority on conversion	25	380,041	(2,146,000)	11,944,754	10,178,795	-
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	554,616	9,228,104	-	9,782,720	82,300
Other trading activities	4	6,563	-	-	6,563	-
Investments	5	550	-	-	550	-
<b>Total</b>		<b>941,770</b>	<b>7,107,653</b>	<b>12,010,379</b>	<b>20,059,802</b>	<b>82,300</b>
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	6	(534,928)	(9,205,814)	(277,180)	(10,017,922)	(3,000)
<b>Net income/(expenditure)</b>		<b>406,842</b>	<b>(2,098,161)</b>	<b>11,733,199</b>	<b>10,041,880</b>	<b>(3,000)</b>
Actuarial gains on defined benefit pension schemes	15,23	-	(897,000)	-	(897,000)	-
<b>Net movement in funds</b>		<b>406,842</b>	<b>(2,995,161)</b>	<b>11,733,199</b>	<b>9,144,880</b>	<b>79,300</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2018	15	-	79,300	-	79,300	-
Total funds carried forward at 31 August 2019	15	<b>406,842</b>	<b>(2,915,861)</b>	<b>11,733,199</b>	<b>9,224,180</b>	<b>79,300</b>

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

**Balance Sheet as at 31 August 2019**  
 (Company number: 11121514)

	Note	31 August 2019 £	31 August 2018 £
<b>Fixed assets</b>			
Tangible assets	12	11,740,443	-
<b>Current assets</b>			
Debtors	13	549,503	82,300
Cash at bank and in hand		957,352	-
		<u>1,506,855</u>	<u>82,300</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	14	<u>(558,118)</u>	<u>(3,000)</u>
<b>Net current assets</b>		<u>948,737</u>	<u>79,300</u>
<b>Total assets less current liabilities</b>		<u>12,689,180</u>	<u>79,300</u>
Net assets excluding pension liability		12,689,180	79,300
Defined benefit pension scheme liability	23	<u>(3,465,000)</u>	-
<b>Total net assets</b>		<u>9,224,180</u>	<u>79,300</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted income fund	15	549,139	79,300
Fixed asset fund	15	11,733,199	-
Pension reserve	15	<u>(3,465,000)</u>	-
		<u>8,817,338</u>	<u>79,300</u>
<b>Unrestricted funds</b>			
Unrestricted income funds	15	<u>406,842</u>	-
<b>Total funds</b>		<u>9,224,180</u>	<u>79,300</u>

The financial statements on pages 26 to 49 were approved by the Trustees, and authorised for issue on 12 December 2019 and signed on their behalf by:



Ms M Burnham  
Trustee

Registration number: 11121514

**Pennine Trust**
**Statement of Cash Flows for the Year Ended 31 August 2019**

	Note	31 August 2019 £	31 August 2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	964,211	-
Cash flows from investing activities	20	(6,859)	-
Increase in cash and cash equivalents in the year		957,352	-
Cash and cash equivalents at 1 September 2018		-	-
Cash and cash equivalents at 31 August 2019	21	957,352	-

All of the cash flows are derived from continuing operations in the current financial period.

**Notes to the Financial Statements for the Period Ended 31 August 2019****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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements cover the year ended 31 August 2019. The comparative 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.

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 academy trust which amount to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

**Donations**

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

**Notes to the Financial Statements for the Period Ended 31 August 2019****1 Accounting policies (continued)*****Other income***

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

***Donated goods, facilities and services***

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

***Transfer on conversion***

Where assets and liabilities are received by the academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

***Expenditure***

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

***Expenditure on raising funds***

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

***Charitable activities***

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

All resources expended are inclusive of irrecoverable VAT.

***Other trading activities***

Other trading income, including the hire of facilities, childcare and catering is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

***Tangible fixed assets***

Assets costing £1,000 (IT equipment £500) 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.



**Notes to the Financial Statements for the Period Ended 31 August 2019**
**1 Accounting policies (continued)**
**Tangible fixed assets**

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land and buildings	over life of the lease (125 years)
Leasehold improvements	10% straight line
Fixtures, fittings and equipment	20% straight line
ICT equipment	33% straight line
Motor Vehicles	25% straight line

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.

**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 the past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

**Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**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 13. 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 14. 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 2019****1 Accounting policies (continued)****Pensions Benefits**

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

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

**Fund Accounting**

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

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

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

**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 resulted 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 note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Notes to the Financial Statements for the Period Ended 31 August 2019**
**1. Accounting policies (continued)**
**Conversion to an Academy Trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis set out below.

The assets and liabilities transferred on conversion to the academy trust from each school to an Academy Trust have been valued at their fair value. The fair value has been derived on based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

**2 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2019 £	Total 2018 £
Capital grants	-	-	65,625	65,625	-
Other Donations	-	25,549	-	25,549	-
	-	25,549	65,625	91,174	-

**3 Funding for the Academy Trust's educational operations**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE/ESFA revenue grants</b>				
General Annual Grant	-	7,914,625	7,914,625	-
Other DfE Group Grants	-	846,149	846,149	82,300
	-	8,760,774	8,760,774	82,300
<b>Other government grants</b>				
Local Authority grants	-	188,495	188,495	-
Other income from the academy trust's educational operations	554,616	278,835	833,451	-
<b>Total grants</b>	554,616	9,228,104	9,782,720	82,300

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**4 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	6,563	-	6,563	-
	<u>6,563</u>	<u>-</u>	<u>6,563</u>	<u>-</u>

**5 Investment income**

	Unrestricted funds £	Total 2019 £	Total 2018 £
Short term deposits	550	550	-
	<u>550</u>	<u>550</u>	<u>-</u>

**6 Expenditure**

	Non Pay Expenditure			Total 2019 £	Total 2018 £
	Staff costs £	Premises £	Other costs £		
<b>Expenditure on raising funds</b>					
Direct costs	6,649,717	277,178	739,566	7,666,461	-
Allocated support costs	945,092	760,103	646,266	2,351,461	3,000
	<u>7,594,809</u>	<u>1,037,281</u>	<u>1,385,832</u>	<u>10,017,922</u>	<u>3,000</u>

**Net income/(expenditure) for the year includes:**

	31 August 2019 £	2018 £
Operating Leases	4,370	-
Depreciation	266,096	-
Loss on disposal of Fixed Assets	11,247	-
Fees payable to auditor - audit	15,550	3,000
- other audit services	<u>4,468</u>	<u>-</u>

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**7 Charitable activities**

	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Direct costs - educational operations	7,666,461	-
Support costs - educational operations	2,351,461	3,000
	<u>10,017,922</u>	<u>3,000</u>

	<b>Educational operations £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
<b>Analysis of support costs</b>			
Support staff costs	945,092	945,092	-
Premises costs	760,103	760,103	-
Other support costs	646,266	646,266	3,000
Total support costs	<u>2,351,461</u>	<u>2,351,461</u>	<u>3,000</u>

**8 Staff**
**a. Staff costs**

	<b>31 August 2019 £</b>	<b>31 August 2018 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	5,501,091	-
Social security costs	533,357	-
Pension costs	1,371,628	-
	<u>7,406,076</u>	-
Agency staff costs	183,294	-
Staff restructuring costs	5,439	-
	<u>7,594,809</u>	-
Staff restructuring costs comprise:		
Severance payments	13,059	-

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 8. Staff continued...

#### b. Staff numbers

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

	31 August 2019	31 August 2018
	No	No
<b>Charitable Activities</b>		
Teachers	94	-
Teachers support staff	101	-
Administration	21	-
Management	22	-
	238	-

#### c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	31 August 2019	31 August 2018
	No	No
£60,001 - £70,000	6	-
£70,001 - £80,000	1	-
£100,001 - £110,000	1	-

The above employees participated in the Teachers' Pension Scheme. During the year pension contributions for these staff members amounted to £89,692 (2018: Nil).

#### d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £631,026 (2018: £Nil).

### 9 Central services

The academy trust provides the following central services to its academies during the year:

- Financial Services
- Human Resources
- Facilities & Estates
- Governance
- Business Support

The academy trust charges each school for these services based on a percentage of their GAG. The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Park High School	181,818	-
Lord St Primary School	50,918	-
Laneshawbridge Primary School	27,157	-
Blacko Primary School	15,775	-
	275,668	-

**Notes to the Financial Statements for the Year Ended 31 August 2019****10 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from an 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, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Paul Parkin (Executive Headteacher and trustee):

Remuneration:	£100,001 - £105,000
Employer's pension contributions:	£15,000 - £20,000

**11 Trustees' and officers' insurance**

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides unlimited cover. 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 for the Year Ended 31 August 2019**
**12. Tangible Fixed Assets**

	Leasehold Land and Buildings	Building Improvements	Office and Educational Equipment	Furniture, Fixtures and Equipment	Computer Equipment	Motor Vehicles	Total 2019
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 September 2018	-	-	-	-	-	-	-
Transfer on Conversion	11,190,000	110,980	96,417	136,478	410,879	-	11,944,754
Additions	-	17,593	1,242	3,317	32,886	17,995	73,033
Disposals	-	-	(500)	(1,740)	(10,020)	-	(12,260)
<b>At 31 August 2019</b>	<b>11,190,000</b>	<b>128,573</b>	<b>97,159</b>	<b>138,055</b>	<b>433,745</b>	<b>17,995</b>	<b>12,005,527</b>
<b>Depreciation</b>							
At 1 September 2018	-	-	-	-	-	-	-
Charged in year	89,520	2,497	20,726	28,198	123,196	1,960	266,097
On disposal	-	-	(75)	(644)	(294)	-	(1,013)
<b>At 31 August 2019</b>	<b>89,520</b>	<b>2,497</b>	<b>20,651</b>	<b>27,554</b>	<b>122,902</b>	<b>1,960</b>	<b>265,084</b>
<b>Net Book Value</b>							
<b>At 31 August 2019</b>	<b>11,100,480</b>	<b>126,076</b>	<b>76,508</b>	<b>110,501</b>	<b>310,843</b>	<b>16,035</b>	<b>11,740,443</b>



**Notes to the Financial Statements for the Year Ended 31 August 2019**
**13 Debtors**

	31 August 2019	31 August 2018
	£	£
Trade debtors	3,394	-
VAT recoverable	281,181	-
Payments and accrued income	264,928	82,300
	<u>549,503</u>	<u>82,300</u>

**14 Creditors: amounts falling due within one year**

	31 August 2019	31 August 2018
	£	£
Trade creditors	170,126	-
Other taxes & social security	243,334	-
Other creditors	4,453	-
Accruals	140,205	3,000
	<u>558,118</u>	<u>3,000</u>

**15 Funds**

	Balance at 1 September 2018	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	7,914,625	(7,412,403)	-	502,222
Pupil Premium	-	575,320	(528,403)	-	46,917
Other Government Grants and income:					
Other	79,300	763,708	(843,008)	-	-
	<u>79,300</u>	<u>9,253,653</u>	<u>(8,783,814)</u>	<u>-</u>	<u>549,139</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	-	11,944,754	(277,180)	-	11,667,574
DfE/ESFA capital grants	-	65,625	-	-	65,625
	<u>-</u>	<u>12,010,379</u>	<u>(277,180)</u>	<u>-</u>	<u>11,733,199</u>
<b>Restricted pension funds</b>					
Pension Reserve	-	(2,146,000)	(422,000)	(897,000)	(3,465,000)
Total restricted funds	79,300	19,118,032	(9,482,994)	(897,000)	8,817,338
<b>Unrestricted funds</b>					
Unrestricted general funds	-	941,770	(534,928)	-	406,842
Total funds	<u>79,300</u>	<u>20,059,802</u>	<u>(10,017,922)</u>	<u>(897,000)</u>	<u>9,224,180</u>

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**15. Funds (continued)**
**Analysis of academies by fund balance**

Fund balances at 31 August 2019 were allocated as follows:

	<b>Total £</b>
Park High School	458,413
Lord St Primary School	179,762
Blacko Primary School	105,238
Laneshawbridge Primary School	166,742
Central Services	45,826
Total before fixed assets and pension reserve	955,981
Fixed asset fund	11,733,199
Pension Reserve	<u>(3,465,000)</u>
Total	<u>9,224,180</u>

**Analysis of academies by cost**

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

	<b>Teaching and Educational Support Staff Costs £</b>	<b>Other Support Staff Costs £</b>	<b>Educational Supplies £</b>	<b>Other Costs (excluding Depreciation) £</b>	<b>Total 2019 £</b>
Park High School	3,994,404	510,819	377,930	883,685	5,766,838
Lord St Primary School	1,195,945	159,756	133,176	300,958	1,789,835
Blacko Primary School	293,768	72,396	51,749	117,741	535,654
Laneshaw Bridge Primary School	596,487	108,303	87,510	130,560	922,860
Central	<u>577,113</u>	<u>93,818</u>	<u>-</u>	<u>65,707</u>	<u>736,638</u>
Academy Trust	<u>6,657,717</u>	<u>945,092</u>	<u>650,365</u>	<u>1,498,651</u>	<u>9,751,825</u>

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**16 Analysis of net assets between funds 2019**

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	11,740,443	11,740,443
Current assets	406,842	1,107,257	(7,244)	1,506,855
Current liabilities	-	(558,118)	-	(558,118)
Pension scheme liability	-	(3,465,000)	-	(3,465,000)
<b>Total net assets</b>	<b>406,842</b>	<b>(2,915,861)</b>	<b>11,733,199</b>	<b>9,224,180</b>

**Analysis of net assets between funds 2018**

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	-
Current assets	82,300	-	-	82,300
Current liabilities	(3,000)	-	-	(3,000)
Pension scheme liability	-	-	-	-
<b>Total net assets</b>	<b>79,300</b>	<b>-</b>	<b>-</b>	<b>79,300</b>

**17 Commitments under operating leases**
***Operating leases***

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due less than one year	4,370	-
Amounts due between one and five years	728	-
	<u>5,098</u>	<u>-</u>

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**18 Reconciliation of net income / (expenditure) to net cash inflow from operating activities**

	2019 £	2018 £
Net income	10,041,880	79,300
Depreciation (note 12)	266,097	-
Capital grants and other capital funding (note 2)	(65,625)	-
Interest receivable (note 5)	(550)	-
Increase in debtors	(467,203)	(82,300)
Increase in creditors	555,119	3,000
Pension interest	55,000	-
Net of pension contributions and current service cost	367,000	-
Loss on sale of fixed assets	11,247	-
Fixed assets transferred on conversion	(11,944,754)	-
Pension liability transferred on conversion	2,146,000	-
Net cash provided by Operating Activities	<u>964,211</u>	-

**19 Cash flows from financing activities**

	2019 £	2018 £
Interest received	-	-
Net cash provided by financing activities	<u>-</u>	-

**20 Cash flows from investing activities**

	2019 £	2018 £
Dividends, interests & rents from investments	550	-
Purchase of tangible fixed assets	(73,034)	-
Capital grants from DfE/ESFA	65,625	-
Net cash provided by investing activities	<u>(6,859)</u>	-

**21 Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>957,352</u>	-
Total cash and cash equivalents	<u>957,352</u>	-

**22 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.

## **Notes to the Financial Statements for the Year Ended 31 August 2019**

### **23 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 Bolton Council. Both are multi-employer defined benefit schemes.

The LGPS obligation relates to the employees of the academy trust, who were employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date

The latest actuarial valuation of the TPS and of the LGPS relates to the year ended 31 March 2016.

Contributions amounting to £27,536 were payable to the schemes at 31 August 2019 (2018: £ Nil) and are included within creditors. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

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

#### **The Teachers' Pension Budgeting and Valuation Account**

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

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

#### **Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 23 Pension and similar obligations continued...

#### Scheme Changes

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

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

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

#### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £384,000 (2018 - £Nil), of which employer's contributions totalled £296,000 (2018 - £Nil) and employees' contributions totalled £88,000 (2018 - £Nil). The agreed contribution rates for future years are 30.2% percent for employers and between 5.5% and 10.5% percent 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.

#### Principal actuarial assumptions

	At 31 August 2019 %	At 31 August 2018 %
Rate of increase in salaries	3.50	-
Rate of increase for pensions in payment/inflation	2.10	-
CPI inflation/CARE benefits revaluation	2.00	-
Discount rate for scheme liabilities	1.80	-

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

	At 31 August 2019	At 31 August 2018
<b>Retiring today</b>		
Males retiring today	22.8	-
Females retiring today	25.5	-
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.1	-
Females retiring in 20 years	28.2	-

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**23 Pension and similar obligations (continued)**

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,024,000	-
Other bonds	34,000	-
Property	189,000	-
Cash and other liquid assets	896,000	-
Total market value of assets	<u>2,143,000</u>	-

**Amounts recognised in the statement of financial activities**

	31 August 2019 £	31 August 2018 £
Net interest cost	55,000	-
Administrative expenses	8,000	-
Past service cost	188,000	-
Current service cost (net of employee contributions)	467,000	-
Total amount recognised in the SOFA	<u>718,000</u>	-

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

	31 August 2019 £	31 August 2018 £
Past service cost	188,000	-
Current service cost	467,000	-
Transfer on conversion	3,688,000	-
Interest cost	104,000	-
Employee contributions	88,000	-
Loss on assumptions	1,073,000	-
At 31 August	<u>5,608,000</u>	-

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

	31 August 2019 £	31 August 2018 £
At start of period	-	-
Interest income	49,000	-
Gain on assumptions	176,000	-
Administrative costs	(8,000)	-
Transfer on conversion	1,542,000	-
Employer contributions	296,000	-
Employee contributions	88,000	-
At 31 August	<u>2,143,000</u>	-

## 24 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

## 25. Conversion to an Academy Trust

On 1 September 2018 Park High School, Lanseshawbridge Primary School, Lord St Primary School and Blacko Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Pennine Trust Academy Trust from the Lancashire County Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019
	£	£	£	£
Tangible fixed assets				
– Leasehold land and buildings	-	-	11,190,000	11,190,000
– Other tangible fixed assets	-	-	754,754	754,754
Budget surplus on LA funds	380,041	-	-	380,041
LGPS pension deficit	-	(2,146,000)	-	(2,146,000)
<b>Total net assets</b>	<b>380,041</b>	<b>(2,146,000)</b>	<b>11,944,754</b>	<b>10,178,795</b>



**Notes to the Financial Statements for the Year Ended 31 August 2019**
**25. Conversion to an Academy Trust**

The individual transactions are listed below:

**Park High School**

On 1 September 2018, Park High School converted to academy status and joined The Pennine Trust. The conversion included a 125 year lease of land and buildings from 1 September 2018 at a peppercorn rent.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	<b>Total 2018</b>
	£	£	£	£
Tangible fixed assets				
– Leasehold land and buildings	-	-	6,540,000	<b>6,540,000</b>
– Other tangible fixed assets	-	-	503,012	<b>503,012</b>
Budget surplus on LA funds	118,479	-	-	<b>118,479</b>
LGPS pension deficit	-	-	-	-
<b>Total net assets</b>	<b>118,479</b>	<b>-</b>	<b>7,043,012</b>	<b>7,161,491</b>

**Laneshawbridge Primary School**

On 1 September 2018, Laneshawbridge Primary School converted to academy status and joined The Pennine Trust. The conversion included a 125 year lease of land and buildings from 1 September 2018 at a peppercorn rent.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	<b>Total 2019</b>
	£	£	£	£
Tangible fixed assets				
– Leasehold land and buildings	-	-	3,170,000	<b>3,170,000</b>
– Other tangible fixed assets	-	-	113,120	<b>113,120</b>
Budget surplus on LA funds	105,270	-	-	<b>105,270</b>
LGPS pension deficit	-	-	-	-
<b>Total net assets</b>	<b>105,270</b>	<b>-</b>	<b>3,283,120</b>	<b>3,388,390</b>

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**25. Conversion to an Academy Trust**
**Lord St Primary School**

On 1 September 2018, Lord St Primary School converted to academy status and joined The Pennine Trust. The conversion included a 125 year lease of land and buildings from 1 September 2018 at a peppercorn rent.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019
	£	£	£	£
Tangible fixed assets				
– Leasehold land and buildings	-	-	1,210,000	1,210,000
– Other tangible fixed assets	-	-	42,015	42,015
Budget surplus on LA funds	66,221	-	-	66,221
LGPS pension deficit	-	-	-	-
<b>Total net assets</b>	<b>66,221</b>	<b>-</b>	<b>1,252,015</b>	<b>1,318,236</b>

**Blacko Primary School**

On 1 September 2018, Blacko Primary School converted to academy status and joined The Pennine Trust. The conversion included a 125 year lease of land and buildings from 1 September 2018 at a peppercorn rent.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019
	£	£	£	£
Tangible fixed assets				
– Leasehold land and buildings	-	-	270,000	270,000
– Other tangible fixed assets	-	-	96,607	96,607
Budget surplus on LA funds	90,071	-	-	90,071
LGPS pension deficit	-	-	-	-
<b>Total net assets</b>	<b>90,071</b>	<b>-</b>	<b>366,607</b>	<b>456,678</b>

**Notes to the Financial Statements for the Year Ended 31 August 2019**
**26. Comparative Statement of Financial Activities for the period ended 31 August 2018**

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