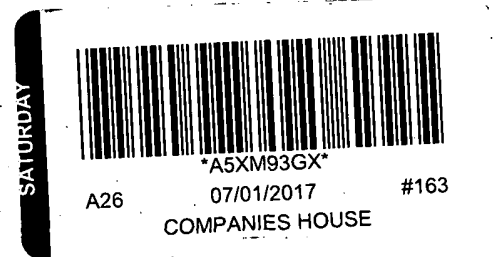


# Financial Statements

## Peterborough Diocese Education Trust

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For the year ended 31 August 2016



Registered number: 08509710

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**Peterborough Diocese Education Trust**  
**(A company limited by guarantee)**

## Reference and Administrative Details of the Academy Trust

For the year ended 31 August 2016

### **Members**

Mrs M P H Robinson (representative of Peterborough Diocese Church Schools Trust (PDCST))  
Bishop J Holbrook (representative of Diocese of Peterborough Board of Education - appointee of PDCST)  
Dr R Whittaker (representative of Bishop Stopford School - appointee of PDCST)  
Dr J Herrick (Chair of Directors)

### **Directors**

Dr J Herrick (chairman)  
Mr K Binley (appointed 17 March 2016)  
Mrs H J K Buckley  
Mr M J Cowland  
Mr P W Goringe  
Mrs M F Holman  
Mrs M P H Robinson  
Mr G Cracknell  
Mrs C Armstrong  
Mr A Weatherill (appointed 17 March 2016)

### **Company registered number**

08509710

### **Company name**

Peterborough Diocese Education Trust

### **Principal and registered office**

Bouverie Court  
6 The Lakes  
Bedford Road  
Northampton  
Northamptonshire  
NN4 7YD

### **Senior management team**

Mrs M P H Robinson, Chief Executive  
Mr P W Goringe, Education Director  
Mrs H J K Buckley, Legal Advisor  
Mr M J Cowland, Business Director  
Mrs F M Le Pla, School Improvement Advisor

### **Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes

**Peterborough Diocese Education Trust**  
**(A company limited by guarantee)**

## Reference and Administrative Details of the Academy Trust

For the year ended 31 August 2016

### **Advisers (continued)**

MK9 1LW

### **Bankers**

Barclays Bank Plc  
Cambridge

Lloyds Bank Plc  
Northampton

### **Solicitors**

Stone King  
Boundary House  
91 Charterhouse Street  
London  
EC1M 6HR

## **Directors' Report**

**For the year ended 31 August 2016**

Peterborough Diocese Education Trust ("PDET") is a Multi Academy Trust established to provide a home for schools in the Diocese of Peterborough who wish to convert to academy status or who are compelled by the Government to convert. There were sixteen academies in PDET at 31 August 2016.

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

### **Structure, governance and management**

#### **Constitution**

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

PDET's Memorandum of Association is the primary governing document of PDET.

The Directors of Peterborough Diocese Education Trust are also the directors of PDET for the purpose of company law.

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

#### **Members' liability**

Each member of PDET undertakes to contribute to the assets of PDET 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.

#### **Method of recruitment and appointment or election of Directors**

The management of PDET is the responsibility of the Directors who are appointed and co-opted under the terms of the Articles of Association.

#### **Policies and procedures adopted for the induction and training of Directors**

Directors undertake, as appropriate, training delivered by external providers, for example, Stone King, Cambridge Education and Grant Thornton. A new induction process has been developed by a small task group of Directors.

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

Directors benchmark the pay and remuneration of key management personnel in various ways. The Pay and Personnel Committee commissioned Hays to provide them with an external benchmarking report for the salaries of the Chief Executive and Business Director and the Committee regularly reviews vacancies and the associated salaries of similar posts in similarly growing Multi Academy Trusts.

## Directors' Report (continued)

For the year ended 31 August 2016

### Organisational structure

The management structure consists of four levels: the Members, the Directors, the Local Governing Boards and the Headteachers. The following committees of the Board of Directors have been formed:

- Business Management Committee
- Ethos and Standards Committee
- Governance Committee
- Pay and Personnel Committee

The aim of the management structure is to devolve responsibility to academies built on a system of earned autonomy based around two separate Schemes of Delegation. The Chief Executive of PDET is the Accounting Officer.

### Connected organisations, including related party relationships

PDET's sponsor is the Diocese of Peterborough.

### Objectives and Activities

#### Objects and aims

PDET's object is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- (ii) Other academies whether with or without a designated religious character; but in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England.

#### Objectives, strategies and activities

PDET aims to establish a network of academies within the Diocese of Peterborough, which provide a high quality of education for our children. PDET's first academy opened in May 2014 with three more following that academic year. Eight further academies opened during the twelve months between September 2014 and August 2015 and another four opened in the following year. PDET will continue to work with local authorities, the DfE, Regional Schools Commissioner and individual schools to raise the standards of education within the Diocese of Peterborough.

#### Public benefit

The Directors confirm that they have referred to the Charity Commission's guidance on Public Benefit when reviewing PDET's aims and objectives and in planning future activities for the year.

## Directors' Report (continued)

For the year ended 31 August 2016

### **Achievements and Performance**

This is the third year of operation of PDET; the annual report covers the period from 1 September 2015 to 31 August 2016. At the start of the reporting year, we had 12 open academies:

1. St Andrew's CE Primary School, Kettering (1 May 2014)
2. Barby CE Primary School (1 July 2014)
3. Braunston CE Primary School (1 July 2014)
4. Staverton CE Primary School (1 August 2014)
5. Loddington CE Primary School (1 October 2014)
6. Great Addington CE Primary School (1 October 2014)
7. St Barnabas CE Infant School (1 October 2014)
8. Ryhall CE Primary School (1 October 2014)
9. Milton Parochial Primary School (1 February 2015)
10. St James CE Primary School (1 February 2015)
11. Ringstead CE Primary School (1 February 2015)
12. Easton Garford Endowed CE Primary School (1 July 2015)

During the course of the year, another 4 schools joined PDET. They are:

13. Pytchley Endowed CE Primary School (1 September 2015)
14. Cottingham CE Primary School (1 March 2016)
15. Towcester CE Primary School (1 March 2016)
16. Weldon CE Primary School (1 March 2016)

With the exception of Ryhall CE Academy which is in Rutland local authority, all our academies fall within Northamptonshire local authority.

#### Expansion:

PDET took time to consolidate this year and did not expand as rapidly as originally planned. During the academic/financial year 2016-7 PDET plans to continue to expand to meet demand from schools. An Academy Order has been issued for St Luke's CE School to convert on 1 October and there are a further 12 schools where the governing body has voted to join PDET. The Board of Directors will 'stagger' academy conversions to ensure that it has the capacity to support schools joining PDET and also to maintain a balance of sponsored and convertor academies. To ensure financial viability, attention will also be paid to the numbers of pupil on roll. With the conversion of St Luke's School, we will achieve our aim of educating 3,000 pupils across the Trust. This number of pupils means that PDET may receive a capital funding allocation directly from the Education Funding Agency to deploy strategically across our academies to address our priority maintenance and expansion needs.

## **Directors' Report (continued)**

**For the year ended 31 August 2016**

### **Strategic developments 2015/2016:**

The Board of Directors has seen significant developments this year. It has been strengthened by the appointment of two Directors with financial and accountancy skills. The Board has also set up sub-committees made up of Directors and co-opted members for Business Management, Governance, Ethos, Standards and Effectiveness and Personnel and Pay. The sub-committee structure allows for an in-depth review of an issue before making recommendations to the Board of Directors for decision. After rigorous consideration, the Board has decided to procure a new financial management system. The system will be introduced in the autumn term 2016 and will enable more efficient financial reporting and monitoring. The Board has sought to develop the expertise at Local Governing Board level by hosting a Conference for Governors and producing a Governors' handbook. The Board also commissioned an external Review of Governance. The review confirmed the Board's self-evaluation: 'PDET has a clear vision of where it wants to go and how to get there. This review has shown that PDET can face the future with optimism and trust. It is well led and well placed to manage change.'

The central team has expanded to provide greater support as the number of academies has increased: an HR manager was appointed in December 2015 and an additional school finance officer in September 2015. A deputy CEO with responsibility for learning and achievement will take up post on 1 September 2016.

PDET is committed to the flourishing of the 'whole child' and this year has introduced an enrichment programme for pupils including a reflection day at the Cathedral for year 6 pupils facing the transition to secondary school; a Going for Gold Sports Day for 270 pupils from year 2 to year 4 and a maths enrichment day for year 5 pupils.

## Directors' Report (continued)

For the year ended 31 August 2016

### Educational Outcomes 2016

The analysis covers all 16 academies that are part of PDET.

2016 EYFS RESULTS: GOOD LEVEL OF DEVELOPMENT	
PDET OVERALL COHORT SIZE	422
% PUPILS REACHING A GOOD LEVEL OF DEVELOPMENT	69
ABOVE OR BELOW THE NATIONAL AVERAGE OF 69% (provisional)	SAME
2016 YEAR1 PHONICS RESULTS: REACHING THE EXPECTED STANDARD	
PDET OVERALL COHORT SIZE	416
% PUPILS REACHING THE EXPECTED STANDARD	80
ABOVE OR BELOW THE NATIONAL AVERAGE OF 77% (2015)	ABOVE
2016 KEY STAGE 1 RESULTS HEADLINES	
PDET OVERALL COHORT SIZE	423
% PUPILS REACHING THE EXPECTED STANDARD IN READING	76
ABOVE OR BELOW THE NATIONAL AVERAGE OF 74%	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN WRITING	71
ABOVE OR BELOW THE NATIONAL AVERAGE OF 65%	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN MATHS	74
ABOVE OR BELOW THE NATIONAL AVERAGE OF 73%	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN RWM COMB'D	62

## Directors' Report (continued)

For the year ended 31 August 2016

2016 KEY STAGE 2 RESULTS HEADLINES	
PDET OVERALL COHORT SIZE	310
% PUPILS REACHING THE EXPECTED STANDARD IN READING	75
ABOVE OR BELOW THE NATIONAL AVERAGE OF 66%	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN GPS	77
ABOVE OR BELOW THE NATIONAL AVERAGE OF 72%	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN WRITING	77
ABOVE OR BELOW THE NATIONAL AVERAGE OF 74% (TA)	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN MATHS	79
ABOVE OR BELOW THE NATIONAL AVERAGE OF 70%	ABOVE
% PUPILS REACHING THE EXPECTED STANDARD IN RWM COMBINED	62
ABOVE OR BELOW THE NATIONAL AVERAGE OF 53%	ABOVE

### Key financial performance indicators

PDET uses a number of financial key performance indicators to monitor financial success and progress. These include teacher cost per pupil ratios, percentage of total income spent on salaries and salary benchmarking across PDET's Academies.

### Going concern

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

## **Directors' Report (continued)**

**For the year ended 31 August 2016**

### **Financial Review**

The majority of PDET's funding comes through the General Annual Grant (GAG) from the Education Funding Agency. This is used to help PDET achieve the objectives set out earlier in this report. PDET's Central Team retain 5% of the GAG to fund the central support services, including academy improvement and a range of back office services, including group procurement. Directors have many examples of where central procurement of services has achieved better value for money than if each academy went alone.

PDET continues to develop its network of professional partners supporting the business function of the academies and enabling the Headteachers in the academies to focus on teaching and learning.

PDET submitted a number of applications to the Condition Improvement Fund (CIF) and was successful in attracting funding for a much needed boiler replacement and other work at Ryhall Church of England Academy.

PDET has worked hard on improving the consolidated financial reporting but has acknowledged the shortcomings of its existing finance system. The trust has commissioned CIPFA to support it with the procurement of a new finance system across the trust and Directors hope to have this in place by Easter 2017.

Due to the success of the catering contract for five PDET academies that was procured in 2014/15 and as a result of the Northamptonshire County Council provider ceasing trading, a number of PDET academies and maintained Church of England schools expressed an interest in being involved in a second procurement exercise. PDET delivered this and signed a contract for catering services for six PDET academies and two non PDET Church of England schools.

### **Investment policy**

Directors have confirmed that through the management of future cash flow there will be sufficient funds in main bank accounts to cover operational costs, whilst enabling balances to be invested in secure short term higher interest deposit accounts.

Directors will ensure that any cash not immediately required for operational expenses is placed on deposit at a higher rate of interest. PDET academies have been provided with a deposit account with Barclays Bank and the decision to use it or not has been delegated to the academies.

### **Funds and reserves**

PDET holds total funds at 31 August 2016 of £(2,370,475), comprising unrestricted funds of £2,159,594, restricted general funds of £75,359, restricted pension reserve of (£5,353,000) and restricted fixed asset funds of £747,572.

The fund balances are adequate to fulfil the obligations of PDET.

### **Principal risks and uncertainties**

The principal risks and uncertainties and our strategies for managing these are identified in the PDET Risk Register. Committees of the Directors monitor the risks delegated to them at regular intervals. Our main areas of risk include insufficient demand, falling standards, sudden unexpected catastrophic failure, health and safety and safeguarding.

## Directors' Report (continued)

For the year ended 31 August 2016

### Reserves policy

Directors review the level of reserves of PDET annually. Directors will seek to carry forward a prudent level of reserves both in PDET and the academies to meet the long term needs of renewal and any other unforeseen contingencies plus a contribution towards future capital projects. The academies are advised to carry forward reserves equivalent to 5% of their annual GAG or £20,000 (whichever is higher) each year to cover unexpected catastrophic failures. Academies holding less than this are instructed to work towards it in their budget planning.

### Plans for future periods

#### Plans for Future Periods

PDET continues to have ambitions for rapid but sensible growth. Our strategic plan indicates our desire to increase to 25 academies by the end of August 2017. These academies will help us to ensure that our fixed costs are met while giving us an increased ability to provide a higher level of school improvement support.

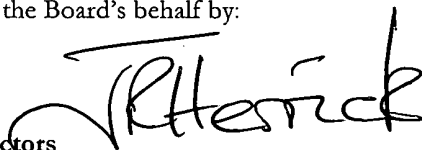
### Disclosure of information to auditor

Insofar as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors on 21/12/16 and signed on the Board's behalf by:

Dr J Herrick  
Chair of Directors



## Governance Statement

### Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Peterborough Diocese Education 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 Directors has delegated the day-to-day responsibility to Mrs M P H Robinson, 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 Peterborough Diocese Education Trust and the Secretary of State for Education. Mrs M P H Robinson is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 8 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dr J Herrick, (chairman)	7	8
Mr K Binley, (appointed 17 March 2016)	1	3
Mrs H J K Buckley	7	8
Mr M J Cowland	8	8
Mr PW Goringe	7	8
Mrs M F Holman	7	8
Mrs M P H Robinson, (CEO and Accounting Officer)	8	8
Mr G Cracknell	8	8
Mrs C Armstrong	7	8
Mr A Weatherill, (appointed 17 March 2016)	3	3

PDET commissioned Lee Bolton Monier Williams to conduct an external review of governance in July 2016. The key extracts from this review can be seen below:

'Recent Key Stage 2 results show an improvement since 2015 with attainment being above the predicted national average for 2016'

#### 'Key Identified Strengths:

- The leadership of the Chief Executive and the senior team
- The support provided by the whole central team which schools rate highly
- The high quality school improvement support
- The rationale to appointing Board members with an external perspective
- The Board's measured and staged approach to expansion
- The educational expertise on the Board
- The strong focus on providing training for staff and governors
- The commitment to collaboration and partnership which is exemplified by the establishment of staff network groups and by arranging joint school events for pupils
- The fact that schools want to join the Trust because they buy into the vision and PDET's commitment to preserving the Christian ethos
- The central operation of the finances
- The support provided for school bursars by the finance team

## Governance Statement (continued)

- Risk management
- The quality of information on the website
- The Board's knowledge and understanding of strengths and areas for development'

'The scheme of delegation appears to be well understood. New governors are inducted well. A PDET Director will accompany a headteacher to have a discussion with a prospective governor. All these actions provide good evidence of the importance placed on promoting strong governance at local level.'

'PDET's vision is encapsulated in its vision statement in the strategic plan 'working together for each child to realise their God-given potential to flourish.' The Board built in time for reflection in order to formulate the vision and build up a picture of the future. The mission statement... supports the vision as it clearly sets out a commitment for all schools to be inclusive, to serve local communities and to provide the very best education.'

'Heads, Chairs of governors, Board members and Officers all buy into the vision. They support the Christian ethos of PDET. They want to join PDET even if they have been forced to become an academy because of their Ofsted grades. This is because they know they will be well supported and they are very well supported.'

'PDET has invested in expanding its school improvement support and it is of a high quality. Officers have identified lead practitioners from academies and other Church schools in the Diocese, and partnership is developing well. All the school improvement work is being coordinated efficiently and very effectively by the Standards and Effectiveness Adviser who works for both the DBE and PDET. The impact is exemplified by the improvements in achievement and in leadership and management demonstrated by schools, which were previously underperforming.'

'If you want to travel fast, go alone. If you want to travel far, go together'. This African proverb could well apply to the academies in PDET. There are lots of opportunities to go together and travel far. PDET organises high quality continuing professional development sessions, for example, for mathematics and English and for teaching pupils with English as an additional language.'

'The joint moderation days were well supported and received. Staff benefit from attending these sessions together and from the various network groups. Network groups for Early Years teachers and mathematics leaders are also well supported and highly valued.'

'Pupils enjoy the Cathedral enrichment days and joint sports days where they meet pupils from other schools. Enrichment days are about the flourishing of the whole child. When chairs and heads were asked about what is unique about the Trust, events such as these, together with the high quality support and Christian ethos came top of the list.'

'The Board, Chief Executive and central team have a good knowledge and understanding of where the strengths and areas for development lie. They conducted a thorough evaluation of the quality of provision and outcomes against the criteria in the Quality Assurance of Diocesan MATS handbook and the evidence from this review confirms the accuracy of the evaluation.'

'The Board has managed the expansion of PDET well by adopting a measured and staged approach to admitting academies to the Trust.'

'Clear procedures have been introduced to ensure that due diligence is thorough before conversion and that risks are identified and acted upon. Arrangements for identifying and managing risk are very good.'

'The support from the Chief Executive and central team is highly valued by heads, Chairs of Governors and academy staff. It is a strong team. The Board and Officers demonstrate skills in anticipating change and managing it.'

'Where there is no vision, people perish' – Proverbs 22 v8. PDET has a clear vision of where it wants to go and how to get there. This review has shown that PDET can face the future with optimism and trust. It is well led and well placed to manage change.'

## Governance Statement (continued)

The Business Management Committee is a sub-committee of the main Board of Directors. Its purpose is to maintain an oversight of PDET's finances, human resources, payroll, administration, marketing, health and safety, premises, insurance and ICT. The Business Management Committee has no executive powers or operational responsibilities/duties.

During the year M Robinson, K Binley and A Weatherill, joined the committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Armstrong	4	4
Mr K Binley	3	3
Mr M J Cowland	4	4
Mrs M P H Robinson (CEO)	2	2
Mr A Weatherill	3	3
Mr G Dean (non-Director)	3	4
Mr B Hansford (non-Director)	4	4

### Other Committees:

The Governance Committee is also a sub-committee of the main Board of Directors. Its purpose is to consider applications and maintain an oversight of Local Governors, ensure the effectiveness of Local Governing Boards and to consider changes to and determine each academy's admissions policy. The Committee is authorised to act within its terms of reference or on projects specifically delegated to it by the Board.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs H J K Buckley	4	4
Mr P W Goringe	4	4
Ms N Howes (non-Director)	3	4
Ms M Juan (non-Director)	4	4

The Ethos, Standards and Effectiveness Committee is also a sub-committee of the main Board of Directors. Its purpose is to have oversight of the overall effectiveness of the ethos, standards and performance of academies within PDET.

	Meetings attended	Out of a possible
Mr G Cracknell	2	2
Mrs M F Holman	2	2
Mrs F Le Pla (non Director)	2	2
Mrs M P H Robinson	2	2
H Spenceley (non Director)	2	2

The Personnel and Pay Committee is also a sub committee of the main Board of Directors. Its purpose is to maintain an oversight of PDET's staffing structure and to review at least annually the salaries of all staff.

	Meetings attended	Out of a possible
Mrs M P H Robinson (CEO)	4	4
Dr J Herrick	4	4
Mrs M F Holman	4	4

### Review of Value for money

As Accounting Officer, Mrs M P H Robinson has responsibility for ensuring that PDET delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and

## Governance Statement (continued)

wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how PDET's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for PDET has delivered improved value for money during the year by:

### Professional Services:

All of our academies continue to pay 5% of their General Annual Grant to provide an increasingly broad range of services, a full list of these is available from [www.pdet.org.uk](http://www.pdet.org.uk). In consultation with our academy Headteacher Reference Group PDET has committed to increasing the services provided wherever possible. Some examples of where the Trust has been able to achieve greater value for money on the purchasing of professional services can be seen below:

- We have procured a retainer for legal advice for all of our academies at a reduced cost. This ensures all of our academies have access to legal advice for unlimited matters;
- We have procured legal support for academy conversions at a reduced price by combining the contract with the legal retainer contract and by offering a number of academy conversions;
- We have worked with the Parish Buying Scheme to procure gas and electricity at a reduced rate. Cumulatively, this has saved our academies thousands of pounds;
- We have made multiple savings on staff training and development;
- We have procured financial management system and budget software savings;
- We have procured additional insurance savings.

We continue to complete all academy conversions without the requirement for an external project manager. This saves PDET approximately £3,000 per academy conversion.

Unfortunately, the hot food service offered by Northamptonshire County Council ended in 2015. Following our successful catering procurement in 2014/15 we were in a position where we could offer a solution to all PDET academies affected by this closure. We once again worked with the Litmus Partnership to complete a second catering tender exercise for the academies affected plus one other PDET academy who wanted to test the market. The procurement was successful and we were able to agree a contract to provide freshly cooked hot food, salad bars and additional investment to all of the academies involved for no added cost. The existing staff transferred to the new contractor and additional staff members were employed to further improve the service. Initial feedback from the academies has been excellent and take up has increased significantly.

PDET worked with the Parish Buying Scheme to procure energy savings for one of our academies. The remaining academies have contracts that expire next year where we will be looking to make further savings.

### Employment:

PDET has benefitted from time donated by the Diocese of Peterborough's Director of Education and the Deputy Director of Education to establish and support the Trust. This time and their existing relationships with staff have been crucial to support our development.

Due to the increased number of academies in the Trust we were able to move from an outsourced HR service and employed our own full time HR Manager. As well as having a financial saving it has meant that we have been able to be far more proactive with our HR support, ensure we are meeting all legislative requirements, develop our own employment policies and offer additional advice and support to members of staff involved in the TUPE process. The highly qualified and experienced post holder has been crucial to our growth and will be a key member of staff for the future.

Other "in kind" support from the Diocese of Peterborough has included:

- Office space. PDET is based within the Diocese of Peterborough's education office. There was no charge

## **Governance Statement (continued)**

for this for the year ending August 2016;

- Telephone, email, internet, consumables, heat, light etc. The Diocese of Peterborough has not charged PDET for these essential items.

### **External funding:**

- PDET and Ryhall Academy secured almost £100,000 from the Condition Improvement Fund to carry out essential repairs. There was no requirement for partnership funding.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of PDET 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 Peterborough Diocese Education Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Board of Directors has reviewed the key risks to which PDET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing PDET's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

### **The Risk and Control Framework**

PDET'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 Directors;
- regular reviews by the Local Governing Board 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; and
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed A Weatherill, a Director auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on PDET's financial systems. In particular, the checks carried out in the current period included:

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

The reviewer reports to the Board of Directors, through the Business Management Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

## Governance Statement (continued)

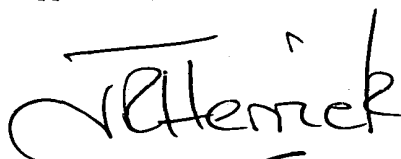
### Review of Effectiveness

As Accounting Officer, Mrs M P H Robinson has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

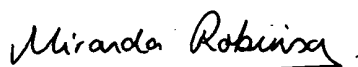
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the Business Director within PDET who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business Management 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 Directors on 21/12/16 and signed on their behalf, by:



**Dr J Herrick**  
**Chair of Trustees**



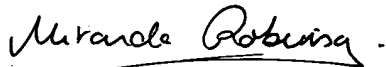
**Mrs M P H Robinson**  
**Accounting Officer**

## Statement of Regularity, Propriety and Compliance

As Accounting Officer of Peterborough Diocese Education Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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 Directors and EFA.



**Mrs M P H Robinson**  
**Accounting Officer**

21/12/16

## Statement of Directors' Responsibilities

For the year ended 31 August 2016

The Directors (who act as governors of Peterborough Diocese Education Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

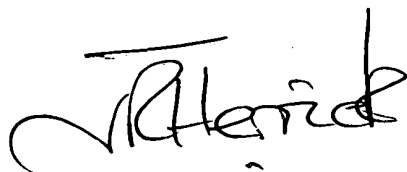
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors 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 Directors on 21/12/16 and signed on its behalf by:



**Dr John Herrick**  
**Chair of Directors**

(A company limited by guarantee)



## Independent Auditor's Report on the Financial Statements to the Members of Peterborough Diocese Education Trust

We have audited the financial statements of Peterborough Diocese Education Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Directors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 with 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)') and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

(A company limited by guarantee)



## Independent Auditor's Report on the Financial Statements to the Members of Peterborough Diocese Education Trust

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

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

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

*Grant Thornton on behalf*

William Devitt (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Milton Keynes

Date: *22 December 2016*

## **Independent Reporting Accountant's Assurance Report on Regularity to Peterborough Diocese Education Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 3 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Peterborough Diocese Education Trust during the year 1 September 2015 to 31 August 2016 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 Peterborough Diocese Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Peterborough Diocese Education Trust and the EFA 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 Peterborough Diocese Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Peterborough Diocese Education Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Peterborough Diocese Education Trust's funding agreement with the Secretary of State for Education dated 1 September 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

## Independent Reporting Accountant's Assurance Report on Regularity to Peterborough Diocese Education Trust and the Education Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Grant Thornton UK LLP*

for and on behalf of  
**Grant Thornton UK LLP**  
Chartered Accountants  
Reporting Accountant  
Milton Keynes

Date: *22 December 2016*

**Peterborough Diocese Education Trust**  
**(A company limited by guarantee)**

# Statement of Financial Activities Incorporating Income and Expenditure Account

For the year ended 31 August 2016

	Note	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Donations & capital grants:						
Donations	2	-	94,858	-	94,858	39,120
Other donations and capital grants	2	203,589	(1,098,000)	147,506	(746,905)	(480,371)
Charitable activities	3	-	11,601,350	-	11,601,350	7,388,186
Other trading activities	4	511,822	-	-	511,822	411,578
Investments	5	1,627	-	-	1,627	530
<b>Total income</b>		<b>717,038</b>	<b>10,598,208</b>	<b>147,506</b>	<b>11,462,752</b>	<b>7,359,043</b>
<b>Expenditure on:</b>						
Charitable activities	6	5,503	12,074,743	79,955	12,160,201	7,383,242
<b>Total expenditure</b>	7	<b>5,503</b>	<b>12,074,743</b>	<b>79,955</b>	<b>12,160,201</b>	<b>7,383,242</b>
<b>Net income / (expenditure) before transfers</b>		<b>711,535</b>	<b>(1,476,535)</b>	<b>67,551</b>	<b>(697,449)</b>	<b>(24,199)</b>
Transfers between Funds	17	(341,980)	-	341,980	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>369,555</b>	<b>(1,476,535)</b>	<b>409,531</b>	<b>(697,449)</b>	<b>(24,199)</b>
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,960,000)	-	(1,960,000)	139,000
<b>Net movement in funds</b>		<b>369,555</b>	<b>(3,436,535)</b>	<b>409,531</b>	<b>(2,657,449)</b>	<b>114,801</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		1,790,039	(1,841,105)	338,041	286,975	172,174
<b>Total funds carried forward</b>		<b>2,159,594</b>	<b>(5,277,640)</b>	<b>747,572</b>	<b>(2,370,474)</b>	<b>286,975</b>

The notes on pages 26 to 51 form part of these financial statements.

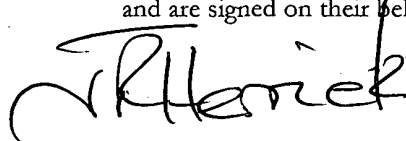
## Balance Sheet

As at 31 August 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	14		747,572		188,437
<b>Current assets</b>					
Debtors	15	528,064		375,746	
Cash at bank and in hand		2,521,321		2,455,732	
		<u>3,049,385</u>		<u>2,831,478</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(600,431)</u>		<u>(437,940)</u>	
<b>Net current assets</b>			<u>2,448,954</u>		<u>2,393,538</u>
<b>Total assets less current liabilities</b>			<u>3,196,526</u>		<u>2,581,975</u>
Defined benefit pension scheme liability	23		<u>(5,567,000)</u>		<u>(2,295,000)</u>
<b>Net (liabilities)/assets including pension scheme liabilities</b>			<u><u>(2,370,474)</u></u>		<u><u>286,975</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted general funds	17	289,360		453,895	
Fixed asset funds	17	747,572		338,041	
Restricted income funds excluding pension liability		1,036,932		791,936	
Pension reserve		<u>(5,567,000)</u>		<u>(2,295,000)</u>	
Total restricted income funds			<u>(4,530,068)</u>		<u>(1,503,064)</u>
Unrestricted income funds	17		<u>2,159,594</u>		<u>1,790,039</u>
<b>Total (deficit)/funds</b>			<u><u>(2,370,474)</u></u>		<u><u>286,975</u></u>

The financial statements were approved by the Directors, and authorised for issue, on and are signed on their behalf, by:

Dr J Herrick  
Chair of Directors



21/12/16

The notes on pages 26 to 51 form part of these financial statements.

**Peterborough Diocese Education Trust**  
**(A company limited by guarantee)**

## Statement of Cash Flows

For the year ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	699,223	2,249,274
<b>Cash flows from investing activities:</b>			
Interest received		1,627	530
Payments to acquire tangible assets		(635,261)	(201,893)
<b>Net cash used in investing activities</b>		<b>(633,634)</b>	<b>(201,363)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>65,589</b>	<b>2,047,911</b>
Cash and cash equivalents brought forward		2,455,732	407,821
<b>Cash and cash equivalents carried forward</b>	20	<b>2,521,321</b>	<b>2,455,732</b>

The notes on pages 26 to 51 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies**

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

### **1.1 Basis of preparation of financial statements**

The financial statements of PDET, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Peterborough Diocese Education Trust constitutes a public benefit entity as defined by FRS 102.

### **1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies (continued)**

### **1.3 Income**

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income provided to PDET which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

### **1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

# Notes to the Financial Statements

For the year ended 31 August 2016

## 1. Accounting Policies (continued)

### 1.5 Going concern

The Directors 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 PDET to continue as a going concern. The Directors 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 PDET has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about PDET's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 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.

Where academies are operating under a licence to occupy, the land and buildings are not recognised as fixed assets in the financial statements.

The Board of Directors have chosen not to include building valuations on the Balance Sheet. PDET does not own any of the school sites. The school sites are owned by the site trustees and are made available to the schools by a Church Supplemental Agreement. The site trustees can withdraw the school site at any time on two years notice. PDET cannot sell the 'asset' or mortgage it as security for any borrowing. The economic benefit to PDET is that it does have the use of the site for nil consideration, but only for the use as a church school. Therefore, PDET has concluded after seeking legal opinion, not to include the value of the sites and buildings they use. The risks and rewards of ownership have not been passed to PDET and therefore no value has been attributed to the land and buildings at 31 August 2016.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property Improvements -	30 years
Motor vehicles -	5 years
Fixtures and fittings -	5 years
Computer hardware -	5 years

### 1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by PDET; this is normally upon notification of the interest paid or payable by the Bank.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 1. Accounting Policies (continued)

#### 1.8 Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

#### 1.9 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.

#### 1.10 Cash at Bank and in hand

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

#### 1.11 Liabilities and provisions

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 PDET anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

#### 1.12 Financial instruments

PDET only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

#### 1.13 Taxation

PDET 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, PDET is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.14 Pension benefits

## Notes to the Financial Statements

For the year ended 31 August 2016

### 1. Accounting Policies (continued)

Retirement benefits to employees of PDET are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of PDET.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with PDET in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

# Notes to the Financial Statements

For the year ended 31 August 2016

## 1. Accounting Policies (continued)

### 1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement:

Management have applied their judgement in determining the rates at which classes of fixed assets should be depreciated. The rates applied are shown in the accounting policy above. The pension liability is assessed by an independent actuarial valuation.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 2. Donations and capital grants

	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	94,858	-	94,858	39,120
Capital Grants	-	-	147,506	147,506	339,598
Pension deficit transferred on conversion	-	(1,098,000)	-	(1,098,000)	(1,685,000)
Budget surplus on LA funds	196,506	-	-	196,506	838,847
School Funds on conversion	7,083	-	-	7,083	26,184
Subtotal	203,589	(1,098,000)	147,506	(746,905)	(480,371)
Total donations and capital grants	203,589	(1,003,142)	147,506	(652,047)	(441,251)

In 2015, of the total income from donations and capital grants, £904,151 was to unrestricted funds and £(1,345,402) was to restricted funds.

### 3. Funding for Academy's educational operations

	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	9,651,699	9,651,699	5,961,334
Other DfE/EFA grants	-	1,219,606	1,219,606	1,046,609
	-	10,871,305	10,871,305	7,007,943
<b>Other government grants</b>				
Local authority grants	-	730,045	730,045	380,243
	-	730,045	730,045	380,243
	-	11,601,350	11,601,350	7,388,186

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £7,388,186 was to restricted funds.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 4. Other trading activities

	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	3,690	-	3,690	2,720
Catering income	6,676	-	6,676	6,161
Other income	501,456	-	501,456	402,697
	<u>511,822</u>	<u>-</u>	<u>511,822</u>	<u>411,578</u>

In 2015, of the total income from other trading activities, £411,578 was to unrestricted funds and £NIL to restricted funds.

### 5. Investment income

	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	1,627	-	1,627	530

In 2015, of the total investment income, £530 was to unrestricted funds and £NIL was to restricted funds.

### 6. Analysis of expenditure on charitable activities

	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Direct costs	-	9,393,198	9,393,198	5,526,707
Support costs	5,503	2,761,500	2,767,003	1,856,535
	<u>5,503</u>	<u>12,154,698</u>	<u>12,160,201</u>	<u>7,383,242</u>

In 2015, of the total expenditure, £40,439 was expenditure from unrestricted funds and £7,342,803 was expenditure from restricted funds.

## Notes to the Financial Statements

For the year ended 31 August 2016

### Detail by fund type

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	7,951,506	7,951,506	4,794,592
Technology costs	-	209,534	209,534	158,595
Educational supplies	-	666,509	666,509	296,120
Staff development	-	94,726	94,726	56,031
Depreciation	-	76,126	76,126	16,338
Other direct costs	-	281,797	281,797	145,031
Defined benefit pension cost	-	113,000	113,000	60,000
<b>Total</b>	<b>-</b>	<b>9,393,198</b>	<b>9,393,198</b>	<b>5,526,707</b>

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
<b>Support costs</b>				
Support staff costs	-	1,060,710	1,060,710	641,705
Technology costs	-	39,037	39,037	39,248
Recruitment and support	-	3,588	3,588	3,535
Maintenance of premises and equipment	-	281,619	281,619	150,178
Cleaning	-	40,980	40,980	8,063
Rent and rates	-	41,375	41,375	27,694
Energy costs	-	140,433	140,433	105,250
Insurance	-	150,175	150,175	57,231
Security and transport	-	2,617	2,617	1,304
Catering	-	72,482	72,482	137,111
Other support costs	-	555,970	555,970	478,439
Bank interest and charges	5,503	-	5,503	2,476
Governance costs	-	372,514	372,514	204,301
<b>Total</b>	<b>5,503</b>	<b>2,761,500</b>	<b>2,767,003</b>	<b>1,856,535</b>

### 7. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Direct costs	7,966,506	62,154	1,364,538	9,393,198	5,526,707
Support costs	1,060,710	681,980	1,024,313	2,767,003	1,856,535
	<b>9,027,216</b>	<b>744,134</b>	<b>2,388,851</b>	<b>12,160,201</b>	<b>7,383,242</b>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 8. Other finance income

	2016	2015
	£	£
Interest on pension scheme liabilities	(113,000)	(60,000)

### 9. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by PDET	76,126	16,338
Auditor's remuneration - audit	33,345	18,875
Auditor's remuneration - other services	15,150	13,280

## Notes to the Financial Statements

For the year ended 31 August 2016

### 10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	7,260,333	4,515,567
Social security costs	416,154	214,545
Operating costs of defined benefit pension schemes	1,320,729	706,185
	<u>8,997,216</u>	<u>5,436,297</u>
Staff restructuring costs	15,000	-
	<u>9,012,216</u>	<u>5,436,297</u>

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

	2016	2015
	No.	No.
Teachers	119	81
Admin and support	144	96
Management	2	2
	<u>265</u>	<u>179</u>

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

	2016	2015
	No.	No.
In the band £ 60,001 - £ 70,000	3	2

Three of the above employees participated in the Teachers' Pension Scheme (2015: two). During the year ended 31 August 2016, employer's pension contributions for these staff amounted to £32,307 (2015: £17,849). None of the above employees participated in the Local Government Pension Scheme (2015: NIL).

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £15,000 (2015: £nil). This was one individual payment of £15,000.

The key management personnel of PDET comprise Directors and the senior management team as specified on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to PDET was £65,386 (2015: £64,935). Certain members of the Senior Management team are remunerated directly by the Diocese of Peterborough.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 11. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with PDET. The staff Directors only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment, and not in respect of their role as Directors.

The value of Directors' remuneration and other benefits was as follows:

		2016	2015
		£	£
Mr M Cowland (Director)	Remuneration	45,000-50,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs H Buckley (Director)	Remuneration	10,000-15,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000

## Notes to the Financial Statements

For the year ended 31 August 2016

### 12. Central services

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

- Education Support
- Estates
- Training
- Finance
- Accountancy

PDET charges for these services on the following basis:

- flat 5% of income

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Barby Church of England Primary School	23,421	21,092
Braunston Church of England Primary School	37,363	37,797
Cottingham Church of England Primary School	12,516	-
Easton Garford Church of England Primary School	12,374	2,119
Great Addington Church of England Primary School	22,066	19,994
Loddington Church of England Primary School	23,525	19,534
Milton Parochial Primary School	22,977	12,612
Pytchley Endowed Church of England Primary School	24,235	-
Ringstead Church of England Primary School	23,304	12,705
Ryhall Church of England Academy	24,552	21,171
Staverton Church of England Primary School	20,728	19,904
St Andrews Church of England Primary School	53,693	47,652
St Barnabas Church of England Primary School	29,286	32,334
St James Church of England Primary School	88,984	51,985
Towcester Church of England Primary School	24,575	-
Weldon Church of England Primary School	19,124	-
Total	<u>462,723</u>	<u>298,899</u>

### 13. Directors' and Officers' Insurance

In accordance with normal commercial practice PDET has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,376 (2015 - £1,376).

## Notes to the Financial Statements

For the year ended 31 August 2016

### 14. Tangible fixed assets

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	96,090	13,510	36,826	58,709	205,135
Additions	287,293	5,500	255,699	86,769	635,261
At 31 August 2016	<u>383,383</u>	<u>19,010</u>	<u>292,525</u>	<u>145,478</u>	<u>840,396</u>
<b>Depreciation</b>					
At 1 September 2015	1,751	1,351	2,613	10,983	16,698
Charge for the year	6,375	3,710	32,251	33,790	76,126
At 31 August 2016	<u>8,126</u>	<u>5,061</u>	<u>34,864</u>	<u>44,773</u>	<u>92,824</u>
<b>Net book value</b>					
At 31 August 2016	<u>375,257</u>	<u>13,949</u>	<u>257,661</u>	<u>100,705</u>	<u>747,572</u>
At 31 August 2015	<u>94,339</u>	<u>12,159</u>	<u>34,213</u>	<u>47,726</u>	<u>188,437</u>

### 15. Debtors

	2016 £	2015 £
Trade debtors	4,137	11,738
Other debtors	185,318	100,165
Prepayments and accrued income	338,609	263,843
	<u>528,064</u>	<u>375,746</u>

### 16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	12,731	25,726
Other taxation and social security	137,902	96,358
Other creditors	2,323	-
Accruals and deferred income	447,475	315,856
	<u>600,431</u>	<u>437,940</u>

# Notes to the Financial Statements

For the year ended 31 August 2016

## 16. Creditors: Amounts falling due within one year (continued)

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income	129,493	50,000
Resources deferred during the year	281,767	79,493
Amounts released from previous years	(129,493)	-
Deferred income at 31 August 2016	<u>281,767</u>	<u>129,493</u>

# Notes to the Financial Statements

For the year ended 31 August 2016

## 17. Statement of funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
Funds on conversion	1,311,025	203,589	-	(341,980)	-	1,172,634
General funds	430,689	513,449	(5,503)	-	-	938,635
Sponsor grants	48,325	-	-	-	-	48,325
	<u>1,790,039</u>	<u>717,038</u>	<u>(5,503)</u>	<u>(341,980)</u>	<u>-</u>	<u>2,159,594</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	253,084	9,651,699	(9,615,423)	-	-	289,360
Pupil premium	9,508	617,587	(627,095)	-	-	-
Other DfE funding	160,000	602,019	(762,019)	-	-	-
Local Authority funding	8,925	730,045	(738,970)	-	-	-
Sponsor grants	22,378	-	(22,378)	-	-	-
Other	-	94,858	(94,858)	-	-	-
Pension reserve	(2,295,000)	(1,098,000)	(214,000)	-	(1,960,000)	(5,567,000)
	<u>(1,841,105)</u>	<u>10,598,208</u>	<u>(12,074,743)</u>	<u>-</u>	<u>(1,960,000)</u>	<u>(5,277,640)</u>
<b>Restricted fixed asset funds</b>						
Capital expenditure from GAG	338,041	147,506	(79,955)	341,980	-	747,572
Total restricted funds	<u>(1,503,064)</u>	<u>10,745,714</u>	<u>(12,154,698)</u>	<u>341,980</u>	<u>(1,960,000)</u>	<u>(4,530,068)</u>
Total of funds	<u>286,975</u>	<u>11,462,752</u>	<u>(12,160,201)</u>	<u>-</u>	<u>(1,960,000)</u>	<u>(2,370,474)</u>

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

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

Restricted funds comprise all other restricted funds received and include grants from the Department for Education, Local Authorities and the sponsor.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Under the funding agreement with the Secretary of State, PDET was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 17. Statement of funds (continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Barby Church of England Primary School	214,655	196,772
Braunston Church of England Primary School	200,929	245,776
Cottingham Church of England Primary School	24,003	-
Easton Garford Church of England Primary School	75,828	32,380
Great Addington Church of England Primary School	13,535	34,235
Head Office	317,747	371,251
Loddington Church of England Primary School	97,114	71,716
Milton Parochial Primary School	56,533	43,818
Pytchley Endowed Church of England Primary School	46,780	86,550
Ringstead Church of England Primary School	38,535	35,118
Ryhall Church of England Primary Academy	47,411	38,134
Staverton Church of England Primary School	44,984	312,207
St Andrews Church of England Primary School	262,784	180,637
St Barnabas Church of England Primary School	192,943	595,340
St James Church of England Primary School	581,165	-
Towcester Church of England Primary School	155,749	-
Weldon Church of England Primary School	78,258	-
Total before fixed asset fund and pension reserve	2,448,953	2,243,934
Restricted fixed asset fund	747,572	338,041
Pension reserve	(5,567,000)	(2,295,000)
Total	(2,370,475)	286,975

# Notes to the Financial Statements

For the year ended 31 August 2016

## 17. Statement of funds (continued)

### Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
Barby Church of England Primary School	211,630	143,030	13,602	108,292	476,554	214,655
Braunston Church of England Primary School	494,491	209,404	36,637	126,271	866,803	200,929
Cottingham Church of England Primary School	184,738	31,766	39,400	37,744	293,648	24,003
Easton Garford Church of England Primary School	92,443	60,716	18,170	102,676	274,005	75,828
Great Addington Church of England	265,147	134,214	45,431	59,558	504,350	13,535
Head Office	-	368,904	51,213	785,862	1,205,979	317,747
Loddington Church of England Primary School	264,135	129,761	70,450	79,442	543,788	97,114
Milton Parochial Church of England Primary School	264,721	110,569	39,874	62,081	477,245	56,533
Pytchley Endowed Church of England Primary School	307,603	119,095	49,866	66,408	542,972	46,780
Ringstead Church of England Primary School	276,034	146,000	60,391	59,822	542,247	38,535
Ryhall Church of England Primary School	262,106	160,320	37,211	96,066	555,703	47,411
Staverton Church of England Primary School	227,214	127,834	33,854	82,534	471,436	44,984
St Andrews Church of England Primary School	647,201	395,427	57,731	236,007	1,336,366	262,784

## Notes to the Financial Statements

For the year ended 31 August 2016

### 17. Statement of funds (continued)

St Barnabas Church of England Primary School	342,397	243,673	27,306	2,134	615,510	192,943
St James Church of England Primary School	1,175,217	793,893	229,283	189,990	2,388,383	581,165
Towcester Church of England Primary School	317,806	192,020	21,630	71,507	602,963	155,749
Weldon Church of England Primary School	195,015	117,692	34,591	60,679	407,977	78,258
	<u>5,527,898</u>	<u>3,484,318</u>	<u>866,640</u>	<u>2,227,073</u>	<u>12,105,929</u>	<u>2,448,953</u>

### 18. Analysis of net assets between funds

	Unrestricted income funds 2016 £	Restricted general funds 2016 £	Fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	747,572	747,572	188,437
Current assets	2,159,594	889,791	-	3,049,385	2,831,478
Creditors due within one year	-	(600,431)	-	(600,431)	(437,940)
Provisions for liabilities and charges	-	(5,567,000)	-	(5,567,000)	(2,295,000)
	<u>2,159,594</u>	<u>(5,277,640)</u>	<u>747,572</u>	<u>(2,370,474)</u>	<u>286,975</u>

### 19. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(697,449)	(24,199)
<b>Adjustment for:</b>		
Depreciation of fixed assets	76,126	16,338
Interest receivable	(1,627)	(530)
(Increase)/decrease in debtors	(152,318)	138,568
Increase in creditors	162,491	286,097
Pension funds on acquisition	1,098,000	1,685,000
Other pension adjustments	214,000	139,000
Other movement in pension obligation	-	9,000
<b>Net cash provided by operating activities</b>	<u>699,223</u>	<u>2,249,274</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 20. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	2,521,321	2,455,732
Total	<u>2,521,321</u>	<u>2,455,732</u>

# Notes to the Financial Statements

For the year ended 31 August 2016

## 21. Conversion to an Academy Trust

On the dates as shown the 4 academies stated below converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Peterborough Diocese Education Trust from Northamptonshire County Council for £nil consideration.

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

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

	Unrestricted income funds £	Restricted general funds £	Fixed asset funds £	Total funds £
Budget surplus on LA funds	196,506	-	-	196,506
Budget surplus on other school funds	7,083	-	-	7,083
LGPS pension deficit	-	(1,098,000)	-	(1,098,000)
Net assets/(liabilities)	203,589	(1,098,000)	-	(894,411)

	LA Funds and School Funds £	LGPS £
Cottingham Church of England Primary School (converted 1 March 2016)	14,387	(68,000)
Pythley Endowed Church of England Primary School (converted 1 September 2015)	18,145	(241,000)
Towcester Church of England Primary School (converted 1 March 2016)	100,617	(502,000)
Weldon Church of England Primary School (converted 1 March 2016)	64,100	(287,000)
Ryhall Church of England Primary School	2,488	-
Easton Garford Church of England Primary School	3,852	-
Total	203,589	(1,098,000)

## 22. Capital commitments

At 31 August 2016 PDET had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in the financial statements	-	168,806

# Notes to the Financial Statements

For the year ended 31 August 2016

## **23. Pension commitments**

PDET's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is two schemes managed by Northamptonshire County Council and Rutland County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

### **Teachers' Pension Scheme**

#### **Introduction**

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

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

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

Not less than every four years 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £723,000. (2015: £595,000)

## Notes to the Financial Statements

For the year ended 31 August 2016

### 23. Pension commitments (continued)

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £652,000 (2015: £375,000), of which employer's contributions totalled £521,000 (2015: £298,000) and employees' contributions totalled £131,000 (2015: £77,000). The agreed contribution rates for future years are 22.6% for employers and 5.8% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	4.00 %	4.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.3	24.3
Retiring in 20 years		
Males	24.0	24.0
Females	26.6	26.6

# Notes to the Financial Statements

For the year ended 31 August 2016

## 23. Pension commitments (continued)

PDET's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,953,920	925,000
Bonds	522,880	258,000
Property	220,160	123,000
Cash	55,040	25,000
Total market value of assets	<u>2,752,000</u>	<u>1,331,000</u>

The actual return on scheme assets was £255,000 (2015 - £128,000)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(622,000)	(386,000)
Net interest cost	(113,000)	(60,000)
Total	<u>(735,000)</u>	<u>(446,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,626,000	930,000
Current service cost	622,000	386,000
Interest cost	184,000	94,000
Contributions by employees	131,000	77,000
Actuarial losses/(gains)	2,288,000	(142,000)
Liabilities assumed in a business combination	1,468,000	2,281,000
Contribution by employees	-	-
Closing defined benefit obligation	<u>8,319,000</u>	<u>3,626,000</u>

# Notes to the Financial Statements

For the year ended 31 August 2016

## 23. Pension commitments (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,331,000	329,000
Return on plan assets (excluding net interest on the net defined pension liability)	71,000	34,000
Actuarial gains and (losses)	328,000	(3,000)
Contributions by employer	521,000	298,000
Contributions by employees	131,000	77,000
Assets acquired in a business combination	370,000	596,000
Closing fair value of scheme assets	2,752,000	1,331,000

# Notes to the Financial Statements

For the year ended 31 August 2016

## 24. First time adoption of FRS 102

It is the first year that PDET has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2015 are given below.

Reconciliation of total funds	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		172,174	286,975
Total funds reported under FRS 102		<u>172,174</u>	<u>286,975</u>

Reconciliation of net income	Notes	31 August 2015
		£
Net movement in funds previously reported under UK GAAP		114,801
Actuarial losses on defined benefit pension schemes	1	18,000
Charitable activities - interest charge on pension fund	1	<u>(18,000)</u>
Net movement in funds reported under FRS 102		<u>114,801</u>

Explanation of changes to previously reported funds and net income/expenditure:

1. Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets within charitable expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised within charitable expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the charge to charitable expenses by £18,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.