

Company Registration Number: 11124272 (England & Wales)

Penk Valley Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2019

Penk Valley Academy Trust
(A Company Limited by Guarantee)

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Penk Valley Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details

Members

M Roberts
C Shaw (appointed 1 June 2019)
C Hopkins (resigned 1 May 2019)
C Bolivar
J Jeffries

Trustees

M Roberts, Chair of Trustees^{1,2,3,4,5}
D Dee, Foundation Trustee, Chair of Audit & Risk (First School)^{1,2,4}
P Davenport, Vice Chair^{1,2}
S Blackburn, Chair of Standards & Performance (Primary)^{1,3}
J Sizer (resigned 1 May 2019)^{1,3}
D Wilde (resigned 1 June 2019)^{1,3,5}
P Tapp, CEO/Accounting Officer^{1,2,3,4}
M Poulosom, Chair of Standards & Performance (Secondary)^{1,3,5}
P Moon, Foundation Trustee (appointed 24 June 2019)

- ¹ Trustee Board
- ² Audit & Risk
- ³ Standards & Performance
- ⁴ Personnel
- ⁵ Safeguarding

Penk Valley Academy Trust
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Reference and Administrative Details (continued)
For the Year Ended 31 August 2019

Company registered number	11124272
Company name	Penk Valley Academy Trust
Principal and registered office	Wolgarston High School Cannock Road Penkridge Staffordshire ST19 5RX
Independent auditors	BDO LLP Two Snowhill Queensway Birmingham B4 6GA
Bankers	Lloyds Bank Plc Queen Square Wolverhampton WV1 1RF
Solicitors	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES

Penk Valley Academy Trust

(A Company Limited by Guarantee)

Trustees' Report

For the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Penk Valley Academy Trust formed on 1st April 2018. The Trust is formed of 5 original Academies, Wolgarston High School, Penkridge Middle School, Princefield First School, Marshbrook First School and St John's (CE) First School. All of these schools previously belonged to the Penk Valley Federation which formed on 1st April 2016. Two further schools joined the academy on 1st August 2019; St Mary and St Chad (CE) First School and The Rural Enterprise Academy.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association is the primary governing document of the Academy.

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

The charitable company is known as Penk Valley Academy Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1. 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 Local Governing Body and all committees are annually elected to their roles at the first committee meeting of the academic year.

New Trustees/Committee Members/Local Governing Body members are recruited because of the range of skills and expertise they can bring to help realise PVAT's vision and values for the Trust. They will also 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.

Penk Valley Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

d. Policies 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 Local Governing Body Committees. 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.

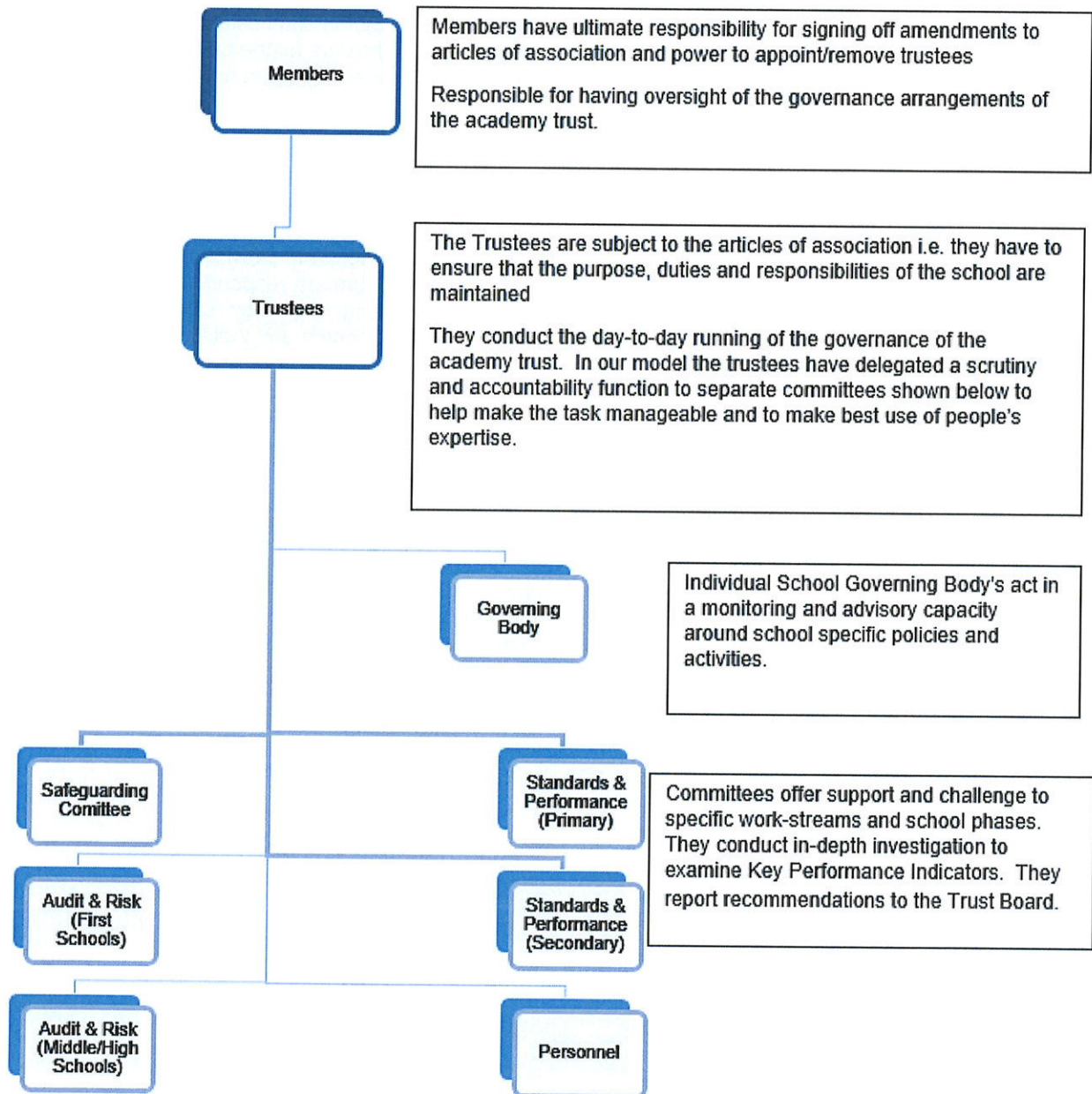
Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

e. Organisational structure

Board, Trustees, Committees and School Forum



Penk Valley Academy Trust **(A Company Limited by Guarantee)**

Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

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 Governing Body has been established to support individual schools or group of schools with the day to day scrutiny of the school(s) along with a number of other related responsibilities included within the Scheme of Delegation.

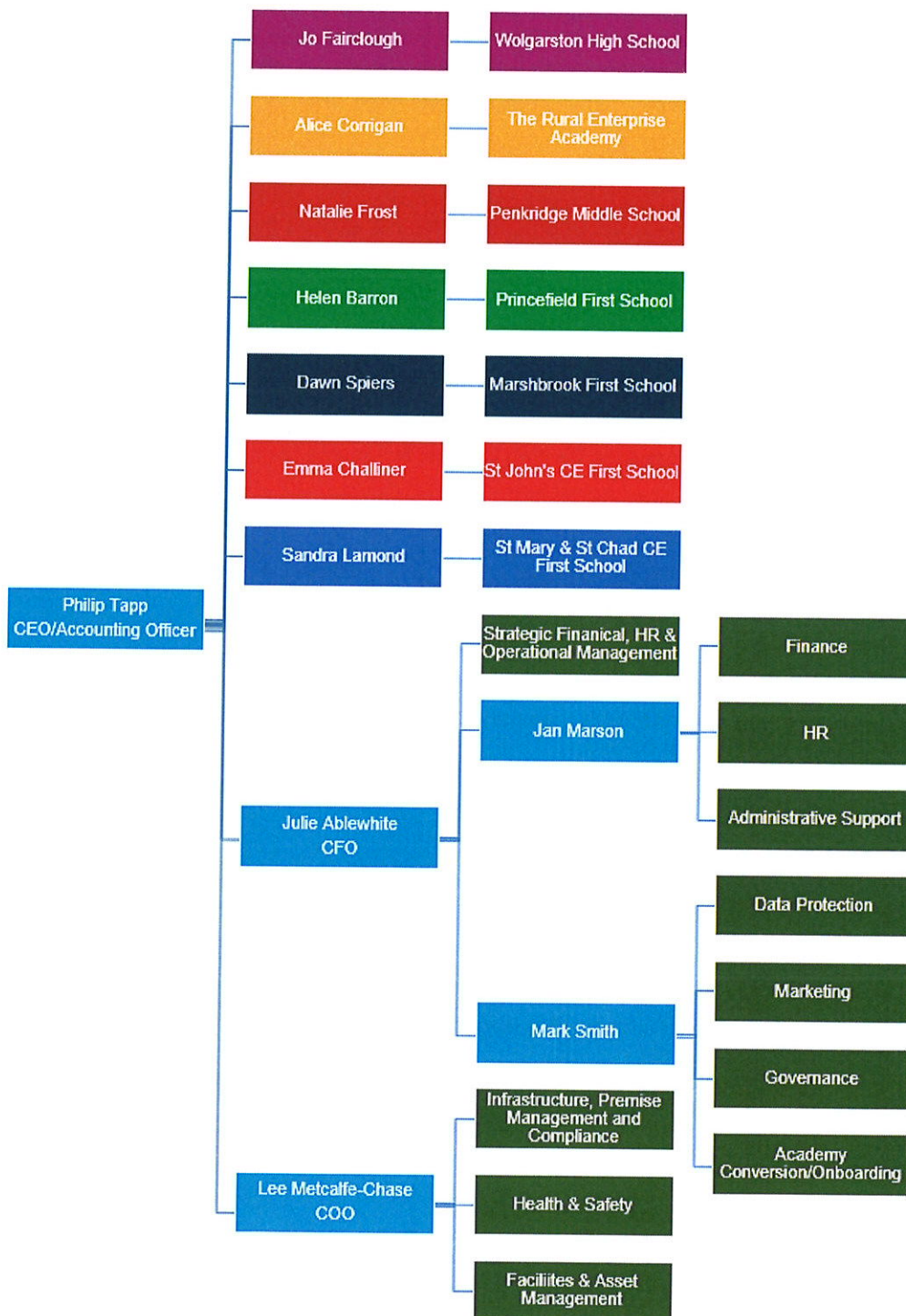
The CEO meets with the Senior Leadership Team fortnightly as a group, and individually throughout the year in order to drive PVAT strategy. As a group the Senior Leadership Team are responsible for ensuring that each individual school adopts the PVAT ethos including Visible Learning, that they support the overall school improvement process within the Trust, that common goals are implemented and that they mitigate risk including financial implications.

Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

Penk Valley Academy Trust – Senior Leadership Team



Penk Valley Academy Trust (A Company Limited by Guarantee)

**Trustees' Report (continued)
For the Year Ended 31 August 2019**

Structure, governance and management (continued)

f. Arrangements for setting pay and remuneration of 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 Trustees have established pay ranges for each individual school within the MAT based on the total unit score calculation and remuneration does not exceed the maximum permissible within each school group size.

The remuneration of the CEO/CFO/COO are 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. To include Benchmarks Parameters or criteria used to set pay. (Academies account direction 2019)

g. Related parties and other connected charities and organisations

Penk Valley Academy Trust is currently working with Endeavour Trust and Codsall High Federation to establish SERA (Staffordshire Education and Research Alliance) - a teacher training alliance which will look to provide Initial Teacher Training, with a university provider, training for TAs, NQTs and Middle/Senior Leader training.

Penk Valley Academy Trust is working with South Staffordshire Schools and Staffordshire County Council in establishing the SEND transformation hub.

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 education in the UK for the public benefit.
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:

- 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 invest in developing and retaining high-quality staff.

All of our schools share the same mission: to inspire learning. To achieve this our strategy is to invest in our people, invest in a designed offer and invest in quality.

Our schools follow the same set of underlying principles.

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

Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Objectives and activities (continued)

b. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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.

Strategic report

Achievements and performance

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 a high Progress 8 score, once again placing it in the top quintile 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.

Primary Phase

Year 2

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

Official 2019 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.

Penk Valley Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

	<i>Reading</i>			<i>Writing</i>			<i>Maths</i>		
	MFS	PFS	SJFS	MFS	PFS	SJFS	MFS	PFS	SJFS
Working at expected standard or above	80%	72.5%	92%	80%	60%	69%	77%	62.5%	69%
Staffordshire Figures 2018	78%	78%	78%	73%	73%	73%	78%	78%	78%
National Consortium for Examination Results 2018	75%	75%	75%	70%	70%	70%	76%	76%	76%

Year 6

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

	School at Expected or higher standard %	National Average %
Reading	72%	73%
GPS	73%	78%
Writing	72%	78%
Mathematics	66%	79%

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+	83%
English L5+	68%
Mathematics L4+	74%
Mathematics L5+	47%
English & Mathematics L4+	70%
English & Mathematics L5+	43%
EBacc	28%
Progress 8	0.48

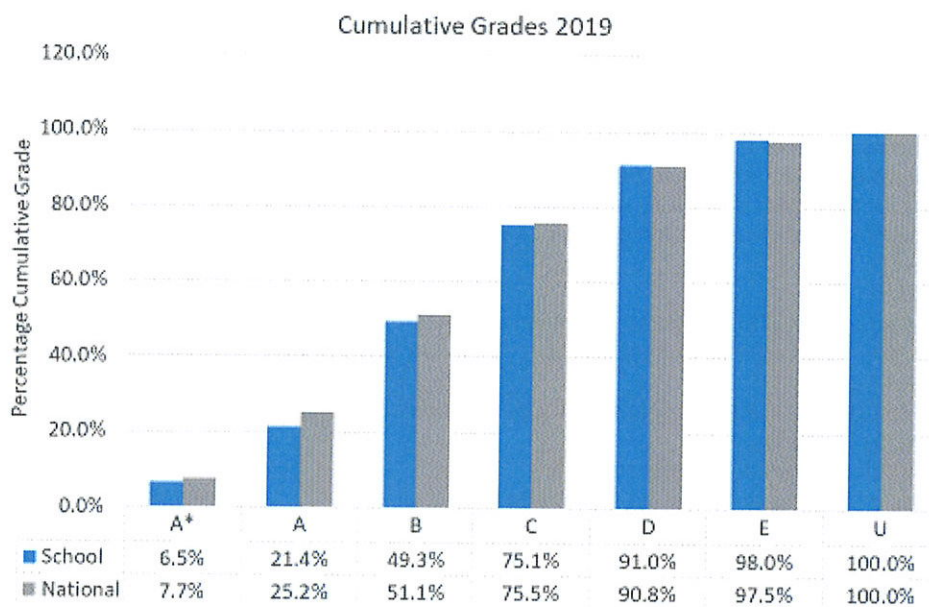
Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

Year 13 A level and BTEC



Grade Distribution	Applied Science Single	Art Single	Business Single	Health & Social Care Single	Sport BTEC Single
	D*	0%	0%	6%	0%
D	33%	38%	44%	67%	40%
M	56%	63%	31%	17%	40%
P	11%	0%	19%	0%	20%
U	0%	0%	0%	17%	0%

Cumulative Grade Distribution	Applied Science Single	Art Single	Business Single	Health & Social Care Single	Sport BTEC Single
	D*	0%	0%	6%	0%
D	33%	38%	50%	67%	40%
M	89%	100%	81%	83%	80%
P	100%	100%	100%	83%	100%
U	100%	100%	100%	100%	100%

Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

b. 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.

Governance KPI's

1. All schools to have a full complement for their School Governing Body, 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

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

Penk Valley Academy Trust

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Trustees' Report (continued)

For the Year Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

c. Going Concern

The overall Trust budget is in surplus.

Princefield First School

- Deficit on conversion of £25,459 now stands at £18,533
- Loan repayments included in future years' budgets, all outstanding loans will be repaid by 2022.
- 2019-20 budget set without using reserves

St John's (CE) First School

- Deficit on conversion of £43,036 now stands at £32,277
- Loan repayments included in future years' budgets, all outstanding loans will be repaid by 2022.
- 2019-20 budget set without using reserves

Wolgarston High School

- Deficit on conversion of £432,635 now stands at £347,029
- Loan repayments included in future years' budgets, all outstanding loans will be repaid by 2023.
- 2018-2019 ended with a £7K deficit
- 2019-20 budget set using £35K of reserves
- LAG funding is the major issue for this school due to rapidly rising pupil numbers

Penk Valley Central Services

- Deficit on conversion of £60,560 now stands at £52,150
- Loan repayments included in future years' budgets, all outstanding loans will be repaid by 2022.

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

Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Strategic report (continued)

Achievements and performance (continued)

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 surplus of £163k.

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.

At the end of the financial year, the Trust had £20.7m total funds, an increase of £9.7m from 2018, this increase relates mainly to the assets linked to the additional 2 schools which joined the Trust on 1st August 2019. Restricted funds amount to a deficit of £4.3m of which £4m relates solely to the pension reserves. An actuarial loss of £1.2m relates directly to the actuarial loss on the pension scheme.

The Academy is carrying forward:

Academy Trust has a restricted assets fund with a balance of £24.9m 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 2019 is £4.06m 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. Investment 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.

Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Strategic report (continued)

Financial review (continued)

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 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 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

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.

Penk Valley Academy Trust

(A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Strategic report (continued)

Financial review (continued)

d. Financial and 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.

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.

From September 2019, the risk register will be scrutinised by the Local Governing Body of each school.

e. 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 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Total expenditure during the financial year 2018/19 was £9m.

At 31 August 2019 the net book value of fixed assets was £24.5m. 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 £4.06m relates to the non-teaching staff pension scheme, where unlike 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 2019 the Trust has received £866k Capital grants from the DfE Group.

Fundraising

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

Penk Valley Academy Trust (A Company Limited by Guarantee)

Trustees' Report (continued) For the Year Ended 31 August 2019

Plans for future periods

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 PVAT 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 on behalf of others

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 2019 is £75,000.

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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Trustees have appointed BDO LLP as auditor in their place. BDO LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12 December 2019 and signed on 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 and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 3 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Roberts, Chair of Trustees	3	3
D Dee, Foundation Trustee, Chair of Audit & Risk (First School)	3	3
P Davenport, Vice Chair	2	3
S Blackburn, Chair of Standards & Performance (Primary)	2	3
J Sizer	2	3
D Wilde	1	2
P Tapp, CEO/Accounting Officer	3	3
M Poulson, Chair of Standards & Performance (Secondary)	3	3
P Moon, Foundation Trustee	0	0

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

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.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Roberts	1	1
D Wilde	1	1
D Dee	1	1
P Tapp	1	1
S Mason (Committee Member)	1	1
S Griffin (Committee Member)	1	1

Penk Valley Academy Trust (A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

The Safeguarding Committee is also 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 and KCSIE. This committee reports direct to the Trust Board with recommendations.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
H Balyiss (Committee Member/Chair)	2	3
M Roberts	3	3
D Wilde	2	3
M Poulson	2	3
D Wynn-Jones (Committee Member)	1	3
S Buckle (Committee Member)	1	3

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 during the year at meetings was as follows:

Primary Standards

Trustee	Meetings attended	Out of a possible
S Blackburn	2	3
S Griffin (Committee Member)	3	3
S Mason (Committee Member)	3	3
D Wynn Jones (Committee Member)	2	3
P Tapp	3	3
M Roberts	2	3

Secondary Standards

Trustee	Meetings Attended	Out of a possible
M Poulson (Committee Member)	3	3
S Blackburn	2	3
J Broom	2	3
M Roberts	3	3
P Tapp	3	3
J Sizer	2	2

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

The Audit & Risk Committee is 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 during the year at meetings was as follows:

First Schools

Trustee	Meetings attended	Out of a possible
D Dee	3	3
P Davenport	2	3
W Ashelford (Committee Member)	1	3
S Mason (Committee Member)	3	3
P Tapp	3	3
S Griffin (Committee Member)	3	3

Middle, High and PVAT

Trustee	Meetings attended	Out of a possible
D Wilde	1	3
P Tapp	3	3
M Roberts	2	3
D Tuck (Committee Member)	3	3
J Groom (Committee Member)	1	3
L Hill (Committee Member)	1	2

A Strategic Financial Meeting was held on 10/07/2019

Trustee	Meetings attended	Out of a possible
M Roberts	1	1
D Dee	1	1
P Tapp	1	1

Penk Valley Academy Trust (A Company Limited by Guarantee)

Governance Statement (continued)

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:

- Developing the central Hub offer to include in house payroll for the Trust. Potentially this service could provide income if services were sold to external schools.
- Review of The Rural Enterprise Academy headteacher pay range whilst the interim appointment is in post
- Review of Wolgarston High School headteacher pay range bringing it in line with the Total Score calculation as used by all other academy schools
- Restructuring of the PVAT staffing to ensure sustainability and increase capacity for known growth
- Sharing training events (and costs) to support the delivery of Visible Learning across the Trust

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

An internal review was conducted by Mazars LLP on 17 & 18 July 2019. The Chair of Trustees and Chair of Audit & Risk also conducted a half day financial inspection on 16 September 2019.

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 year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

Penk Valley Academy Trust (A Company Limited by Guarantee)

Governance Statement (continued)

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 Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks
- A risk register is presented at the Audit & Risk Committee meetings, with discussion being held on any area where the grading has reduced. From September 2019, individual school risk registers will go to the local governing body for each school.

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Mazars as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

- An internal programme of work was agreed Audit & Risk Committees in January & February 2019.

Area of review	July 2019	March 2020	June 2020
Review of Salary Journals	Yes		Yes
Review of Journals	Yes		Yes
Review of bank reconciliation	Yes		Yes
Review of Debtors and debt collection	Yes		Yes
Review of creditor payments to ensure appropriate procurement regulations followed (3 quotes etc)	Yes		Yes
Review of Related Party Payments		Yes	
Review that recommendations of audit reports are implemented		Yes	
Review of expense claim payments to staff		Yes	
Review of Procurement cards authorisation and associated spend		Yes	
FMGS review		Yes	
Review of Petty Cash Procedures		Yes	

- The individual programme for July 2019 review was agreed at May & June 2019 Audit & Risk Committees.
- The first inspection was conducted in July 2019, with the finding being presented to the Audit & Risk Committees in September and October.
- Future inspections will be conducted in March & June of each financial year

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

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

The risk and control framework (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period are highlighted in the table above. A report will go to the Audit & Risk Committee three times a year, on the operation of the systems of control on the discharge of the board of trustees' financial responsibilities.

An action plan has been presented to the Audit & Risk Committees in September/October 2019 detailing management response, timescale and who is responsible for completing the tasks.

Review of effectiveness

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


- Audit Findings - October 2018 (Presented at Board of Trustees 5 December 2018)
- SMRA review - 25 February 2019 (Presented at Audit & Risk Committees May & June 2019 with email trail)
- FMGS review - 12/13 December 2018 (Presented at Audit & Risk January & February 2019 with action plan)
- Internal Audit Review - Mazars LLP 17/18 July 2019 (report to go to Audit & Risk September/October 2019 and Board of Trustees November 2019)
- Self evaluation of financial process review - School Resource Management Self Assessment Checklist (Presented Audit & Risk Committees May & June, completed 16 September 2019). This was presented to Audit & Risk Committees in September and October 2019.
- The work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditors;
- 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 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 12 December 2019 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 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, under the funding agreement in place between the Academy 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 2018.

I confirm that I and the Academy board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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: 12 December 2019

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 12 December 2019 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 year ended 31 August 2019 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency (ESFA).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

Penk Valley Academy Trust **(A Company Limited by Guarantee)**

Independent Auditors' Report on the financial statements to the members of Penk Valley Academy Trust **(continued)**

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.

Opinions 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, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or 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 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the members of Penk Valley Academy Trust
(continued)

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 at the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Academy's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Two Snowhill
Queensway
Birmingham
B4 6GA
United Kingdom

16 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Penk Valley Academy Trust (A Company Limited by Guarantee)

Independent Reporting Accountant's 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 18 February 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penk Valley Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 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 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our procedures included, but not limited to, the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Penk Valley Academy Trust and the Education & Skills Funding Agency (continued)

- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation;
- Reviewing any family members of directors or senior leadership team appointed in the period, checking that the School's processes have been followed and the remuneration appears reasonable;
- Performing a review of the tendering policy, enquiring of any tenders completed in the period and completing a review of tenders completed for the appropriate documentation and authorisation;
- Enquiries of management of new leases in the period, ensuring they are entered into in line with the financial handbook policies;
- Review of the School's website for the correct disclosure of governance information in line with ESFA guidelines;
- Performing a review of the Business Continuity Plan in place by the School.

Conclusion

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



BDO LLP

Two Snowhill
Queensway
Birmingham
B4 6GA

Date: 16 Dcccmbcr 2019

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	As restated Total funds 2018 (5m period) £000
Income from:						
Donations and capital grants	4	45	(274)	11,678	11,450	10,660
Charitable activities		283	7,700	-	7,983	3,226
Other trading activities		564	-	-	564	170
Total income		892	7,426	11,678	19,996	14,056
Expenditure on:						
Charitable activities	8	402	8,370	207	8,979	3,348
Total expenditure		402	8,370	207	8,979	3,348
Net movement in funds before other recognised gains/(losses)		490	(944)	11,471	11,017	10,708
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	29	-	(1,224)	-	(1,224)	247
Net movement in funds		490	(2,168)	11,471	9,793	10,955

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
For the Year Ended 31 August 2019

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	As restated Total funds 2018 £000
Note					
Reconciliation of funds:					
Total funds brought forward as previously stated	(108)	(2,169)	13,445	11,168	-
Prior year adjustment	(219)	-	6	(213)	-
	<u>(327)</u>	<u>(2,169)</u>	<u>13,451</u>	<u>10,955</u>	<u>-</u>
Total funds brought forward as restated	(327)	(2,169)	13,451	10,955	-
Net movement in funds	490	(2,168)	11,471	9,793	10,955
	<u>163</u>	<u>(4,337)</u>	<u>24,922</u>	<u>20,748</u>	<u>10,955</u>
Total funds carried forward	163	(4,337)	24,922	20,748	10,955

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 36 to 67 form part of these financial statements.

Penk Valley Academy Trust
(A Company Limited by Guarantee)
Registered number: 11124272

Balance Sheet
As at 31 August 2019

	Note	2019 £000	Restated 2018 £000
Fixed assets			
Tangible assets	15	24,485	13,409
		<u>24,485</u>	<u>13,409</u>
Current assets			
Debtors	16	559	214
Cash at bank and in hand		830	356
		<u>1,389</u>	<u>570</u>
Creditors: amounts falling due within one year	17	(756)	(286)
Net current assets		<u>633</u>	<u>284</u>
Total assets less current liabilities		<u>25,118</u>	<u>13,693</u>
Creditors: amounts falling due after more than one year	18	(307)	(509)
Net assets excluding pension liability		<u>24,811</u>	<u>13,184</u>
Defined benefit pension scheme liability	29	(4,063)	(2,229)
Total net assets		<u><u>20,748</u></u>	<u><u>10,955</u></u>

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Balance Sheet (continued)
As at 31 August 2019

	Note	2019 £000	2018 £000
Funds of the Academy			
Restricted funds:			
Fixed asset funds	21	24,922	13,451
Restricted income funds	21	(274)	60
		<hr/>	<hr/>
Restricted funds excluding pension asset	21	24,648	13,511
Pension reserve	21	(4,063)	(2,229)
		<hr/>	<hr/>
Total restricted funds	21	20,585	11,282
Unrestricted income funds			
General funds	21	163	(327)
		<hr/>	<hr/>
Total unrestricted income funds	21	163	(327)
		<hr/>	<hr/>
Total funds		20,748	10,955
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 31 to 67 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:

M Roberts
(Chair of Trustees)



The notes on pages 36 to 67 form part of these financial statements.

Penk Valley Academy Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	217	330
Cash flows from investing activities	25	395	39
Cash flows from financing activities	24	(138)	(13)
Change in cash and cash equivalents in the year		474	356
Cash and cash equivalents at the beginning of the year		356	-
Cash and cash equivalents at the end of the year	26	<u>830</u>	<u>356</u>

The notes on pages 36 to 67 form part of these financial statements

Penk Valley Academy Trust (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2019

1. General information

Penk Valley Academy Trust is a private company limited by guarantee (registered number 11124272) which is incorporated and domiciled in the UK. The address of the registered office is Cannock Road, Penkridge, Staffordshire, ST19 5RX.

2. Accounting policies

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.

2.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Penk Valley Academy Trust meets the definition of a public benefit entity under FRS 102.

The functional and presentational currency of the company during the year was sterling (£) and the accounts are rounded to the nearest one thousand.

2.2 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy'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 Year Ended 31 August 2019

2. Accounting policies (continued)

2.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Transfer of existing academies into the Academy**

Where assets and liabilities are received on the transfer of an existing academy into the Academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised for the transfer of an existing academy into the Academy within 'Income from Donations and Capital Grants' to the net assets acquired.

2.4 Expenditure

Penk Valley Academy Trust

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2019

2. Accounting policies (continued)

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

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

2.7 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a basis over its expected useful life, as follows:

Penk Valley Academy Trust (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2019

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Long-term leasehold property	-	2%	Straight line
Furniture and equipment	-	25%	Straight line
Computer equipment	-	33%	Straight line

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

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

2.8 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.

2.9 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.

2.10 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

2.11 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 bases 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 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. 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.

Penk Valley Academy Trust (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2019

2. Accounting policies (continued)

2.12 Pensions

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

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

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

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

2.13 Conversion to an academy trust

The conversion from a state maintained school to an Academy 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 St Mary and St Chad First School to the Academy 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 Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

An independent third party valuation of land and buildings was conducted by Eddisons as at 31 August 2019. The fair value of land and buildings was adjusted on conversion into the academy trust.

Further details of the transaction are set out in note 27.

Penk Valley Academy Trust (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2019

2. Accounting policies (continued)

2.14 Transfer into academy trust

On 1 August 2019 The Rural Enterprise Academy joined Penk Valley Academy Trust from South Staffordshire College.

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 heading with a corresponding net amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

An independent third party valuation of land and buildings was conducted by Eddisons as at 31 August 2019. The fair value of land and buildings was adjusted on conversion into the academy trust.

Further details of the transaction are set out in note 33.

2.15 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 the 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.

Investment income, gains and losses are allocated to the appropriate fund.

3. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

4. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Donations	45	(274)	10,812	10,583
Capital grants	-	-	866	866
Total 2019	45	(274)	11,678	11,449

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Donations	(493)	(2,376)	13,486	10,617
Capital grants	-	-	42	42
Total 2018	(493)	(2,376)	13,528	10,659

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

5. Funding for the Academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
General annual grant	-	6,737	6,737
Other DfE/ESFA grants	-	634	634
Local authority grants	-	160	160
Nursery funding	246	-	246
Other income	37	169	206
Total 2019	283	7,700	7,983

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
DfE/ESFA grants			
General annual grant	-	2,745	2,745
Other DfE/ESFA grants	-	269	269
Local authority grants	-	37	37
Nursery funding	112	-	112
Other Income	8	55	63
Total 2018	120	3,106	3,226

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

6. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	9	9	4
Catering income	266	266	91
Other income	103	103	33
Departmental activities	20	20	10
Parental contribution to Nursery/B&A school clubs	166	166	32
	564	564	170
	564	564	170

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Educational operations:				
Direct costs	5,449	-	1,317	6,766
Allocated support costs	1,517	207	489	2,213
	6,966	207	1,806	8,979
	6,966	207	1,806	8,979

	Staff Costs 2018 £000	Premises 2018 £000	Other 2018 £000	Total 2018 £000
Educational operations:				
Direct costs	2,161	-	220	2,381
Allocated support costs	526	80	361	967
	2,687	80	581	3,348
	2,687	80	581	3,348

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Educational operations	402	8,577	8,979

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Educational operations	144	3,204	3,348

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational operations	6,766	2,213	8,979

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total funds 2018 £000
Educational operations	2,381	967	3,348

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations	Total funds	Total funds
	2019	2019	2018
	£000	£000	£000
Staff costs	935	935	526
Depreciation	207	207	80
Technology costs	177	177	78
Staff development	24	24	7
Telephone and broadband costs	47	47	12
Maintenance of premises	115	115	37
Cleaning	42	42	16
Rent & rates	88	88	13
Energy costs	168	168	69
Insurance	37	37	30
Security and transport	55	55	13
Catering	172	172	54
Other support costs	33	33	6
Auditors remuneration	17	17	16
Legal and professional fees	96	96	10
	<u>2,213</u>	<u>2,213</u>	<u>967</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£000	£000
Operating lease rentals	33	15
Depreciation of tangible fixed assets	207	56
Fees paid to auditors for:		
- audit	20	16
- other services	11	7
	<u>271</u>	<u>88</u>

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	5,255	2,051
Social security costs	456	178
Pension costs	1,133	429
	<hr/> 6,844	<hr/> 2,658
Agency staff costs	122	29
	<hr/> 6,966	<hr/> 2,687
	<hr/> <hr/>	<hr/> <hr/>

b. Staff numbers

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

	2019 No.	2018 No.
Management	16	11
Teachers	83	74
Administration and support	80	84
	<hr/> 179	<hr/> 169
	<hr/> <hr/>	<hr/> <hr/>

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

11. Staff costs (continued)

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	4	-
In the band £80,001 - £90,000	1	-
	4	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £601,779 (2018: £204,100).

12. 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 staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£000	£000
P Tapp, CEO/Accounting Officer	Remuneration	90 - 95	35 - 40
	Pension contributions paid	50 - 55	5 - 10

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

13. Trustees' and Officers' insurance

The Academy has opted into the Department of 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 membership.

Penk Valley Academy Trust (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2019

14. Central services

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

- PVAT Strategy leadership and policy setting
- Performance management of headteachers
- School Improvement
- Strategic Financial Management and Financial Returns
- Human Resources
- Premises/Facilities Strategic Management
- Asset Registers
- CIF Funding applications
- Premise compliance duty scheduling
- Health & Safety support and policy development
- Strategic IT Development
- Management of cleaning and catering services
- Grounds management
- Marketing
- Academy Conversion Project Management

The Academy charges for these services on the following basis:

All schools have a 5% contribution based on their GAG income.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Wolgarston High School	160	54
Penkridge Middle School	91	32
Marshbrook First School	34	11
Princefield First School	44	14
St Johns First School	18	6
The Rural Enterprise Academy	5	-
St Mary & St Chads First School	3	-
Total	355	117

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

15. Tangible fixed assets

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2018	13,396	-	23	70	13,489
Additions	10,730	443	101	9	11,283
At 31 August 2019	<u>24,126</u>	<u>443</u>	<u>124</u>	<u>79</u>	<u>24,772</u>
Depreciation					
At 1 September 2018	73	-	2	6	81
Charge for the year	175	-	7	25	207
At 31 August 2019	<u>248</u>	<u>-</u>	<u>9</u>	<u>31</u>	<u>288</u>
Net book value					
At 31 August 2019	<u>23,878</u>	<u>443</u>	<u>115</u>	<u>48</u>	<u>24,484</u>
At 31 August 2018	<u>13,323</u>	<u>-</u>	<u>21</u>	<u>65</u>	<u>13,409</u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2019 £000	2018 £000
Long-term leasehold land	<u>7,548</u>	<u>7,607</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	14	14
Other debtors	-	106
Prepayments and accrued income	361	18
VAT recoverable	184	76
	559	214
	559	214

17. Creditors: Amounts falling due within one year

	2019 £000	Restated 2018 £000
Salix loan	13	13
Trade creditors	143	134
Other taxation and social security	128	-
Other creditors	343	120
Accruals and deferred income	129	19
	756	286
	756	286
	2019 £000	2018 £000
Deferred income		
Deferred income at 1 September 2018	19	-
Resources deferred during the year	84	19
Amounts released from previous periods	(19)	-
	84	19
	84	19

At the balance sheet date the academy trust was holding funds received in advanced for school trips in relation to the following financial year.

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Creditors: Amounts falling due after more than one year

	2019	Restated
	£000	2018
		£000
Salix loan	40	53
Other creditors	267	456
	307	509
	307	509

Salix loans are provided at zero interest.

Local authority loans relate to the deficit and loans which were transferred on conversion into the academy trust.

19. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial assets measured at fair value through income and expenditure	830	356
Financial assets that are debt instruments measured at amortised cost	316	137
	1,146	493
	1,146	493
Financial liabilities		
Financial liabilities measured at amortised cost	(812)	(774)
	(812)	(774)

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals & deferred income and loan liabilities.

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

20. Prior year adjustments

During the year, Penk Valley Academy Trust identified that the income recognised on conversion of Wolgarston High School, Penkridge Middle School, Princefield First School, St Johns First School recognised during the 2017-18 year, were overstated. As the information was available at the time of the transfer a prior year adjustment is considered appropriate to correct the initial recognition. The adjustment resulted in a decrease in total funds at 31 August 2018 of £219,230.

Also during the year, Penk Valley Academy identified that the valuation of the land and buildings at St Johns First School, that were transferred into the academy during the 2017-18 year, were understated. As the information was available at the time of the transfer a prior year adjustment is considered appropriate to correct the initial valuation and the subsequent depreciation. The adjustment resulted in an increase in total funds at 31 August 2018 of £30,797. This was offset by an increase in costs due to depreciation of land assets which were understated in the previous year by £24,992. Together adjustments resulted in a net increase in total funds at 31 August 2018 of £5,805.

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Statement of funds

	As restated Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds					
General Funds	(327)	892	(402)	-	163
Restricted general funds					
General Annual Grant (GAG)	33	6,290	(6,672)	-	(349)
Other ESFA/DfE grants	-	113	(113)	-	-
Other restricted funds	-	777	(777)	-	-
Pupil premium	-	256	(256)	-	-
PE/Sports grant	-	69	(69)	-	-
AEN Funding	-	184	(184)	-	-
Sixth form bursary	-	11	(11)	-	-
3G Pitch fund	27	48	-	-	75
Pension reserve	(2,229)	(322)	(288)	(1,224)	(4,063)
	<u>(2,169)</u>	<u>7,426</u>	<u>(8,370)</u>	<u>(1,224)</u>	<u>(4,337)</u>
Restricted fixed asset funds					
Fixed asset fund	13,451	11,678	(207)	-	24,922
Total Restricted funds	<u>11,282</u>	<u>19,104</u>	<u>(8,577)</u>	<u>(1,224)</u>	<u>20,585</u>
Total funds	<u>10,955</u>	<u>19,996</u>	<u>(8,979)</u>	<u>(1,224)</u>	<u>20,748</u>

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

3G Pitch Fund - This fund has been set aside to support the replacement of 3G carpet. It is funded by South Staffordshire District Council.

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 expenditure exceeded GAG income. The Academy is carrying a deficit of £349k on the remaining restricted General Funds GAG. This fund is used as the main fund for the operation of the MAT. A repayment schedule of the outstanding loans will support reducing this deficit, and the Trust is currently reviewing all expenditure and potential income generation.

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 2019.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Statement of funds (continued)

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 2019.

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.

The Academy is carrying a net deficit of £111,000 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reasons:

The Academy is carrying a deficit of £349k on the remaining restricted General Funds GAG. This fund is used as the main fund for the operation of the MAT. A repayment schedule of the outstanding loans will support reducing this deficit, and the Trust is currently reviewing all expenditure and potential income generation.

The Academy is taking the following action to return these funds to surplus:

The repayment of loans are now included within the future budgets for each school. All budgets are now on track to at least break even. The overall 3 year forecast for this Trust is that it is financially sustainable. For further details please see Going Concern commentary within the Trustees Report.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£000	£000
Wolgarston High School	(390)	(426)
Marshbrook First School	101	111
Penkridge Middle School	107	53
Princefield First School	10	4
St Johns First School	(29)	(30)
Central services	364	21
The Rural Enterprise Academy	(59)	-
St Mary & St Chad's First School	(215)	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	(111)	(267)
Restricted fixed asset fund	24,922	13,451
Pension reserve	(4,063)	(2,229)
	<hr/>	<hr/>
Total	20,748	10,955
	<hr/> <hr/>	<hr/> <hr/>

Penk Valley Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Statement of funds (continued)

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

	Deficit £000
St John's First School	(29)
The Rural Enterprise Academy	(59)
St Mary & St Chad's First School	(215)
Wolgarston High School	(390)
	(793)

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

St John's First School

The Trust is supporting the school in the short term in order to bring in a balanced budget. The school is a small rural school, with few economies of scale. The income and expenditure for 2018/19 broke even, this 2019/20 has been set without using any reserves.

The Rural Enterprise Academy

This school on-boarded on 1st August 2019, the value relates to the balance sheet adjustments.

St Mary & St Chad First School

This school joined the trust on 1st August 2019, the value relates to the balance sheet adjustments.

Wolgarston High School

A repayment plan for historic loans are clearly identified within the school 3 year budget forecasting. School will be debt free by 2021/22.

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Wolgarston High School	2,798	256	550	3,604
Marshbrook First School	657	50	102	809
Penkridge Middle School	1,716	98	261	2,075
Princefield First School	875	46	114	1,035
St Johns First School	336	29	50	415
The Rural Enterprise Academy	57	1	5	63
St Mary & St Chad's First School	53	-	6	59

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Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Statement of funds (continued)

	Teaching and educational support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000
	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Central services	474	12	226
Academy	6,966	492	1,314
			8,772

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Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Statement of funds (continued)

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

	As restated Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	As restated Balance at 31 August 2018 £000
Unrestricted funds					
General Funds	(284)	(43)	-	-	(327)
Restricted general funds					
General Annual Grant (GAG)	2,718	(2,682)	(3)	-	33
Other ESFA/DfE grants	269	(269)	-	-	-
Other restricted funds	174	(174)	-	-	-
3G Pitch fund	27	-	-	-	27
Pension reserve	(2,376)	(100)	-	247	(2,229)
	812	(3,225)	(3)	247	(2,169)
Restricted fixed asset funds					
Fixed asset fund	13,503	(55)	3	-	13,451
Total Restricted funds	14,315	(3,280)	-	247	11,282
Total funds	14,031	(3,323)	-	247	10,955

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Notes to the Financial Statements
For the Year Ended 31 August 2019

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	24,485	24,485
Current assets	617	282	490	1,389
Creditors due within one year	(187)	(556)	(13)	(755)
Creditors due in more than one year	(267)	-	(40)	(307)
Provisions for liabilities and charges	-	(4,063)	-	(4,063)
Rounding difference	(1)	-	-	1
Total	162	(4,337)	24,922	20,747

Analysis of net assets between funds - prior year

	As restated Unrestricted funds 2018 £000	Restricted funds 2018 £000	As restated Restricted fixed asset funds 2018 £000	As restated Total funds 2018 £000
Tangible fixed assets	-	-	13,409	13,409
Current assets	468	60	42	570
Creditors due within one year	(286)	-	-	(286)
Creditors due in more than one year	(509)	-	-	(509)
Provisions for liabilities and charges	-	(2,229)	-	(2,229)
Total As restated	(327)	(2,169)	13,451	10,955

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23. Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£000	£000
Net income for the year (as per Statement of Financial Activities)	11,017	10,708
Adjustments for:		
Depreciation	207	81
Capital grants from DfE and other capital income	(866)	(42)
Donated assets from new schools	(10,812)	(13,486)
Defined benefit pension scheme obligation inherited	322	2,376
Defined benefit pension scheme cost less contributions payable	217	73
Defined benefit pension scheme finance cost	71	27
Increase in debtors	(345)	(214)
Increase in creditors	406	807
Net cash provided by operating activities	217	330

24. Cash flows from financing activities

	2019	2018
	£000	£000
Repayments of borrowing	(138)	(13)
Net cash used in financing activities	(138)	(13)

25. Cash flows from investing activities

	2019	2018
	£000	£000
Purchase of tangible fixed assets	(471)	(3)
Capital grants from DfE Group	866	42
Net cash provided by investing activities	395	39

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26. Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Cash in hand	830	356

27. Conversion to an academy trust

On 1 August 2019 St Mary & St Chad CE (VC) 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 heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - 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.

	Unrestricted funds	Restricted fixed asset funds	Total funds
	£000	£000	£000
Tangible fixed assets			
Freehold land and buildings	-	1,245	1,245
Current liabilities			
Budget deficit on LA Funds	(5)	-	(5)
Loan to the LA	(4)	-	(4)
Non-current liabilities			
Pension scheme - assets	343	-	343
Pension scheme - liabilities	(543)	-	(543)
Net (liabilities)/assets	(209)	1,245	1,036

The unrestricted funds deficit relates to deficit on conversion to an academy and loans which have been agreed with the Staffordshire County Council.

The liability of these loans are now within the closing loan liabilities at as 31 August 2019.

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28. Capital commitments

	2019 £000	2018 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	24	-

29. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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

Contributions amounting to £87,000 were payable to the schemes at 31 August 2019 (2018 - £Nil) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies 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.

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29. 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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £717,000 (2018 - £228,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £455,000 (2018 - £160,000), of which employer's contributions totalled £365,000 (2018 - £127,000) and employees' contributions totalled £ 90,000 (2018 - £33,000). The agreed contribution rates for future years are 20.9 per cent for employers and 5.5 to 8.5 per cent for employees.

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

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29. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.1	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.2	24.1
Females	24.8	26.4

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

	At 31	At 31
	August 2019	August 2018
	£000	£000
Equities	2,215	1,462
Corporate bonds	717	397
Property	261	167
Cash and other liquid assets	65	63
Total market value of assets	3,258	2,089

The actual return on scheme assets was £101,000 (2018 - £171,000).

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29. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Current service cost	(582)	(200)
Interest income	66	21
Interest cost	(137)	(48)
Total amount recognised in the Statement of Financial Activities	(653)	(227)

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

	2019 £000	2018 £000
At 1 September	4,318	-
Conversion of academy trusts	543	4,158
Transferred in on existing academies joining the trust	337	-
Current service cost	582	200
Interest cost	137	48
Employee contributions	90	33
Actuarial losses/(gains)	1,313	(121)
At 31 August	7,320	4,318

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2019 £000	2018 £000
At 1 September	2,089	-
Conversion of academy trusts	343	1,782
Transferred in on existing academies joining the trust	215	-
Interest income	66	21
Actuarial gains	89	126
Employer contributions	365	127
Employee contributions	90	33
At 31 August	3,257	2,089

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30. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	24	33
Later than 1 year and not later than 5 years	10	34
	34	67

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	2019 £000	2018 £000
Operating lease rentals	33	14

31. 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.

32. Related party transactions

Challenging Education, a company in which S Blackburn (a trustee) is a director:

- The academy trust purchased training services from Challenging Education totalling £1,704 (2018: £Nil). There were no amounts outstanding at 31 August 2018.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018
- Trustees approved this transaction in advanced of the transaction taking place. S Blackburn neither participated in, nor influenced, this decision.

H Wright, a child of D Dee, a trustee, is employed by the academy trust as a teacher. H Wright's employment was a result of a TUPE arrangement on academisation; as such D Dee was not involved in the decision-making process regarding the appointment. H Wright is paid within the normal pay scal for her role and recieved no special treatment as a result of her relationship to a trustee.

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

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33. Transfer of existing academies into the academy

On 1 August 2019 The Rural Enterprise Academy joined Penk Valley Academy Trust from South Staffordshire College.

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 heading with a corresponding net amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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.

Transferred-in The Rural Enterprise Academy

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long-term leasehold property	4,297	5,188	9,485
Furniture and equipment	86	-	86
Current assets			
Debtors due after one year	35	-	35
Cash at bank and in hand	46	-	46
Liabilities			
Creditors due within one year	(45)	-	(45)
Pensions			
Pensions - pension scheme assets	215	-	215
Pensions - pension scheme liabilities	(337)	-	(337)
Net assets	4,297	5,188	9,485

The fair value adjustment relates to an independent third party valuation of land and buildings. The valuation was conducted by Eddisons as at 31 August 2019.

