

Registration number: 11121514 (England & Wales)

# The Pennine Trust

(A Company Limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020

# The Pennine Trust

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# The Pennine Trust

## Reference and Administrative Details

### Members

Mrs M Burnham  
Mr P Catterall  
Mr H Devonport  
Mr T Root  
Mrs H Swinson

### Trustees (Directors)

Mrs M Burnham, Chair of Trust  
Mr H Devonport  
Miss E Gauntlett  
Mrs C Hitchen  
Dr P Parkin, Principal and Accounting Officer  
Mr A Pettinger  
Mr P White  
Mr C Tiernan (appointed 6 September 2019)

### Senior Management Team

Dr P Parkin, Chief Executive Officer  
Mrs H Scholey, Head of Finance & Business  
Miss K Dobney, Head of Human Resources  
Mr B Walker, Head of Governance  
Mrs J Sharples, Director of School Improvement (Primary)

### Principal and Registered Office

The Pennine Trust  
Park High School  
Colne  
Lancashire  
BB8 7DP

**Company Registration Number** 11121514 (England & Wales)

### Auditors

Beever and Struthers  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

### Bankers

Lloyds TSB  
7 Manchester Road  
Burnley  
BB11 1HT

### Solicitors

First North Law  
County Hall  
Northallerton  
North Yorkshire  
DL7 8AD

# **The Pennine Trust**

## **Trustees' Report for the Year Ended 31 August 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Multi-Academy Trust (MAT) operates academies for pupils aged 4-16, serving the catchment area in the Borough of Pendle. It has a combined pupil capacity of 1,810. The numbers on roll are 1,803 pupils as reported in the school census in January 2020.

### **Structure, governance and 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 academy trust. The trustees of The Pennine Trust are also the directors of the charitable company for the purposes 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 page 1.

#### ***Members' liability***

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

#### ***Trustees' indemnities***

Professional indemnity insurance is in place to protect Members, Trustees and Officers from claims arising from negligent acts, errors or omissions occurring with regards to 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 agree the scheme of delegation. Trustees receive information relating to the Trust, including policies and procedures and receive an induction pack on the roles and responsibilities of being a Trustee.

Trustees received the following training throughout the period ending 31st August 2020:

- New Ofsted Framework
- Safeguarding & Prevent
- Financial (Reserves)

Appropriate skill gap analysis is undertaken annually which is then used to form a training programme for the 2020-21 academic year.

# The Pennine Trust

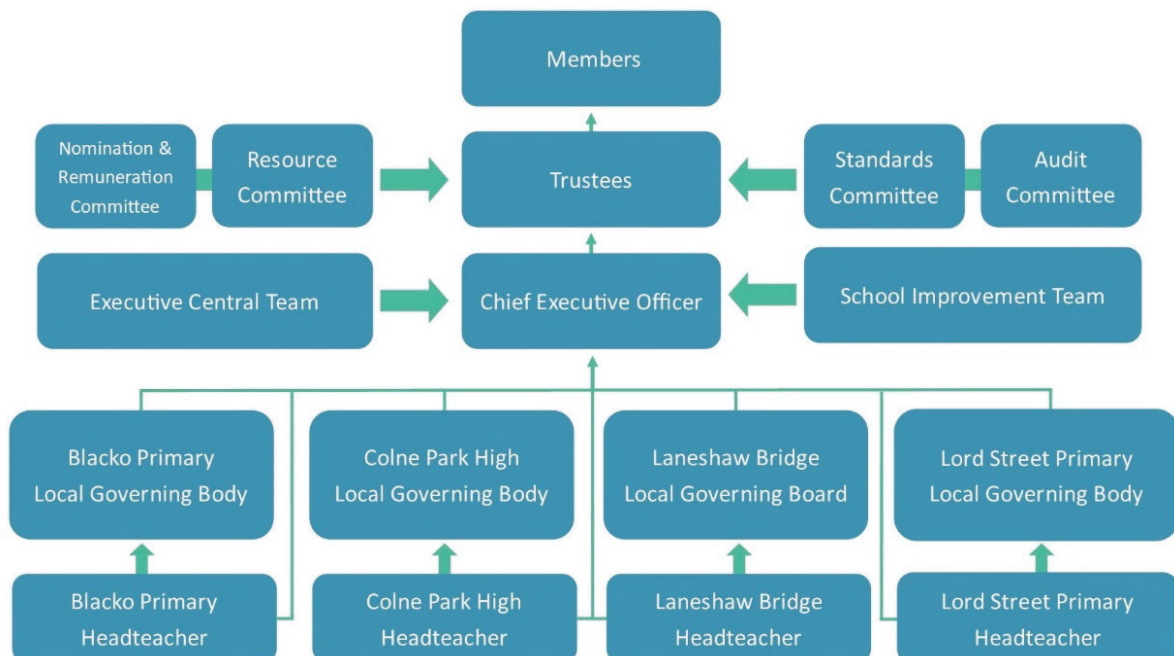
## Trustees' Report for the Year Ended 31 August 2020 (continued)

### 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 Team and approving the Annual report and financial statements. They are also responsible for all matters relating to finance and personnel and for setting the Trusts general policies.

The Trustees are responsible for ensuring the Local Governing Boards fulfil their statutory obligations in a manner which will allow the Multi-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 CEO 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 & Risk, Nomination and Remuneration, Resources and Standards. The Trustees have Local Governing Bodies (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.



## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### *Organisational structure*

Roles and responsibilities of Members, Trustees, Chief Executive Officer, Local Governing Boards, Headteachers and Headteachers of School are clearly defined within the Trust's Scheme of Delegation.

#### **Trustees of the Multi-Academy Trust**

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

#### **Committee Organisation**

##### **Audit & Risk Committee**

Mr P White (acting Committee Chair)  
Miss E Gauntlett  
Mr H Devonport  
Mrs M Burnham

##### **Resources Committee**

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

##### **Nomination & Remuneration Committee**

Mr C Tiernan (Committee Chair)  
Mrs M Burnham  
Mr H Devonport  
Dr P Parkin

##### **Standards Committee**

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

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

The Trustees met at the Nomination and Remunerations Committee to set the pay for the Chief Executive Officer. The committee also receives a report which reviews the pay of the School Improvement Lead and members of the Executive Central Team provided by the Chief Executive Officer annually.

## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### *Trade union facility time*

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force in April 2017, which put in place provisions in the Trade Union Act 2016 requiring relevant public-sector employers to publish specified information related to facility time provided to trade union officials:

In-line with the regulations, The Pennine Trust is required to publish the following information relating to trade union officials and facility time (figures cover the period 1st April 2019 to 31st March 2020):

#### **Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	200

#### **Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	1
1%-50%	1
51%-99%	0
100%	0

#### **Percentage of pay bill spent on facility time**

	<b>2020</b>
Provide the total cost of facility time	1,702
Provide the total pay bill	7,903,139
Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time ÷ total pay bill) x 100	0.02%

#### **Paid trade union activities**

	<b>2020</b>
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: ( total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours ) x 100	1.52%

#### ***Connected organisations, including related party relationships***

There have been no related parties, other connected charities or organisations to report under this section.

## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Objectives and activities

##### *Objects and aims*

The Multi-Academy Trust was formed on the 1st September 2018 with three primary schools and one high school; Blacko Primary School, Colne Park High School, Laneshaw Bridge Primary School and Lord Street Primary School. The Pennine Trust's principal 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:

- 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

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 trusts pupils in the possibilities of their future education and career pathways.



## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### *Objectives, strategies and activities*

The overall strategic aim of our trust is for our schools to successfully implement:

- A shared common effective strategy for improving the quality of teaching and learning

The successful implementation of this strategic aim will lead to the following outcomes:

- Children consistently achieve outcomes in the top 5% - 20% nationally
- Staff are developed to become lead practitioners in their specialist areas

Our intent is to:

- Provide a curriculum that provides all pupils, regardless of their aptitude, interests or background, the knowledge, skills and character development to feel success in learning and ambitious for their future
- 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
- Break the link between pupils' backgrounds and their future career opportunities and wellbeing, to ensure that no one is left behind

#### **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:**

1. Develop young people with active and creative minds, engendering a sense of compassion and understanding of others and the courage to act on their beliefs, enabling them to make a lasting contribution to their local communities.
2. 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.
3. Provide a challenging and inspiring academic core curriculum for all pupils to study to ensure no one is disadvantaged or restricted in their future education opportunities or career prospects.
4. Structure and progressively develop learning around common fundamental concepts rather than focusing on contexts and application.
5. Facilitate higher order thinking of pupils using cognitive resources linked to fundamental concepts (core knowledge) that have been located in their long-term memory.
6. Integrate learning experiences which facilitate the rapid closure of gaps in both academic progress and personal development.
7. Embrace a cross-phase approach to curriculum design to ensure continuity in provision through the primary and secondary phases, leading to a shared understanding of our pedagogies in each phase and clear links in the progression of learning fundamental concepts.

## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

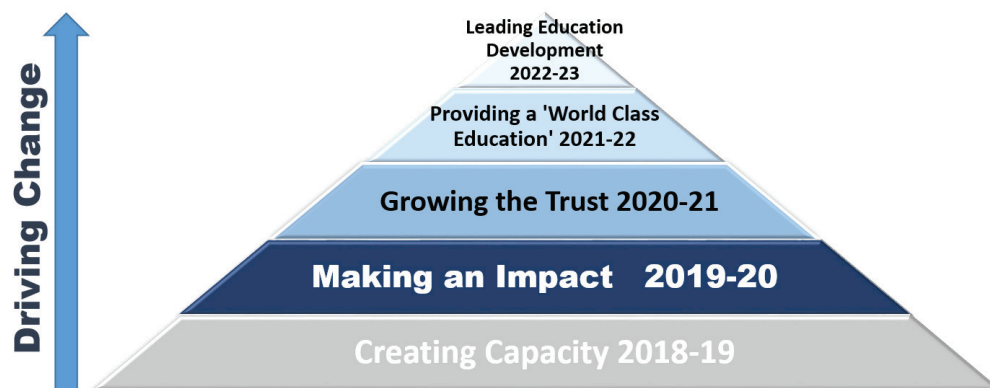
#### The Pennine Trust Curriculum Intent continued

8. 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.
9. Grow pupil's love of learning and an appreciation of the beauty of using new ideas and skills to explain and shape our world.

..... *Ensuring no one is left behind*

#### 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:



#### Public benefit

The academy trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

In setting the objectives, and planning the activities, the Trustees have considered 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.

## **The Pennine Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Achievements and Performance: Making an Impact 2019-20**

This year the Trust has focussed on its second strategic theme in its 5-year strategic plan. The 2019-20 Plan for Excellence for the Trust had three main aims given below:

1. Achieve a step change in KS2 & 4 performance
2. Sustain drive for excellence in EYFS & Years 1 to 11
3. Prepare the foundations for the growth of our Trust 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

Despite the disruption and additional workload caused by the impact of COVID 19 from March 2020 onwards the Trust has made significant progress in achieving these aims. Our achievements in Making an Impact 2019-20 are summarised below:

- Changing the mind set of pupils and key staff so that they have both the will and belief to achieve challenging targets.
- Agree Trust framework for setting challenging achievable pupil attainment and progress targets in each school.
- Increase capacity and effectiveness of Trust Central School Improvement and Support Teams
- Establish partnerships with other Trust / LCC Improvement Teams to enhance the effectiveness of our school improvement provision
- Implement specific Rapid Improvement Action Plans for each school to achieve Year 6 and 11 targets
- All Trust staff and leaders prioritising increasing their understanding of how children learn and the effectiveness of their subject pedagogy.
- Implementing specific strategies which engage boys, disadvantaged and SEND pupils in their learning
- Establishing a new Trust wide curriculum policy commensurate with new Ofsted Framework
- Implement specific Improvement Action Plans for each school to address all areas of the school curriculum which are not yet good
- Developing provision for a 'continuum of professional development' and wellbeing for all Trust staff
- Developing a Trust wide school improvement framework commensurate with EEF model
- Achieving marked improvements in pupil attainment and progress in all 4 Trust schools prior to closure of schools national in March 2020 due to COVID 19.

## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Strategic Report

##### Achievements and performance: Key Performance Indicators (2019-20)

Key Stage 2 SATs and GCSE examinations were cancelled in 2020 due to COVID 19. The tables below summarise the key attainment indicators predicted for the Summer 2020 tests and examinations for our three primary schools based on extrapolating data from Autumn and Spring diagnostic tests.

##### Key Stage 2 Attainment

	Percentage of pupils achieving the expected standard or higher	Percentage of pupils achieving the higher standard
Blacko Primary School	100	54
Laneshaw Bridge Primary School	85	24
Lord Street Primary School	57	13

The diagnostic test results for Blacko and Lord Street indicate the schools were on track to achieve their highest historical attainment results for the KS2 SATs. The percentage of Laneshaw Bridge achieving the expected standard would have been the highest for the past three years, whilst the percentage achieving the higher standard would have been slightly below that achieved in 2019 (26%).

##### KS4 Attainment

	Park High School
Attainment 8 Score	44.8
Average Ebacc APS Score	4.23
% Achieving Grade 4+ in English & Maths	70
% Achieving Grade 5+ in English & Maths	43
% Achieving Grade 4+ in English Baccalaureate	28
% Achieving Grade 5+ in English Baccalaureate	18

## **The Pennine Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Achievements and performance: Key Performance Indicators (2019-20) KS4 Progress**

The above estimated results indicate that Park High school was on track to achieve its highest overall progress measures for the past three years, consolidating a steady improvement from a significant dip in performance in 2017. Mock examination results indicate improvements in Ebacc subjects (Humanities, MFL and Science) were predicted to be particularly marked.

##### **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.

## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Strategic Report

##### Financial Review

During the year ended 31st August 2020 The Pennine Trust has received income of £11,021,272 (2019: £20,059,802)

Comprising of;

- GAG funding for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- DFC Annual allocation for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- Little Extras DFC for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- Primary PE and Sport Premium for Blacko Primary, Laneshaw Bridge Primary and Lord Street Primary.
- KS2 Moderation and KS1 Phonics for Blacko Primary, Laneshaw Bridge Primary and Lord Street Primary.
- Teacher Pay Grant for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- Teachers' Pension Contribution for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- High Needs Funding for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- LAC Funding for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- Year 7 Catch up Funding for Colne Park High School.
- Pupil Premium Funding for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary.
- Free School Meal Supplementary Grant for Blacko Primary, Colne Park High School, Laneshaw Bridge Primary and Lord Street Primary
- Universal Infant Free school meals for Blacko Primary, Laneshaw Bridge Primary and Lord Street Primary
- Pennine Teaching Alliance, funding and associated candidate payments

Over the year The Pennine Trust expended £10,317,574 (2019: £10,017,922), resulting in net income of £703,698 (2019: £10,041,880), leading to reserves carried forward of £10,452,878 (2019: £9,224,180). Of this, a surplus of £795,141 (2019: £549,139) which related to restricted funds for the academies which is being carried forward to utilised in future years and £313,670 (2019: £406,842) of unrestricted funds to be used within the Academies Charitable objectives. The trust also has a restricted fixed asset fund of £12,656,067 (2019: £11,733,199) which is being carried forward and will be spent in line with the Capital Grant programme and offset future depreciation charges.

##### *Reserves policy*

The amount of reserves held in the Financial Review noted above. The level of reserves held at each school at 31st August 2020 is considered to be sufficient and in-line with the Trust Reserves Policy.

The Trust needs to hold reserves to protect its activities by providing a financial comfort zone against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement. Further reasons are listed below:

## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Strategic Report

##### *Reserves policy*

- 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;
- Expenditure held over to the following year to withstand variations in the level of funding to the Trust to balance out variations in funding levels; and
- Potential redundancy payments to staff.

In order to achieve this sustainability moving forward, the Trust has implemented within its policy that restricted reserves are only available once the MAT has met its commitments and other planned expenditure and is in accordance with the limitations outlined in the original funding

As noted above, the restricted general reserves carried forward is £795,141 (2019: £549,139). Combining the restricted and unrestricted reserves prior to the pension adjustment the Trust has reserves of £1,108,811 (2019: £955,981). The pension deficit amounts to £3,312,000 (2019: £3,465,000),

Reserves held on excess of the target reserves will be reviewed by the MAT on a regular basis and an appropriate range of options will be considered which might include releasing the funds into revenue budget in furtherance of the MAT's objectives, assigning funds to appropriate designated reserves as may be determined by the MAT; or investing the funds to generate further income to allow expansion of the MAT's work.

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. The Department for Education expects the Trust to use their allocated funding for the full benefit of current pupils. If Trusts have surplus, they must have a clear plan for how it will be used to benefit their pupils. It is the policy of the Trust to have reserves which can be used for 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.

##### *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 & Risk Committee has an ongoing responsibility for the monitoring of risks and has engaged Hallidays as its Internal Auditors to ensure compliance is maintained. An internal audit plan was agreed and undertaken in 2019/20. Further details around the focus of this work is included within the Governance Statement.

# The Pennine Trust

## Trustees' Report for the Year Ended 31 August 2020 (continued)

### Strategic Report

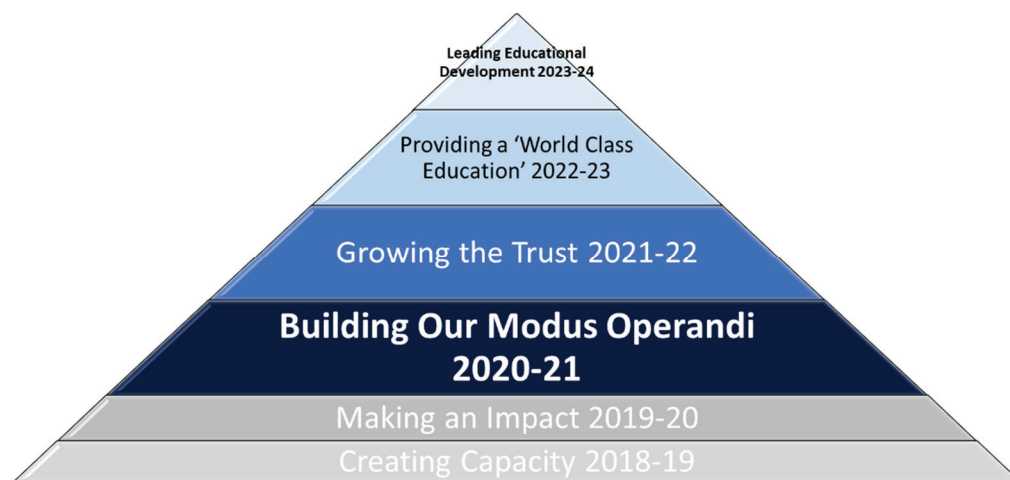
#### Fundraising

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 demonstrate 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.
- Learning is not disrupted by fundraising.
- 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.

#### Plans for future periods

Following the impact of COVID-19 the Trust has decided to introduce a new strategic theme into its five-year strategy. This theme 'Building our Modus Operandi 2021' which focusses all Trust staff on developing the overall strategic aim of the Trust, developing a common effective strategy for improving the quality of Teaching and Learning in all of our schools. The rationale for this change is given below:



The three key aims for the 2020-21 academic year are outlined below:

- **Building Our Modus Operandi** – *Developing and implementing a common effective strategy for improving the quality of teaching and learning*
- **Sustain Improving Trends in Schools' Provision and Outcomes** – *All aspects of our schools' provision which are less than good for all pupil groups are improved to be good and All our Trust schools achieve pupil outcomes in the top 20% of schools nationally*
- **Prepare the foundations for the growth of our Trust in 2020-21** – *Our Trust grows by one or two schools in 2020-21*



## The Pennine Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Strategic Report

##### 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.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 16th Dec 20 and signed on its behalf by:



.....  
Mrs Marie Burnham  
Trustee

## The Pennine Trust

### Governance Statement for Year Ended 31<sup>st</sup> August 2020

#### 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 Governing Body has delegated the day-to-day responsibility to Dr P Parkin, Principal and Accounting Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Pennine Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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** has 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
Mrs 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 (15<sup>th</sup> January 2020, 14<sup>th</sup> May 2020, 4<sup>th</sup> June 2020, 25<sup>th</sup> June 2020 and 16<sup>th</sup> July 2020). Attendance during the year at meetings of the Board of Trustees was as follows: -

Trustee	Meetings attended	Out of a possible
Mrs M Burnham	4	5
Mr H Devonport (Chair)	5	5
Miss E Gauntlett	5	5
Mrs C Hitchen	3	5
Dr P Parkin	5	5
Mr A Pettinger	5	5
Mr C Tiernan	4	5
Mr P White	2	5

## The Pennine Trust

### Governance Statement for Year Ended 31<sup>st</sup> August 2020 (continued)

The **Audit & Risk 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. Subsequently, Hallidays were appointed as the Trust's Internal Auditors.

Attendance at meetings in the year (11<sup>th</sup> November 2019, 11<sup>th</sup> December 2019, 26<sup>th</sup> February 2020, 19<sup>th</sup> June 2020 and 2<sup>nd</sup> July 2020) was as follows: -

Trustee	Meetings attended	Out of a possible
Mrs M Burnham (Chair)	4	5
Miss E Gauntlett	5	5
Mr H Devonport	5	5

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 considerations 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 the meetings in the year (11<sup>th</sup> November 2019 and 11<sup>th</sup> December 2020) was as follows: -

Trustee	Meetings attended	Out of a possible
Mr P White (Chair)	2	2
Mr A Pettinger	2	2
Mr H Devonport	2	2
Dr P Parkin	2	2

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 considerations 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 the meetings in the year (9<sup>th</sup> September 2019, 1<sup>st</sup> October 2019 and 9<sup>th</sup> January 2020) was as follows: -

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

## The Pennine Trust

### Governance Statement for Year Ended 31<sup>st</sup> August 2020 (continued)

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 (18<sup>th</sup> November 2019 and 12<sup>th</sup> February 2020) was as follows: -

Trustee	Meetings attended	Out of a possible
Mrs M Burnham	2	2
Mr H Devonport	2	2
Dr P Parkin	2	2
Mr C Tiernan	1	2

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

#### Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Multi-Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Multi-Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The 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
  - Reviewing the Quality Assurance framework so that it is focused on areas of greatest risk. This has ensured that resources are carefully targeted on addressing underperformance and maximising improvement
  - Delivering high quality Continuing Professional Development (CPD) to individual and groups of schools focusing on common areas of improvement and interest aimed at improving the quality of leadership and teaching in the school group
- **Robust governance and oversight of Multi-Academy Trust finances**
  - The Trust has established robust guidance within the Trust's Financial Management Handbook. The Trust has developed a Financial Procedures Manual to ensure there are segregation of duties, uniformity and consistency across all schools within the Trust
  - The Trust currently benefits from the provision of suitably qualified finance staff and The Head of Finance & Business holds regular meetings with all schools within the Trust
  - Hallidays have been commissioned as the Internal Auditors for the Trust, with the majority of the audits carried out during 2019-20. The Internal Auditor reports have highlighted the strong practices in place at the schools as well as a number of low risk recommendations. Any recommendations from the internal audit reports are being actioned at both the school and Trust level.
  - The Local Governing Body meeting framework has been redesigned to refocus and prioritise the content that Governors are reviewing at their meetings. The Trust now operates a streamlined meeting structure and ensures that all Governors are involved in every aspect of the meeting. Initial feedback from the updated framework has been positive and Trustees believe this will provide further assurance to the work that is completed at Board level.
  - Members of the Trust meet with the external auditors annually to review and scrutinise the annual accounts and our external auditors' management report and to approve the annual accounts.

## The Pennine Trust

### Governance Statement for Year Ended 31<sup>st</sup> August 2020 (continued)

#### Review of value for money

- **Better Purchasing**
  - The Trust ensures a continual focus on best value for money and clearly understands the importance of the efficient and effective use of its resources. The schools promote fair competition through quotations and tenders, in accordance with its financial regulations, to ensure that goods and services are secured in the most economic and effective way.
  - Where possible, the Trust has secured single supplier contracts, through competitive tender, for areas where a single supplier is appropriate for our schools i.e. insurance, payroll, internal audit, MIS (Bromcom) System and data collection programmes.
  - As per the Trust's Financial Procedures Manual the budget holders review and sign off every purchase order request and regularly challenge these for efficiency and effectiveness.
- **Maximising income generation**
  - The Trust is mindful of the need to generate additional funds to maximise income generation. It was the Trust's intention to review this with all schools however with COVID restrictions it has become impossible to utilise Trust premises to generate additional funds.
  - A full review of this will take place during the Autumn Term of the 2020 academic year.
- **Reviewing controls and managing risks**
  - Critical Incident and Business Continuity Plans and Risk Registers have been devised at both the Trust and school level. Trustees and Governors approve and monitor the above at their respective meetings.
  - The Headteachers and Business Managers review budget monitoring reports, considering expenditure against each budget cost centre monthly and address any significant variances against budget. Once complete, the monthly budget monitoring reports are submitted to the Board of Trustees, Executive Central Team and Local Governing Bodies.
  - The Board of Trustees review and approves the Financial Management Handbook and scheme of delegation annually.
  - Full segregation of duties is maintained within each department.

#### The purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Multi-Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Pennine Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

#### Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Multi-Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi-Academy Trust's significant risks that has been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

## The Pennine Trust

### Governance Statement for Year Ended 31<sup>st</sup> August 2020 (continued)

#### The Risk and Control Framework

The Multi-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 systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. An Internal Audit Plan for the year was agreed and undertaken in 2019/20.

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 had been developed in discussion with the Audit Committee. Further reviews will continue into the 2020/21 academic year to assist in identifying other areas in which the Trust are able to implement an improved control environment.

## The Pennine Trust

### Governance Statement for Year Ended 31<sup>st</sup> August 2020 (continued)

#### Review of Effectiveness

As Accounting Officer, Dr P Parkin, Principal and Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 16th Dec 20 and signed on its behalf by:



Mrs Marie Burnham  
Chair of Trustees



Dr Paul Parkin  
Accounting Officer

**The Pennine Trust**


**Statement on Regularity, Propriety and Compliance**

**For the Year Ended 31 August 2020**

As Accounting Officer of The Pennine Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2019.

I 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 2019.

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

  
.....  
Dr P Parkin, Principal and Accounting Officer  
Accounting officer

Date: 16th Dec 20 .....



## The Pennine Trust

### Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2019 and 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 16th Dec 20 and signed on its behalf by:



.....  
Mrs Marie Burnham  
Trustee

## The Pennine Trust

### 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 trust" for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2019 and 2020 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 2020 and of its incoming resources and application of resources, including 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 2019 and 2020 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 trust 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.

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.

## The Pennine Trust

### Independent Auditor's Report on the Financial Statements to the Members of The Pennine Trust (continued)

#### 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 Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

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

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 23, 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.

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

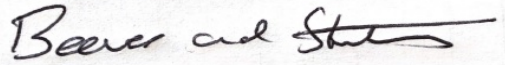
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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

**The Pennine Trust**

**Independent Auditor's Report on the Financial Statements to the Members of The  
Pennine Trust (continued)**



.....  
Mark Bradley BA FCA (Senior Statutory Auditor)  
For and on behalf of Beaver and Struthers, Statutory Auditor

Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

17th December 20  
Date:.....

## **The Pennine Trust**

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

In accordance with the terms of our engagement letter dated 14th August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 and 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Pennine Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 The 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 The Pennine Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body'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 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

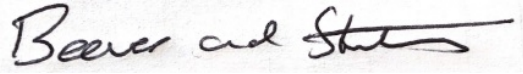
- Review that the activities are in keeping with the Academy Trust's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the Academy Trust's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2019 to 2020.

#### **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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**The Pennine Trust**

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



.....  
Mark Bradley BA FCA

For and on behalf of Beaver and Struthers, Chartered Accountants

Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

Date: 17th December 20.....

## The Pennine Trust

### Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
<b>Income and endowments from:</b>						
Voluntary income						
Donations and capital grants	2	-	15,814	1,138,482	1,154,296	91,174
Transfer from local authority on conversion		-	-	-	-	10,178,795
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	394,372	9,469,140	-	9,863,512	9,782,720
Other trading activities	4	2,085	-	-	2,085	6,563
Investments	5	1,379	-	-	1,379	550
<b>Total</b>		<b>397,836</b>	<b>9,484,954</b>	<b>1,138,482</b>	<b>11,021,272</b>	<b>20,059,802</b>
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	491,008	9,508,492	318,074	10,317,574	10,017,922
Net (expenditure)/income		(93,172)	(23,538)	820,408	703,698	10,041,880
Transfers between funds		-	(102,460)	102,460	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	24	-	525,000	-	525,000	(897,000)
Net movement in (deficit)/funds		(93,172)	399,002	922,868	1,228,698	9,144,880
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2019		406,842	(2,915,861)	11,733,199	9,224,180	79,300
Total funds/(deficit) carried forward at 31 August 2020		313,670	(2,516,859)	12,656,067	10,452,878	9,224,180



## The Pennine Trust

(Registration number: 11121514 (England & Wales))

### Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	11,741,224	11,740,443
<b>Current assets</b>			
Debtors	13	1,195,944	549,503
Cash at bank and in hand		1,513,165	957,352
		2,709,109	1,506,855
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	14	(685,455)	(558,118)
<b>Net current assets</b>		2,023,654	948,737
<b>Total assets less current liabilities</b>		13,764,878	12,689,180
<b>Net assets excluding pension liability</b>		13,764,878	12,689,180
Defined benefit pension scheme liability	24	(3,312,000)	(3,465,000)
<b>Total net assets including pension liability</b>		10,452,878	9,224,180
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		795,141	549,139
Restricted fixed asset fund		12,656,067	11,733,199
Restricted pension fund		(3,312,000)	(3,465,000)
		10,139,208	8,817,338
<b>Unrestricted funds</b>			
Unrestricted general fund		313,670	406,842
<b>Total funds</b>		10,452,878	9,224,180

The financial statements on pages 29 to 54 were approved by the Trustees, and authorised for issue on 16th December 2020 and signed on their behalf by:



.....  
Mrs Marie Burnham  
Trustee



## The Pennine Trust

### Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(265,193)	964,211
<b>Cash flows from investing activities</b>	20	<u>821,006</u>	<u>(6,859)</u>
<b>Change in cash and cash equivalents in the year</b>		555,813	957,352
Cash and cash equivalents at 1 September		<u>957,352</u>	-
Cash and cash equivalents at 31 August	21/22	<u><u>1,513,165</u></u>	<u><u>957,352</u></u>

# The Pennine Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 1 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 2019 and 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### **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 spent on capital projects in line with the terms and conditions of the grant. 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 amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

# The Pennine Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### *Donations*

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

#### *Other income*

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

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

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

#### *Transfer on conversion*

Where assets and liabilities are received by the academy trust 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 as transfer on conversion within Donations and capital grant income to the net assets received.

#### **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.

All resources expended are inclusive of irrecoverable VAT.

#### *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.

# The Pennine Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### 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.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, per the table below. Where an asset comprises of two or more components which have substantially different useful lives, each component is depreciated separately over its useful economic life.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

#### Liabilities

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

#### Provisions

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

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

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# The Pennine Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### Pension 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 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 Agency/Department for Education.

Restricted pension funds comprise the deficit arising in respect of the Local Government Pension Scheme arising from the annual actuarial valuation.

#### Critical accounting estimates and areas of judgement

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

# The Pennine Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2 Donations and capital grants

	<b>Restricted funds</b>	<b>Restricted fixed</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>asset funds</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>Other voluntary income</b>				
Capital grants	-	1,138,482	1,138,482	65,625
Other donations	15,814	-	15,814	25,549
	<u>15,814</u>	<u>1,138,482</u>	<u>1,154,296</u>	<u>91,174</u>

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

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

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
<b>DfE/ESFA revenue grants</b>				
General Annual Grant	-	7,979,479	7,979,479	7,914,625
Other DfE Group Grants	-	1,111,662	1,111,662	846,149
	-	9,091,141	9,091,141	8,760,774
<b>Other government grants</b>				
Local Authority Grants	-	161,380	161,380	188,495
Other income from the academy trust's educational operations	394,372	216,619	610,991	833,451
	394,372	377,999	772,371	1,021,946
Total grants	394,372	9,469,140	9,863,512	9,782,720

#### 4 Other trading activities

	Unrestricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	2,085	2,085	6,563

#### 5 Investment income

	Unrestricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	1,379	1,379	550

#### 6 Expenditure

	Non Pay Expenditure			2019/20 Total £	2018/19 Total £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations</b>					
Direct costs	7,034,525	318,074	619,810	7,972,409	7,666,461
Allocated support costs	1,017,544	725,078	602,543	2,345,165	2,351,461
	8,052,069	1,043,152	1,222,353	10,317,574	10,017,922



## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2019/20	2018/19
	£	£
Operating lease rentals	4,370	4,370
Depreciation	312,939	266,096
Loss on disposal of fixed assets	5,135	11,247
Fees payable to auditor - audit	16,000	15,550
	16,000	15,550

#### 7 Charitable activities

	2019/20	2018/19
	£	£
Direct costs - educational operations	7,972,409	7,666,461
Support costs - educational operations	2,345,165	2,351,461
	10,317,574	10,017,922

	Educational operations £	2019/20 Total £	2018/19 Total £
<b>Analysis of support costs</b>			
Support staff costs	1,017,544	1,017,544	945,092
Technology costs	16,469	16,469	15,386
Premises costs	725,078	725,078	760,103
Other support costs	586,074	586,074	630,880
	2,345,165	2,345,165	630,880
Total support costs	2,345,165	2,345,165	2,351,461

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 8 Staff

##### Staff costs

	2019/20 £	2018/19 £
<b>Staff costs during the year were:</b>		
Wages and salaries	5,746,369	5,501,091
Social security costs	544,902	533,357
Operating costs of defined benefit pension schemes	1,626,067	1,371,628
	7,917,338	7,406,076
Supply staff costs	128,736	183,294
Staff restructuring costs	5,995	5,439
	8,052,069	7,594,809
	<b>2020 £</b>	<b>2019 £</b>

##### Staff restructuring costs comprise:

Severance payments	5,995	13,059
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##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £5,995 (2019: £13,059). Individually, there was one payment of £5,995.

##### Staff numbers

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

	2019/20 No	2018/19 No
<b>Charitable Activities</b>		
Teachers	95	94
Administration	21	21
Management	22	22
Teachers support staff	93	90
Premises support staff	13	11
	244	238

##### Higher paid staff

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

	2020 No	2019 No
£60,001 - £70,000	4	6
£70,001 - £80,000	3	1
£100,001 - £110,000	1	1
	8	8

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 8 Staff (continued)

##### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £253,894 (2019: £233,418).

#### 9 Central services

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

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

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

	2020/19	2019/18
	£	£
Park High School	234,996	181,818
Lord St Primary School	68,508	50,918
Laneshaw Bridge Primary School	34,968	27,157
Blacko Primary School	20,604	15,775
	<u>359,076</u>	<u>275,668</u>

#### 10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Dr P Parkin (Chief Executive Officer and Trustee):

Remuneration: £105,000 - £110,000 (2019 - £100,000 - £105,000)

Employer's pension contributions: £25,000 - £30,000 (2019 - £15,000 - £20,000)

Other related party transactions involving the trustees are set out in note 25.

## **The Pennine Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **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. The scheme protects trustees and officers from claims arising from negligent acts, errors and omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim, it is not possible to quantify the trustees and officer's indemnity element from the overall cost of the RPA scheme.

**The Pennine Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

**12 Tangible fixed assets**

	Leasehold land and buildings £	Building Improvements £	Office and Educational Equipment £	Furniture, Fixtures and Equipment £	Motor vehicles £	Assets Under Construction £	Computer Equipment £	Total £
<b>Cost</b>								
At 1 September 2019	11,190,000	128,573	97,159	138,055	17,995	-	433,745	12,005,527
Additions	-	9,899	5,527	2,938	-	207,516	92,975	318,855
Disposals	-	-	(1,475)	(2,070)	-	-	(6,381)	(9,926)
At 31 August 2020	11,190,000	138,472	101,211	138,923	17,995	207,516	520,339	12,314,456
<b>Depreciation</b>								
At 1 September 2019	89,520	2,497	20,651	27,554	1,960	-	122,902	265,084
Charge for the year	89,520	3,877	19,827	28,219	4,009	-	167,487	312,939
Eliminated on disposals	-	-	(905)	(1,808)	-	-	(2,078)	(4,791)
At 31 August 2020	179,040	6,374	39,573	53,965	5,969	-	288,311	573,232
<b>Net book value</b>								
At 31 August 2020	11,010,960	132,098	61,638	84,958	12,026	207,516	232,028	11,741,224
At 31 August 2019	11,100,480	126,076	76,508	110,501	16,035	-	310,843	11,740,443

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 13 Debtors

	2020 £	2019 £
Trade debtors	2,010	3,394
VAT recoverable	57,668	281,181
Other debtors	835,452	-
Prepayments	300,814	264,928
	1,195,944	549,503

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

	2020 £	2019 £
Trade creditors	197,682	170,126
Other taxation and social security	165,674	243,334
Other creditors	27,989	4,453
Accruals	223,826	64,993
Deferred income	70,284	75,212
	685,455	558,118

	2020 £	2019 £
<b>Deferred income</b>		
Deferred income at 1 September 2019	75,212	-
Resources deferred in the period	70,284	75,212
Amounts released from previous periods	(75,212)	-
Deferred income at 31 August 2020	70,284	75,212

#### 15 Funds

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	502,222	7,979,479	(7,648,353)	(102,460)	730,888
Pupil Premium	46,917	491,576	(508,767)	-	29,726
Other Government Grants and income	-	1,013,899	(979,372)	-	34,527
	549,139	9,484,954	(9,136,492)	(102,460)	795,141

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 15 Funds (continued)

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted fixed asset funds</b>					
Transfer on conversion	11,667,574	-	(291,504)	6,656	11,382,727
DfE Group capital grants	65,625	1,138,482	(26,570)	95,804	1,273,340
	11,733,199	1,138,482	(318,074)	102,460	12,656,067
<b>Restricted pension funds</b>					
Pension Reserve	(3,465,000)	-	(372,000)	525,000	(3,312,000)
<b>Total restricted funds</b>	8,817,338	10,623,436	(9,826,566)	525,000	10,139,208
<b>Unrestricted funds</b>					
Unrestricted general funds	406,842	397,836	(491,008)	-	313,670
<b>Total funds</b>	9,224,180	11,021,272	(10,317,574)	525,000	10,452,878

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

	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	79,300	763,708	(843,008)	-	-
	79,300	9,253,653	(8,783,814)	-	549,139
<b>Restricted fixed asset funds</b>					
Fixed asset fund	-	11,944,754	(277,180)	-	11,667,574
DfE/ESFA capital grants	-	65,625	-	-	65,625
	-	12,010,379	(277,180)	-	11,733,199
<b>Restricted pension funds</b>					
Pension Reserve	-	(2,146,000)	(422,000)	(897,000)	(3,465,000)
<b>Total restricted funds</b>	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
<b>Total funds</b>	79,300	20,059,802	(10,017,922)	(897,000)	9,224,180

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 15 Funds (continued)

##### Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Park High School	486,614	458,413
Lord St Primary School	291,670	179,762
Blacko Primary School	121,798	105,238
Laneshaw Bridge Primary School	152,203	166,742
Central services	56,526	45,826
Total before fixed assets and pension reserve	1,108,811	955,981
Fixed asset fund	12,656,067	11,733,199
Pension Reserve	(3,312,000)	(3,465,000)
Total	10,452,878	9,224,180

##### 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 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Park High School	4,203,030	537,214	371,732	913,066	6,025,042
Lord St Primary School	1,298,253	157,914	133,691	321,293	1,911,151
Blacko Primary School	344,842	76,719	52,690	106,603	580,854
Laneshaw Bridge Primary School	690,020	108,243	54,088	178,657	1,031,008
Central services	557,380	137,454	72,560	105,116	872,510
Academy Trust	7,093,525	1,017,544	684,761	1,624,735	10,420,565



## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 15 Funds (continued)

	<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 services	577,113	93,818	-	65,707	736,638
Academy Trust	<u>6,657,717</u>	<u>945,095</u>	<u>650,365</u>	<u>1,498,651</u>	<u>9,751,825</u>

#### 16 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	<b>Unrestricted funds £</b>	<b>Restricted general funds £</b>	<b>Restricted fixed asset funds £</b>	<b>Total funds £</b>
Tangible fixed assets	-	-	11,741,224	11,741,224
Current assets	313,670	1,480,596	914,843	2,709,109
Current liabilities	-	(685,455)	-	(685,455)
Pension scheme liability	-	(3,312,000)	-	(3,312,000)
Total net assets	<u>313,670</u>	<u>(2,516,859)</u>	<u>12,656,067</u>	<u>10,452,878</u>

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

	<b>Unrestricted funds £</b>	<b>Restricted general funds £</b>	<b>Restricted fixed asset funds £</b>	<b>Total funds £</b>
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)
Total net assets	<u>406,842</u>	<u>(2,915,861)</u>	<u>11,733,199</u>	<u>9,224,180</u>

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 17 Capital commitments

	2020 £
Contracted for, but not provided in the financial statements	<u>889,562</u>

#### 18 Commitments under operating leases

##### *Operating leases*

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	4,370	4,370
Amounts due between one and five years	728	5,098
	<u>5,098</u>	<u>9,468</u>

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Net income	1,228,699	10,041,880
Depreciation	312,939	266,097
Capital grants from DfE and other capital income	(1,138,482)	(65,625)
Interest receivable	(1,379)	(550)
Defined benefit pension scheme obligation inherited	-	2,146,000
Defined benefit pension scheme cost less contributions payable	314,000	367,000
Defined benefit pension scheme finance cost	58,000	55,000
Increase in debtors	(646,441)	(467,203)
(Increase)/decrease in creditors	(397,664)	555,119
Loss on disposal of tangible fixed assets	5,135	11,247
Fixed assets transferred on conversion	-	(11,944,754)
Net cash (used in)/ provided by Operating Activities	(265,193)	964,211

#### 20 Cash flows from investing activities

	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Dividends, interest and rents from investments	1,379	550
Purchase of tangible fixed assets	(318,855)	(73,034)
Capital funding received from Department of Education	1,138,482	65,625
Net cash provided by investing activities	821,006	(6,859)

#### 21 Analysis of cash and cash equivalents

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,513,165	957,352
Total cash and cash equivalents	1,513,165	957,352

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 22 Analysis of change in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash	957,352	555,813	1,513,165
	<hr/>	<hr/>	<hr/>
Debt falling due within one year	-	-	-
	<hr/>	<hr/>	<hr/>
Total net assets	957,352	555,813	1,513,165
	<hr/>	<hr/>	<hr/>

#### 23 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.

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 24 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 Lancashire County Council. Both are multi-employer defined benefit schemes.

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

Outstanding contributions at the end of the financial year amounted to £37,012 (2019: £27,536).

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment

The TPS is an unfunded scheme to which both the member and employer make contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £931,609 (2019: £655,685).

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

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

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 24 Pension and similar obligations continued

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £411,000 (2019 - £384,000), of which employer's contributions totalled £318,000 (2019 - £296,000) and employees' contributions totalled £93,000 (2019 - £88,000). The agreed contribution rates for future years are 30.2% per cent for employers and between 5.5% and 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust 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

	<b>2020</b>	<b>2019</b>
	%	%
Rate of increase in salaries	3.80	3.50
Rate of increase for pensions in payment/inflation	2.40	2.10
Discount rate for scheme liabilities	2.30	2.00
Inflation assumptions (CPI)	1.80	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:

	<b>2020</b>	<b>2019</b>
<b>Retiring today</b>		
Males retiring today	22.30	22.80
Females retiring today	25.00	25.50
<b>Retiring in 20 years</b>		
Males retiring in 20 years	23.80	25.10
Females retiring in 20 years	26.80	28.20

##### Sensitivity analysis

	<b>2020</b>	<b>2019</b>
	£	£
Discount rate +0.1%	(147,000)	(136,000)
Discount rate -0.1%	151,000	139,000
Mortality assumption – 1 year increase	175,000	98,000
Mortality assumption – 1 year decrease	(170,000)	(96,000)
CPI rate +0.1%	150,000	139,000
CPI rate -0.1%	(146,000)	(146,000)

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 24 Pension and similar obligations (continued)

The academy trust's share of the assets in the scheme were:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Equities	1,340,000	1,024,000
Other bonds	203,000	34,000
Property	400,000	189,000
Cash and other liquid assets	997,000	896,000
Total market value of assets	<u>2,940,000</u>	<u>2,143,000</u>

The actual return on scheme assets was (£19,000) (2019 - £225,000).

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Current service cost	611,000	467,000
Past service cost	12,000	188,000
Interest cost	58,000	55,000
Admin expenses	9,000	8,000
Total amount recognized in the SOFA	<u>690,000</u>	<u>718,000</u>

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
At start of period	5,608,000	-
Conversion of academy trusts	-	3,688,000
Current service cost	611,000	467,000
Interest cost	100,000	104,000
Employee contributions	93,000	88,000
Actuarial (gain)/loss	(133,000)	1,073,000
Benefits paid	(39,000)	-
Past service cost	12,000	188,000
At 31 August	<u>6,252,000</u>	<u>5,608,000</u>

## The Pennine Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 24 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At start of period	2,143,000	-
Conversion of academy trusts	-	1,542,000
Interest income	42,000	49,000
Actuarial gain/(loss)	392,000	176,000
Employer contributions	318,000	296,000
Employee contributions	93,000	88,000
Benefits paid	(39,000)	-
Effect of non-routine settlements	(9,000)	(8,000)
At 31 August	<u>2,940,000</u>	<u>2,143,000</u>

#### 25 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.