

Company Registration Number: 11124272

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 13
Governance Statement	14 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditors' Report on the Financial Statements	20 - 22
Independent Reporting Accountant's Assurance Report on Regularity	23 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 49

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2018**

Penk Valley Academy Trust formed on 1st April 2018. The Trust is formed of 5 Academies, Wolgarston High School, Penkridge Middle School, Princefield First School, Marshbrook First School and St John's (CE) First School. All schools previously belonged to the Penk Valley Federation which formed on 1st April 2016.

Members

Mark Roberts	December 2017 - Present
Colin Hopkins	December 2017 – April 2018
Vacant / Director of Education (Lichfield Diocese)	
Graham Morley	December 2017 – April 2018
Claire Boliver	May 2018 - Present
Jan Jeffries	December 2017 - Present

Trustees

Mark Roberts	Chair of Trustees	22/12/2017	1,2,3,4
David Dee	Chair of Audit & Risk (First Schools)	22/12/2017	1,2,4
Peter Davenport	Vice Chair	22/12/2017	1,2
Simon Blackburn	Chair of Standards & Performance (Primary)	22/12/2017	1,3
Julie Sizer		22/12/2017	1,3
Denise Wilde	Chair of Audit & Risk (M&H Schools)	22/12/2017	1,2,4
Philip Tapp	CEO	22/12/2017	1,2,3,4
Michael Poulosom	Chair of Standards & Performance (Secondary)	22/12/2017	1,3
Foundation (Vacancy)			

Committee Members

John Groom	Standards & performance (Secondary), Audit & Risk (M&H Schools)	22/12/2017	2
Debbi Wynn-Jones	Safeguarding/Standards & Performance (Primary)	22/12/2017	3
Sharon Mason	Audit & Risk (First Schools)/ Standards & Performance (Primary)/Personnel	22/12/2017	2,3
Sally Griffin	Audit & Risk (First Schools)/ Standards & Performance (Primary)/Personnel	22/12/2017	2,3
Dawn Tuck	Audit & Risk (M&H Schools)	22/12/2017	2
William Ashleford	Audit & Risk (First Schools)	22/12/2017	2

- 1 Trustee Board
- 2 Audit and Risk
- 3 Standards and Performance
- 4 Personnel

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 22 December 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Articles of Association is the primary governing document of the academy trust.

The Trustees of Penk Valley Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

The academy was incorporated on 22 December 2017 and commenced activities on 1 April 2018.

b. 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.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Members and Trustees are appointed by existing members in accordance with the Trust's Articles of Association. Chairs of each School Forum and all committees are annually elected to their roles at the first committee meeting of the academic year. New Trustees/Committee Members/School Forum members are recruited because of the range of skills and expertise they can bring to help realise Penk Valley Academy Trusts (PVAT) vision and values for the Trust, enhance the effective strategic leadership and management of the Trust and effectively represent stakeholder interest within the trust. The tenure of the Trustees is a maximum of four years. A bi-annual skills survey audit is completed to identify any shortfall in the skills matrix and this information will be used to identify training needs and recruit the right skillset when positions become vacant.

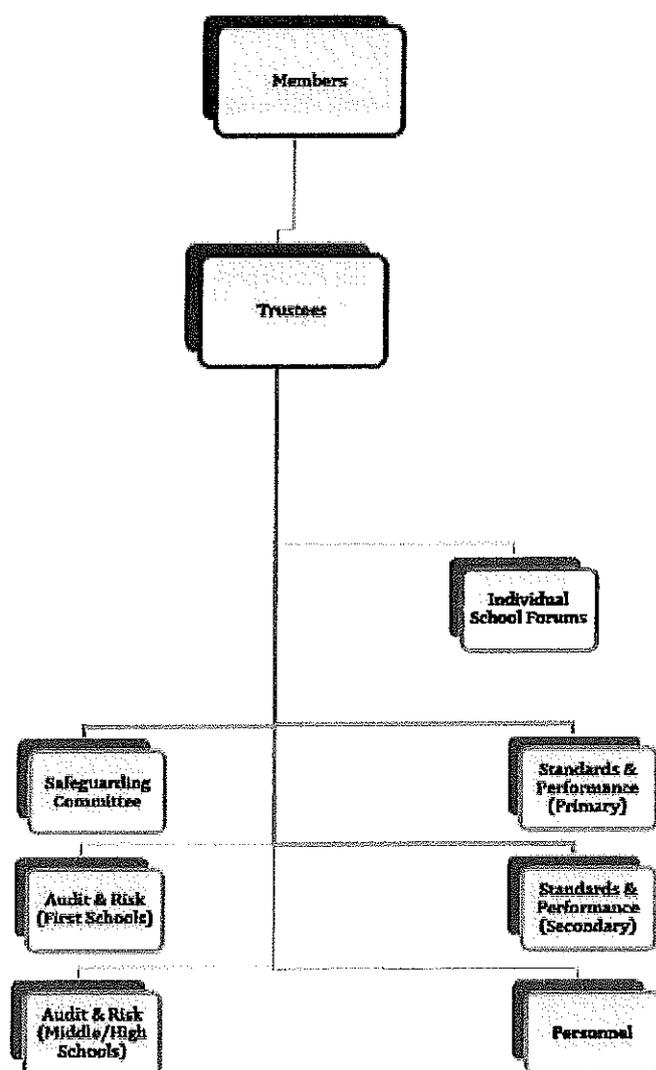
d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for each new Trustee will depend on their existing experience. The Trust purchases on line support from "The Key" for all Trustees, committee and school forum members. An annual review of training requirements will be conducted in the Summer Term to ensure that Trustees are briefed on any changes in practice and/or legislation.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

e. ORGANISATIONAL STRUCTURE



Members have ultimate responsibility for signing off amendments to articles of association and power to appoint/remove trustees. They are responsible for having oversight of the governance arrangements of the academy trust.

The Trustees are subject to the articles of association i.e. they have to ensure that the purpose, duties and responsibilities of the school are maintained. They conduct the day-to-day running of the governance of the academy trust. In our model the trustees have delegated a scrutiny and accountability function to separate committees shown below to help make the task manageable and to make best use of people's expertise.

The school forum act in a monitoring and advisory capacity around school specific policies and activities.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Committees offer support and challenge to specific work-streams and school phases. They conduct in-depth investigation to examine Key Performance Indicators. They report recommendations to the Trust Board.

Trustees of the Board and Key Management Personnel are responsible for setting general policy, adopting a strategic plan and budget, monitoring each academy by the use of budgets and making major decisions about the direction of the Trust and senior staff appointments. They are also bound by duties and responsibilities as set out in charity law and the duties of a Trustee as set out in company law.

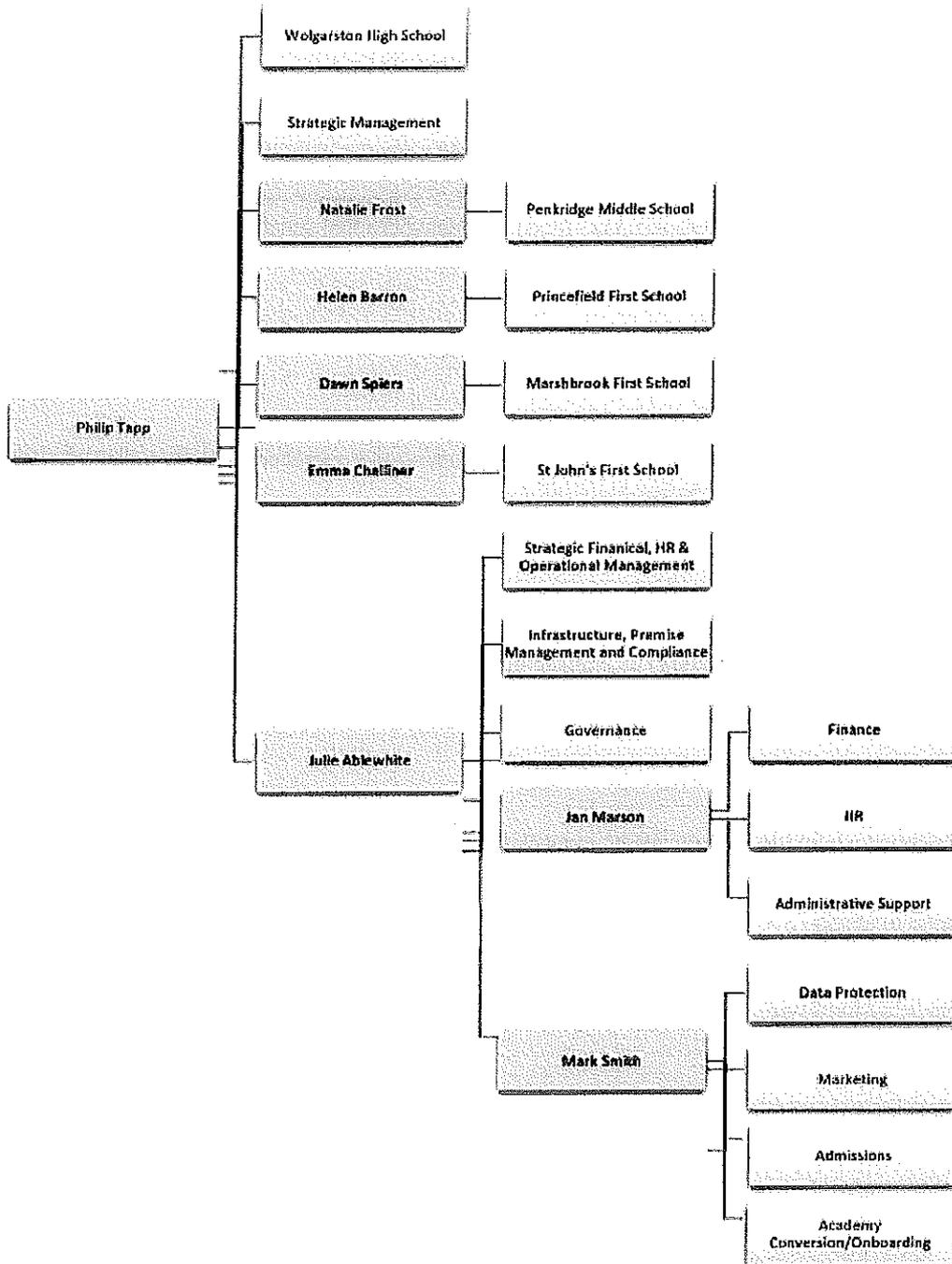
The Chief Executive Officer is accountable for the overall financial viability and sustainability of the Trust and for the development of relationships with key internal and external stakeholders for the benefit of its pupils and wider communities. As the Accounting Officer for PVAT, the Chief Executive has personal responsibility for ensuring value for money, regularity and propriety.

Each School Forum has been established to support individual school or group of schools with the day to day operation and scrutiny of the school(s) along with a number of other related responsibilities included within the Terms of Reference.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Senior Leadership Team



The CEO meets with the Senior Leadership Team fortnightly as a group, and individually throughout the term in order to drive PVAT strategy. As a group the Senior Leadership Team are responsible for ensuring that each

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

individual school adopts the PVAT ethos including Visible Learning, that they support overall school improvement process within the Trust, that common goals are implemented and that they mitigate risk including financial implications.

f. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The rules for determining the pay and remuneration of PVAT key management personnel are set out in the Trust Pay Policy which follows closely the stipulations embodied in the School Teachers Pay and Conditions (STPCD) and Green Book documents. The remuneration of the CEO is discussed, reviewed annually and set by the MAT Board. The Trustees have established pay ranges for each individual school within the MAT based on the total unit score calculation and remuneration of key management personnel does not exceed the maximum permissible within each school group size.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of Penk Valley Academy Trust to advance for the public benefit education in the UK.

Our Trust Board are focused on raising standards from 2-19 years to ensure that our children have the best possible start in life and enhanced future life chances.

We share a commitment to:

- Drive up standards and be part of a sustainable, high performing local education system
- Provide sustainable, affordable local education during the current financial constraints place on the public sector
- Continually develop and retain high-quality staff

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

All of our schools share the same mission: to inspire learning. To achieve this, our schools follow the same set of underlying principles.

- Expert teaching
- Visible learning
- Challenge
- Exemplary behaviour
- Every child belongs
- An Engaging Curriculum
- Expert Governance

c. PUBLIC BENEFIT

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via strong community links.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Achievements and performance

Strategic report

a. ACHIEVEMENTS & PERFORMANCE IN THE YEAR

All schools in the trust are currently rated Good by Ofsted. Penkridge Middle School was inspected in 2017 and received a Good Ofsted judgement. St John's CE First School received a Good SIAMS judgement in July 2018.

St John's CE First School received a letter from the school's minister congratulating the school on its excellent 2017/18 Phonics results.

Wolgarston High School achieved the highest Progress 8 in Staffordshire, with its score of 0.74 placing it in the top 6% of schools in England. GCSE attainment was significantly above national average.

All Academies within the Trust perform strongly or are improving in a range of key performance indicators. Penkridge Middle School has below national average KS2 SATs data, but GL tests show that pupils have made rapid progress and leave in line with national average at the end of Year 8. Below are statistical tables indicating the success at KS1, KS2, KS4 and KS5. Due to the changing nature of the assessment and metrics by which schools are assessed – both in primary and secondary phases – comparison with previous years are not applicable. Moving forward the Trust would hope to be able to compare like for like data for its schools with previous years.

Primary Phase

Year 2

Marshbrook First School (MFS)
Princefield First School (PFS)
St John's (CE) First School (SJFS)

Official 2018 Department for Education benchmarking data is not published yet, therefore as an interim measure the National Consortium for Examination Results (NCER) 'emerging' national figures have been used as early comparators for internal

	Reading			Writing			Maths		
	MFS	PFS	SJFS	MFS	PFS	SJFS	MFS	PFS	SJFS
Working at expected standard or above TRIS	75%	84%	92%	60%	77%	85%	75%	79%	85%
Staffordshire Figures	78%			73%			78%		
National Consortium for Examination Results	75%			70%			76%		

Year 6

Penkridge Middle School
Year 6 National Tests: Reading, GPS, Writing, Mathematics

	School at Expected or higher standard %	National Average %
Reading	62%	75%
GPS	65%	78%
Writing	64%	78%
Mathematics	62%	76%

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Penkridge Middle School receives pupils in Year 5 and so only has two years of the four-year Key Stage. Action has been taken to address the below national average performance, including new leaders for KS2 maths and English.

Secondary Phase

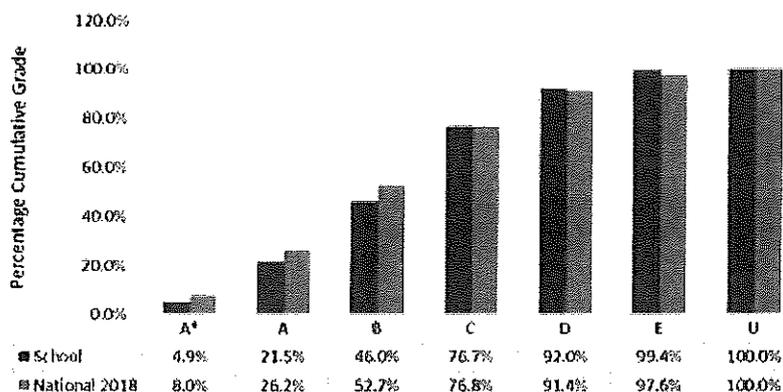
Note: Year 11 and Year 13 achievement data is prior to re-marks

	Wolgarston High School Year 11 (161 pupils)
English L4+	91%
English L5+	79%
Mathematics L4+	85%
Mathematics L5+	60%
English & Mathematics L4+	82%
English & Mathematics L5+	56%
EBacc	34%
Progress 8	0.74 (0.46 2017 160 pupils)

Year 13

A level Grades

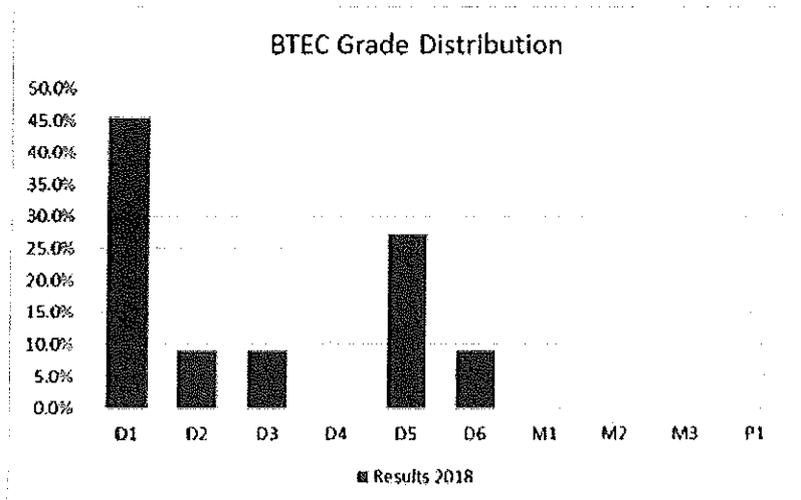
Cumulative A Level Grades 2018



PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

BTEC Grades



Average A Level Grade per entry: C+

Key Performance Indicators

It is the responsibility of the Members and Trustees to have the skills, knowledge and experience to run a Multi Academy Trust. Their duties include ensuring that the trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook. The Trust expects to grow within the next year to seven schools.

Governance KPI's

1. All schools to have a full complement for their School Forums, with an appropriate set of skills and experiences to undertake defined responsibilities.
2. All members and trustees fully understand their duties as laid out in the Companies Act 2006 and Charity Commission guidance as exemplified in a skills audit.

Finance KPI's

1. Ensure economy, efficiency and effectiveness over the use of Trust funds (value for money).
2. Assurance received that annual financial accounts have been properly prepared and are free of material misstatements.
3. Accounts are filed with Companies House for public access by 31 December each year and on the Trust website by 31 January.
4. All statutory returns submitted on time.
5. Sources of funding are pursued for capital projects
6. % leadership costs within schools are kept below 18%

Human Resources KPI's

1. Pupil teacher ratios are favourable compared to national levels
2. Continued professional development opportunities are made available to all staff
3. All teaching and classroom support staff will be trained in visible learning
4. 100% performance management penetration for all eligible staff across all MAT schools

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

School Standards KPI's

1. All MAT schools retain or improve their current Ofsted inspection rating
2. Parent, staff and student survey data illustrates satisfaction
3. Schools can demonstrate the adding of value to children of all ages, abilities and backgrounds
4. All schools fully compliant with health and safety, safeguarding, data and other statutory requirements

b. GOING CONCERN

The overall Trust budget is in surplus. Two schools within the Trust ended with an in year deficit as at 31 August 2018.

St John's (CE) First School

- £15,035.81 deficit as at 31 March 2018 – to be repaid to Local Authority
- The EFSA agreed a 3-year loan for this deficit - repayments to commence 2019
- Loan repayments included in future years' budgets
- Deficit predicted 2018/19 therefore the following actions have been taken:
 - o Finance control has been removed from headteacher and given to CFO.
 - o Staffing changes have been agreed. To be actioned January 2019
 - o Monthly reporting to Trust Board from November 2018

Wolgarston High School

- £160,948.81 deficit as at 31 March 2018 as well as a licenced deficit of £152,000 which is the balance carried forward as at 1/04/2018
- School has requested a 5-year loan from the EFSA, rather than the normal 3 year loan
- Loan repayments included in budgets – repayments to commence 2019
- LAG funding is the major issue for this school due to rapidly rising pupil numbers
- A balanced budget for 2018-2019 budget has been set for this school, which includes 2018/19 carry forward
- 3-year modeller predicts that the school will be in surplus by 2022

The Trust board has assurances that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it has adopted 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 Trust has received applications from two schools to join the Trust within the next year. One is a First School and one is a 13-18 Free School.

c. FINANCIAL REVIEW

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

The Trust opened on 1 April 2018, therefore the accounts ended 31 August 2018 reflect a 5-month period. Total expenditure of £3,323,497.

At 31 August 2018 the net book value of fixed assets was £13,402,742. Assets were used exclusively for providing education and associated support services to the students of the academies within the Trust.

The deficit of the pension reserve of £2,229,000 relates to the non-teaching staff pension scheme, where unlike

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

the teachers scheme, separate assets are held to fund future liabilities. The deficit can be met in the longer term from any combination of increased employer to employee contributions, increased government funding or changes to scheme benefits.

Sources of capital income

As at 31 August 2018 the Trust has received £42,271 in Capital grants from the DfE Group.

Financial review

a. RESERVES POLICY

The Trust has adopted a reserves policy.

The appropriate level of reserves has been determined by the Audit & Risk Committee and will be subject to annual approval by the Trust Board. The Trust aims to maintain an adequate level of uncommitted reserves to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short term borrowing;
- Provide a contingency to cushion the impact of unexpected events, emergencies and in year budget deficits;
- Plan for potential major items of expenditure

The Trusts' current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is a deficit of £107,964.

The Academy Trust regularly monitors and reviews the levels of reserves in light of the changing funding and financial climate and other risks such as the potential cash impact on its pension scheme liability.

The Trust held total fund balances at 31 August 2018 of £11,167,990 comprising of £11,275,594 of restricted funds and deficit of £107,964 of unrestricted general funds and included within the restricted reserves is a pension reserve deficit of £2,229,000.

The Academy Trust has a restricted assets fund with a balance of £13,441,964 which is in respect of fixed assets and capital expenditure of the Academy Trust, which is not available for general purpose of the Academy Trust and will only be realised by disposing of the tangible assets.

The pension liability at 31 August 2018 is £2,229,000 which is shown separately in a restricted fund and the trustees continue to review the contribution due based on the reports received from the schemes actuaries ensuring the cash is available to meet the contributions as they fall due.

b. MATERIAL INVESTMENTS POLICY

The Academy Trust does not currently have an investment policy as there are no investments. Should a decision be taken to consider a strategy requiring investment, this would be enshrined in policy.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Academy Trust has undertaken work prior to and since it was established to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Trust's assets and reputation.

Based on the Terms of Reference, the Audit & Risk Committee undertook a comprehensive review of the risks

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

to which the Trust is exposed. Additional risks have been added following identification by the Trust Board. They identified systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy Trust.

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. As the Trust commenced in April 2018, the procedures were adopted by the Audit & Risk Committee in May 2018. They were reviewed in July 2018 and amended to support the recommendations from the internal audit completed in August 2018.

A strategic risk register is maintained at Trust level which is reviewed at least annually by all Trustees but more frequently where necessary. The risk register identified the key risks, and the likelihood of these risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust and its academies.

- Strategic & Reputational
- Operational Risk
- Compliance Risk
- Financial Risk

1. Government funding

The Academy has considerable reliance on continued government funding through the ESFA. Since April 2018 the majority of the Academy's revenue was ultimately public funded. There can be no assurance gained that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the Trust is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.
- By ensuring that the Trust delivers good value in the use of public resources.

2. Maintain adequate funding and pension liabilities

The financial statement report and the share of the pension scheme deficit on the Academy's balance sheet is in line with the requirements of FRS 102.

d. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Penk Valley Academy Trust has adopted the statement of recommended practice (SORP) approach to identifying and managing the risks of the Trust. The trust's exposure to risk is largely bank balances, trade creditors and debtors plus its inherited Local Government Defined Benefits pension scheme deficit for support staff across the Trust. The Academy Trust assesses the risks arising from its operations and examines the likelihood and materiality of each risk. The Trust has operation and strategic risk register which describe the control measures in place to manage or mitigate each risk. The Trust addresses the risk of misappropriation of funds through theft, fraud or other means by engaging positively with accountancy and internal and external auditing services and verification processes and using industry standard, bespoke financial packages and systems designed to mitigate risk.

The MAT strategic risk register is reviewed at all MAT Board Meetings and mitigating actions agreed as required and all changes documented.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Fundraising

No fundraising was undertaken in the year for the benefit of the Academy Trust.

Plans for future periods

a. FUTURE DEVELOPMENTS

The Academy Trust aims to improve levels of performance of its pupils at all levels and will continue to ensure that they secure employment or a place in Higher Education once they leave school.

Key Priorities identified in our Strategic Plan 2018-2021

1. Continue to invest in the long-term professional development of our teachers, using the Visible Learning framework, to ensure that all are or are becoming experts in teaching, learning and assessment
2. Develop a rich, relevant and engaging curriculum which inspires, informs and challenges all our learners and appropriately prepares them for the future
3. Promote and instil the positive behaviours required for successful learning using the Paul Dix approach
4. Develop leadership capacity at all levels through high quality training and mentoring
5. Ensure that pupil outcomes are commensurate with a high performing school system
6. Grow the Trust both in terms of pupil enrolments and schools requesting to become part of the PVAT team
7. Ensure the Trust is financially secure and sustainable for the long term
8. Establish PVAT as an employer of choice

FUNDS HELD AS CUSTODIAN

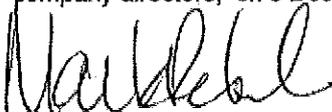
Wolgarston High School has an agreement with South Staffordshire District Council to maintain the 3G pitch. Funds held in the sinking fund as at 31 August 2018 is £27,000.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5 December 2018 and signed on its behalf by:



M Roberts
Chair of Trustees

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the CEO, 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 Penk Valley Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Roberts	2	2
P Tapp	2	2
P Davenport	2	2
S P Blackburn	2	2
D Dee	1	2
M Poulson	2	2
D Wilde	2	2
J Sizer	2	2

The Penk Valley Federation Full Governing Board meet 4 times during this period. Attendance during the period at meetings of the Full Governing Body was as follows:

Governor Name	Type of Governor	Meetings Attended	Out of a possible
Mark Roberts	Co-opted Governor	4	4
Peter Davenport	LA Governor	3	4
Sue Buckle	Parent Governor	3	4
Denise Wilde	Parent Governor	3	4
Michael Poulson	Co-opted Governor	0	4
Nikki Booth	Staff Governor	3	4
Jan Jeffries	Co-opted Governor	4	4
Debbie Wynn Jones	Co-opted Governor	3	4
Sally Griffin	Co-opted Governor	3	4
Sharon Mason	Co-opted Governor	3	4
Heidi Bayliss	Co-opted Governor	3	4
David Dee	Foundation Governor	4	4
Emma Challiner	Headteacher	3	4
Helen Barron (Nee Johnson)	Headteacher	4	4
Dawn Spiers	Headteacher	4	4
Phil Tapp	CEO/Headteacher	4	4
Natalie Frost	Headteacher	4	4

Prior to setting up the Academy Trust Board, a skills analysis was conducted to ensure that the Board would have the appropriate skill set once established. Recruitment to the Board was from existing Governing Body

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

members, and other key figures who could support the Trust in developing and maintaining high educational standards.

The Board is presented with papers either direct from the committees or from the CEO.

The Standards and Performance Committee is a sub-committee of the main board of trustees. Two committees run with this remit in order to scrutinise Primary and Secondary data. The performance of each school is analysed and priorities and actions determined depending upon what the data shows. This committee reports direct to the Trust Board with recommendations.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
S P Blackburn, Chair of Standards & Performance (Primary)	1	2
S Griffin, Co-Opted Governor	2	2
S Mason, Co-Opted Governor	2	2
D Wynn Jones, Co-Opted Governor	1	2
P Tapp, Chief Executive	1	2
M Roberts	2	2
M Poulson, Chair of Standards & Performance (secondary)	2	2
S P Blackburn	1	2
J Groom	2	2
M Roberts	2	2
P Tapp, Chief Executive	2	2
J Sizer, Trustee	2	2

The Audit & Risk Committee is also a sub-committee of the main board of trustees. Two committees run with this remit in order to scrutinise First School and Middle & High Finances and risks. The performance of each school is analysed and priorities and actions determined depending upon what the data shows. This committee reports direct to the Trust Board with recommendations.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
D Dee, Chair of Audit & Risk (First Schools)	2	2
P Davenport, Vice Chair	2	2
W Ashelford	1	2
S Mason, Co-Opted Governor	2	2
P Tapp, Chief Executive	1	2
S Griffin, Co-Opted Governor	1	2
D Wilde, Chair of Audit & Risk (M&H Schools)	2	2
P Tapp, Chief Executive	1	2
M Roberts	1	2
D Tuck	2	2
J Groom	1	2
S Griffin, Co-Opted Governor	1	2

The **Personnel Committee** is a sub-committee of the main board of trustees. The remit of this committee is to consider pay progression recommendations for the teaching and support staff. This committee reports direct to the Trust Board with recommendations.

No meetings were held during the period 1 April – 31 August 2018.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The **Safeguarding Committee** is a sub-committee of the main board of trustees. The remit of this committee is to ensure that the Trust develops and creates a cohesive ethos which supports Safeguarding Safeguarding and KCSIE. This committee reports direct to the Trust Board with recommendations.

No meetings were held during the period 1 April – 31 August 2018.

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the academy'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 has delivered improved value for money during the year by:

- Establishing the Central Support Team. This incorporates the Trust having services delivered from the Central Hub which reduces duplication of tasks throughout individual schools;
- Sharing training events (and costs) to support the delivery of Visible Learning across the Trust;
- Setting up task groups to support with staff development and enabling wider opportunities for teaching staff to support whole school initiatives.

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 academy 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 Penk Valley Academy Trust for the period 22 December 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 22 December 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Audit and Risk 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;

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The Board of Trustees will commission an internal auditor to complete inspections in March 2019 and June 2019.

REVIEW OF EFFECTIVENESS

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

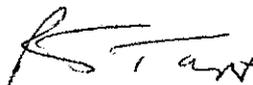
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Standards and Performance Committee and Audit & Risk 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 board of trustees on 5 December 2018 and signed on their behalf, by:



M Roberts
Chair of Trustees



P Tapp
Accounting Officer

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Penk Valley Academy 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 2017.

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 2017.

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.

P Tapp
Accounting Officer

Date: 5 December 2018

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued 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 then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of trustees on 5 December 2018 and signed on its behalf by:



M Roberts
Chair of Trustees

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PENK VALLEY ACADEMY TRUST

OPINION

We have audited the financial statements of Penk Valley Academy Trust (the 'academy') for the period ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 2018 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Auditors' 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

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PENK VALLEY ACADEMY TRUST

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the 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.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PENK
VALLEY ACADEMY TRUST**

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

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

USE OF OUR REPORT

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

Nicholas Simkins, FCA (Senior Statutory Auditor)

for and on behalf of

Moore Stephens LLP

Chartered Accountants
Registered Auditors

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS
Date:

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PENK
VALLEY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 February 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penk Valley Academy Trust during the period 22 December 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF PENK VALLEY ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Penk Valley Academy Trust's funding agreement with the Secretary of State for Education dated 28 March 2018, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 22 December 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

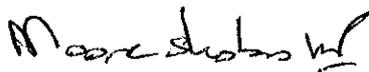
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PENK
VALLEY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 22 December 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Simkins

Moore Stephens LLP

Chartered Accountants
Registered Auditors

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date:

17/12/2018

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
INCOME FROM:					
Donations and capital grants	2	(273,372)	(2,376,000)	13,497,491	10,848,119
Charitable activities	3	161,342	3,187,381	-	3,348,723
Other trading activities	4	47,537	-	-	47,537
Investments	5	108	-	-	108
TOTAL INCOME		<u>(64,385)</u>	<u>811,381</u>	<u>13,497,491</u>	<u>14,244,487</u>
EXPENDITURE ON:					
Charitable activities		43,579	3,224,391	55,527	3,323,497
TOTAL EXPENDITURE	6	<u>43,579</u>	<u>3,224,391</u>	<u>55,527</u>	<u>3,323,497</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	18	(107,964)	(2,413,010)	13,441,964	10,920,990
		-	(3,249)	3,249	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		(107,964)	(2,416,259)	13,445,213	10,920,990
Actuarial gains on defined benefit pension schemes	23	-	247,000	-	247,000
NET MOVEMENT IN FUNDS		<u>(107,964)</u>	<u>(2,169,259)</u>	<u>13,445,213</u>	<u>11,167,990</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u>(107,964)</u>	<u>(2,169,259)</u>	<u>13,445,213</u>	<u>11,167,990</u>

All of the academy's activities derive from acquisitions in the current financial period.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 11124272

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £
FIXED ASSETS			
Tangible assets	14		13,402,742
CURRENT ASSETS			
Debtors	15	213,553	
Cash at bank and in hand		355,978	
		<u>569,531</u>	
CREDITORS: amounts falling due within one year	16	<u>(272,088)</u>	
NET CURRENT ASSETS			<u>297,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,700,185</u>
CREDITORS: amounts falling due after more than one year	17		<u>(303,195)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>13,396,990</u>
Defined benefit pension scheme liability	23	(2,229,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,167,990</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	18	59,741	
Restricted fixed asset funds	18	13,445,213	
		<u>13,504,954</u>	
Restricted income funds excluding pension liability		13,504,954	
Pension reserve		<u>(2,229,000)</u>	
Total restricted income funds			11,275,954
Unrestricted income funds	18		<u>(107,964)</u>
TOTAL FUNDS			<u><u>11,167,990</u></u>

The financial statements on pages 25 to 49 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:

M Roberts
Chair of Trustees



PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2018

	Note	2018 £
Cash flows from operating activities		
Net cash provided by operating activities	20	<u>313,399</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		108
Capital grants from DfE Group		<u>42,471</u>
Net cash provided by investing activities		<u>42,579</u>
Change in cash and cash equivalents in the period		355,978
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	21	<u><u>355,978</u></u>

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

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

Penk Valley Academy Trust is a company limited by guarantee (company number 11124272), incorporated in England and Wales and domiciled in England.

The registered office is noted on page 1.

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Penk Valley Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the 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 risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	2% Straight line
Plant & equipment	-	33% Straight Line

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

1.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.7 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.8 Liabilities and provisions

Liabilities and provisions 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 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 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.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

The academy 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 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.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.12 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Wolgarton High School, Marshbrook First School, Penkridge Middle School, Princefield First School and St Johns' First School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 Department for Education Group.

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfer on conversion	(273,372)	(2,376,000)	13,455,020	10,805,648
EFSA Grant Income	-	-	42,471	42,471
	<u>(273,372)</u>	<u>(2,376,000)</u>	<u>13,497,491</u>	<u>10,848,119</u>

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General annual grant	-	2,744,558	2,744,558
Other DfE/ESFA grants	-	268,805	268,805
Local authority grants	-	36,732	36,732
Other income	161,342	137,286	298,628
	<u>161,342</u>	<u>3,187,381</u>	<u>3,348,723</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Hire of facilities	4,409	-	4,409
Other income	32,739	-	32,739
Departmental activities	10,389	-	10,389
	<u>47,537</u>	<u>-</u>	<u>47,537</u>

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Short term deposits	108	-	108
	<u>108</u>	<u>-</u>	<u>108</u>

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £
Activities:				
Direct costs	2,094,249	-	265,470	2,359,719
Support costs	593,362	168,349	202,067	963,778
	<u>2,687,611</u>	<u>168,349</u>	<u>467,537</u>	<u>3,323,497</u>

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £
Educational operations	2,359,719	963,778	3,323,497

Analysis of support costs

	Activities £	Total 2018 £
Pension income	27,000	27,000
Staff costs	520,363	520,363
Depreciation	55,527	55,527
Technology costs	78,259	78,259
Staff development	7,474	7,474
Telephone and broadband costs	11,831	11,831
Maintenance of premises	37,952	37,952
Cleaning	15,779	15,779
Rent & rates	13,020	13,020
Energy costs	68,514	68,514
Insurance	29,835	29,835
Security and transport	13,375	13,375
Catering	54,327	54,327
Other support costs	4,419	4,419
Auditors remuneration	16,000	16,000
Legal and professional fees	10,104	10,104
Subtotal	963,779	963,779
Other support costs	(1)	(1)
	963,778	963,778

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £
Depreciation of tangible fixed assets: - owned by the charity	55,527
Auditors' remuneration - audit	16,000
Auditors' remuneration - other services	6,500
Operating lease rentals	15,118
	<u>15,118</u>

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £
Wages and salaries	2,050,408
Social security costs	178,391
Operating costs of defined benefit pension schemes	429,095
	<hr/>
	2,657,894
Agency staff costs	29,717
	<hr/>
	<u>2,687,611</u>

b. Staff numbers

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

	2018 No.
Management	11
Teachers	74
Administration and support	84
	<hr/>
	169
	<hr/>

c. Higher paid staff

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

	2018 No.
In the band £60,001 - £70,000	2
In the band £80,001 - £90,000	1

d. Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £294,537.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

10. CENTRAL SERVICES

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

- Marketing
- Human Resources
- Finance
- Premises
- Health & Safety
- IT
- Management of cleaning & catering services
- Grounds
- Administrative cover & support
- Attend EDC
- FSM Checking service
- SIMS support
- Academy Conversion Project management
- Admissions

The academy charges for these services on the following basis:

All schools have a 4% contribution based on their GAG income:

The actual amounts charged during the year were as follows:

	2018 £
Wolgarston High School	54,400
Marshbrook First School	10,900
Penkrigde Middle School	31,930
Princefield First School	14,390
St Johns' First School	6,250
	<hr/>
Total	117,870

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other 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:

		2018 £
P Tapp, Trustee	Remuneration	35,000-40,000
	Pension contributions paid	5,000-10,000

During the period ended 31 August 2018, no Trustees received any reimbursement of expenses.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. OTHER FINANCE INCOME

	2018 £
Interest income on pension scheme assets	21,000
Interest on pension scheme liabilities	(48,000)
	(27,000)
	(27,000)

14. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and equipment £	Total £
Cost			
At 22 December 2017	-	-	-
Additions	13,365,061	93,208	13,458,269
At 31 August 2018	13,365,061	93,208	13,458,269
Depreciation			
At 22 December 2017	"	-	"
Charge for the period	48,030	7,497	55,527
At 31 August 2018	48,030	7,497	55,527
Net book value			
At 31 August 2018	13,317,031	85,711	13,402,742

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

14. TANGIBLE FIXED ASSETS (continued)

Leases between Staffordshire County Council and Penk Valley Academy Trust have been prepared so that the buildings used by the maintained schools can be used by the Academy. This lease is for 125 years.

Staffordshire County Council prepared a valuation of the land and buildings as at conversion based on a depreciated replacement cost method. This was completed by an inhouse surveyor.

This valuation has been used to capitalise the long term leasehold cost of land and buildings into fixed assets.

The split of land and buildings is as follows:

Land £7,601,500
Buildings £5,763,561

Trustees are aware that the valuation of each school property has been ascertained from Staffordshire County Council balance sheet figures. Once the ESFA valuations are available in 2019, Trustees will then consider which valuation to use in 2019 accounts. They are fully aware that there may be a one off adjustment on the balance sheet in 2019 Financial Statements.

15. DEBTORS

	2018 £
Trade debtors	14,125
VAT recoverable	76,420
Other debtors	106,198
Prepayments and accrued income	16,810
	<hr/> 213,553 <hr/>

16. CREDITORS: Amounts falling due within one year

	2018 £
Other loans	13,209
Trade creditors	133,830
Other creditors	106,011
Accruals and deferred income	19,038
	<hr/> 272,088 <hr/>

Other loans relate to an interest free Salix loan.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

17. CREDITORS: Amounts falling due after more than one year

	2018 £
Other loans	52,835
Other creditors	250,360
	303,195

Other loans relate to an interest free Salix loan. It is repayable until April 2023 in equal installments of £13,209 per year.

Other creditors greater than 1 year relate to deficits with the local authority whereby repayment plans have been agreed.

18. STATEMENT OF FUNDS

	Balance at 22 December 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	-	(64,385)	(43,579)	-	-	(107,964)
Restricted funds						
General Annual Grant (GAG)	-	2,744,559	(2,681,569)	(3,249)	-	59,741
Other ESFA / DfE grants	-	268,805	(268,805)	-	-	-
Other restricted funds	-	174,017	(174,017)	-	-	-
Pension reserve	-	(2,376,000)	(100,000)	-	247,000	(2,229,000)
	-	811,381	(3,224,391)	(3,249)	247,000	(2,169,259)
Restricted fixed asset funds						
Assets transferred on conversion	-	13,455,020	(55,527)	3,249	-	13,402,742
Capital grants	-	42,471	-	-	-	42,471
	-	13,497,491	(55,527)	3,249	-	13,445,213
Total restricted funds	-	14,308,872	(3,279,918)	-	247,000	11,275,954
Total of funds	-	14,244,487	(3,323,497)	-	247,000	11,167,990

The specific purposes for which the funds are to be applied are as follows:

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS (continued)

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy. During the period, the Academy's GAG income exceeded GAG expenditure. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other ESFA / DfE grants include further grants received from the DfE/ESFA including pupil premium and special education grants.

Other restricted income represents the income and expenditure in relation to school trips that have been operated during the year. All of the income was fully expensed during the period.

The restricted pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2018.

The restricted fixed asset funds include the tangible fixed assets owned/leased by the academy. They also include any capital grants received but not yet spent at the year end.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £
Wolgarston High School	(245,697)
Marshbrook First School	110,409
Penkridge Middle School	61,623
Princefield First School	6,687
St Johns' First School	(1,737)
Central Services	20,492
Total before fixed asset fund and pension reserve	(48,223)
Restricted fixed asset fund	13,445,213
Pension reserve	(2,229,000)
Total	11,167,990

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Wolgarston High School	245,697
St Johns' First School	1,737

The unrestricted funds deficit relates specifically to the loans which have been agreed with the ESFA for the following schools:

	Balance at 31/08/18 £	Loan with ESFA £	Actual in year surplus £

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS (continued)

Wolgarston High School	(245,697)	312,949	67,252
St John's First School	(1,737)	15,036	13,299

The trust is taking the following action to return the academies to surplus:

The repayments of these loans are now included within the future budgets. All budgets within 2018/19 are now on track to at least break even, with the actions determined by the Trust Board. The overall 3 year forecast for the Trust is sustainable.

For further detail please see Going Concern commentary within the Trustees Report.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £
Wolgarston High School	1,137,575	41,424	201,700	1,380,699
Marshbrook First School	261,938	5,296	44,010	311,244
Penkridge Middle School	659,881	16,401	135,349	811,631
Princefield First School	336,504	11,033	60,476	408,013
St Johns' First School	127,048	8,349	26,712	162,109
	<u>2,522,946</u>	<u>82,503</u>	<u>468,247</u>	<u>3,073,696</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	13,402,742	13,402,742
Current assets	467,319	59,741	42,471	569,531
Creditors due within one year	(272,090)	-	-	(272,090)
Creditors due in more than one year	(303,193)	-	-	(303,193)
Pension liability	-	(2,229,000)	-	(2,229,000)
	<u>(107,964)</u>	<u>(2,169,259)</u>	<u>13,445,213</u>	<u>11,167,990</u>

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £
Net income for the year (as per Statement of Financial Activities)	10,920,990
Adjustment for:	
Depreciation charges	55,527
Dividends, interest and rents from investments	(108)
Increase in debtors	(213,553)
Increase in creditors	575,284
Capital grants from DfE and other capital income	(42,471)
Defined benefit pension scheme cost less contributions payable	73,000
Defined benefit pension scheme finance cost	27,000
Net (loss) on assets and liabilities from local authority on conversion	(11,082,270)
Net cash provided by operating activities	<u><u>313,399</u></u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £
Cash in hand	355,978
Total	<u><u>355,978</u></u>

22. CONVERSION TO AN ACADEMY TRUST

On 1 April 2018 Wolgarston High School, Marshbrook First School, Penkridge Middle School, Princefield First School and St Johns' First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Penk Valley Academy Trust from Staffordshire County Council for £NIL consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

22. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	13,455,020	13,455,020
Budget surplus/(deficit) on LA funds	(273,372)	-	-	(273,372)
LGPS pension surplus/(deficit)	-	(2,376,000)	-	(2,376,000)
Net assets/(liabilities)	(273,372)	(2,376,000)	13,455,020	10,805,648

The unrestricted funds deficit relates specifically to the loans which have been agreed with the EFSA.

The repayments of these loans are now included within the future budgets. All budgets within 2018/19 are now on track to at least break even, with the actions determined by the Trust Board. The overall 3 year forecast for the Trust is sustainable.

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

As described in note 22 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Teachers' Pension Scheme

Introduction

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

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

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £228,450.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £160,000, of which employer's contributions totalled £127,000, and employees' contributions totalled £33,000. The agreed contribution rates for future years are 18.5% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2018
Discount rate for scheme liabilities	2.80 %
Rate of increase in salaries	2.70 %
Rate of increase for pensions in payment / inflation	2.30 %

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

	2018
Retiring today	
Males	22.1
Females	24.4
Retiring in 20 years	
Males	24.1
Females	26.4

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2018 £
Equities	1,462,300
Corporate bonds	396,910
Property	167,120
Cash and other liquid assets	62,670
Total market value of assets	2,089,000

The actual return on scheme assets was £171,000.

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £
Current service cost	(200,000)
Interest income	21,000
Interest cost	(48,000)
Total	(227,000)

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2018 £
Upon conversion	4,158,000
Current service cost	200,000
Interest cost	48,000
Employee contributions	33,000
Actuarial gains	(121,000)
	<hr/>
Closing defined benefit obligation	4,318,000
	<hr/> <hr/>

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

	2018 £
Upon conversion	1,782,000
Interest income	21,000
Actuarial losses	126,000
Employer contributions	127,000
Employee contributions	33,000
	<hr/>
Closing fair value of scheme assets	2,089,000
	<hr/> <hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £
Amounts payable:	
Within 1 year	32,992
Between 1 and 5 years	14,564
	<hr/>
Total	47,556
	<hr/> <hr/>

25. MEMBERS' LIABILITY

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

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

