

Registration number: 08727883

Preston Primary Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

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PRESTON PRIMARY ACADEMY TRUST
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PRESTON PRIMARY ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS

Members	M Kerrigan A Miller A Weston (appointed 1 September 2018) Bath and Wells DBE Trust
Trustees (Directors)	B Green, Executive Head & Accounting Officer M Kerrigan, Chair of Trustees D Kirby (appointed 28 February 2019) P Levey P Murley L Orton S Schaffer (appointed 1 May 2019) K Weeks
Senior Management Team	B Green, Executive Head J St John, Deputy Head C Hodgson, Head of Preston Primary School L Crowe, Head teacher - Kingfisher L Talmage, Head teacher - Manor Court L Goodland, Head teacher - Countess Gytha A Draper, Business Manager Y Lloyd, SEN Co-ordinator
Principal and Registered Office	Preston C of E Primary School The Toose Abbey Manor Park Yeovil Somerset BA21 3SN
Company Registration Number	08727883
Auditors	Albert Goodman LLP Goodwood House Blackbrook Park Avenue Taunton TA1 2PX
Bankers	Lloyds Bank Plc 9 High Street Yeovil BA20 1RN

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

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

Preston Primary Academy Trust is a Multi Academy Trust currently comprising of five primary schools. Preston C of E Primary School which caters for children from reception to year 6, Kingfisher Primary School which opened on 1 September 2016 and currently caters for reception, year 1, year 2 and year 3 aged children only. Kingfisher moved to its new site on 1 September 2018 and will continue to grow, adding at least one reception class each academic year. Manor Court Primary School joined the Trust on 1 September 2018 and caters for children from reception to year 6. Countess Gytha Primary joined on 1 February 2019 and North Cadbury C of E Primary joined on 1 April 2019. Both of these cater for children from reception to year 6.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company registration number is 08727883.

The governors act as the trustees for the charitable activities of Preston Primary Academy Trust and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

The Trust's principal activity is the operation of primary schools and to advance for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. On 1 November 2013 Preston C of E Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Preston Primary School Academy Trust from Somerset County Council. On 9 October 2015 the name of the trust was changed to Preston Primary Academy Trust due to the transition from a Single Academy Trust to a Multi Academy Trust. The schools alongside Preston C of E Primary in the MAT are Manor Court Primary, Countess Gytha Primary, Kingfisher Primary and North Cadbury C of E Primary.

Members' liability

Each member (with the exception of Bath & Wells DBE Trust which is liable for £nil) of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' indemnities

The academy trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees. The Academy has indemnity insurance for trustees via RPA. The limit of indemnity is £10,000,000.

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

Method of recruitment and appointment or election of Trustees

The academy trust shall have the following trustees as set out in its articles of association and funding agreement:

- up to 4 Trustees appointed by members,
- the members may appoint 2 Staff Trustees through such process as they determine, provided that the total number of Trustees (including the Head Teacher) who are employees of the academy trust does not exceed one third of the total number of trustees,
- up to 5 Parent Trustees appointed under articles 53 to 58 of the Articles of Association,
- the Headteacher,
- Foundation Trustees as per article 51 of the Articles of Association.

Trustees will have a term of office of 4 years, except for the Headteacher or any such trustee who was appointed to serve as a trustee of Preston C of E Primary School as the predecessor school, in which case the term of office shall be specified at the time of their appointment. A trustee may be re-appointed or re elected.

Policies and procedures adopted for the induction and training of Trustees

The academy trust buys the services of Somerset County Council who provide regular training events and bespoke training for governing bodies on request. All new trustees are given induction training as well as training relevant to the committees on which they will serve. Trustees are given access to an online Governor portal on the Somerset Learning Platform where they can access copies of policies, improvement plans, minutes and other documents they may need to undertake their role as trustees.

Organisational structure

The academy trust's management structure ensures the effective and efficient running of the academy. This consists of three levels: the trustees, the senior leadership team and those with specific leadership responsibilities. The aim of the management structure is to distribute responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting a development plan and budget, monitoring the Academy through close liaison with and reporting from the Executive Headteacher and through personal observations by visits to the school, making major decisions about the strategic direction of the academy including capital expenditure and involvement in staff appointments in consultation with the Executive Headteacher.

The trustees are appointed in line with articles 50 to 58 within the Articles of Association. When appointing new trustees, the Trust Board recognises the need to have a wide range of skills amongst the trustees.

The senior leadership team is led by the Executive Headteacher and she is supported by the School Heads, Deputy Heads, Assistant Headteachers, the SEN coordinator, the Chair of Trustees, the Trust Business Manager and the phase leaders. These senior leaders manage the academy implementing the policies agreed by the trustees and reporting back to them on progress. The Executive Headteacher, assisted by other key staff, is responsible for the authorisation of spending within agreed budgets and the appointment of staff.

The Executive Headteacher is the Accounting Officer.

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

Arrangements for setting pay and remuneration of key management personnel

The trustees consider the board of trustees and the senior leadership team comprise the key management personnel of the academy trust in charge of directing and controlling, running and operating the academy trust on a day to day basis. All trustees give their time freely, except for those disclosed in note 10 of the accounts, who are remunerated for their role in the senior leadership team.

Details of trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay for key management personnel is reviewed annually in accordance with our Performance Management Policy and Pay Policy. The academy trust follows National School Teachers Pay and Conditions Document.

The Executive Head's review is undertaken externally. The information from this is then considered by a Remuneration and Pay Committee of Trustees.

Performance management for Headteachers at other schools within the Trust will be reviewed annually by the Executive Head with the support of an external moderation.

Trade union facility time

Preston Primary Academy Trust does not have any union representatives.

Connected organisations, including related party relationships

There are no related parties that either control or significantly influence the decisions and operations of Preston Primary Academy Trust. There is a Parent Teacher Association (registered charity number 1043784) whose purpose is to raise funds for use by Preston C of E Primary School for the attending children's wellbeing, education and all round use.

Objectives and activities

Objects and aims

The main objectives of the academy during the year ended 31 August 2019 were:

- to deliver high quality education and care to all pupils within the Trust;
- to maintain the high standard of achievement of all pupils;
- to include and meet the needs of all pupils;
- to provide value for money.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and transparency;

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

Objectives, strategies and activities

As detailed in our prospectus, the main aims of the Academy are:

- to create a safe and stimulating environment, providing a learning experience which meets the needs of all;
- to enable children to develop as independent, motivated learners with creative enquiring minds, building transferable skills for adult life;
- to help children to care for and respect themselves, the community, other cultures and the environment;
- to encourage children to be happy and healthy, both physically and emotionally, and to practise a healthy and safe lifestyle.

Public benefit

The academy trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Summary of Year

Reflecting on the "all round" success of this year, it is particularly impressive in view of the rapid growth of the Trust.

The Trust finance and business operations have adapted amazingly to the change from two schools to five within a year; also formulating a clear strategic vision for the future.

The issues surrounding ineffective staffing, unkempt buildings, poor teaching and learning and lack of structure within some of the schools sponsored by the Trust , although challenging , have been managed well to ensure much better provision for the children attending the schools. We have been saddened by the environment and education that has previously been deemed acceptable in certain schools.

Our mantra of putting the children at the heart of all that we do has led to rapid change where needed. The Trust is now looking forward to seeing further improvements for our pupils, and those joining our Trust in 2019 to 2020.

The tables below represent Preston Primary Academy Trust's performance in statutory tests/tasks for the academic year 2018-2019. They indicate outcomes in key areas of attainment for Year 1, Year 2 and Year 6 pupils against national outcomes. The national expectation for Key Stage 2 is a scaled score of 100 or above. Our results show that pupils' attainment in 2019 at Year 1, Year 2 and Year 6 were significantly above national expectations in many of the Trust schools.

STRATEGIC REPORT

National Assessment Results at Kingfisher Primary School 2019

The data below represents all children, including those with specific educational needs



Figures in () represent National averages based on 2018 published DFE figures.

EYFS GLD 82% (71%) Year 1 Phonics 93% (82%) Year 2 Phonics 97% (92%)

NB. Kingfisher Primary School is currently populated to Year 3 only.

KS 1 YEAR 2 PUPILS	READING	
	% achieving at expected standard +	87% (81%)
	% achieving at greater depth	40% (26%)
	WRITING	
	% achieving at expected standard +	87% (70%)
	% achieving at greater depth	40% (16%)
	MATHS	
	% achieving at expected standard +	87% (76%)
	% achieving at greater depth	33% (22%)
	% at or above the expected standard in reading, writing and maths combined.	87% (65%)
	% above the expected standard in reading, writing and maths combined.	33% (11%)

STRATEGIC REPORT

National Assessment Results at Preston C of E Primary 2019

The data below represents all children, including those with specific educational needs.

National expectations at Key Stage 2: Scaled score of 100 or more.

Figures in () represent National averages based on 2018 published DfE figures.

EYFS GLD 85% (71%) Year 1 Phonics 95% (82%) Year 2 Phonics 100% (92%)



KS 1 YEAR 2 PUPILS	READING	
	% achieving at expected standard +	92% (81%)
	% achieving at greater depth	34% (26%)
	WRITING	
	% achieving at expected standard +	90% (70%)
	% achieving at greater depth	20% (16%)
	MATHS	
	% achieving at expected standard +	93% (76%)
	% achieving at greater depth	27% (22%)
	% at or above the expected standard in reading, writing and maths combined.	90% (65%)
	% above the expected standard in reading, writing and maths combined.	14% (11%)
KS 2 YEAR 6 PUPILS	READING	
	% achieving at expected standard +	98% (73%)
	% achieving at high standard.	55% (27%)
	Average scaled score in reading	110 (104)
	Average progress in reading	2.48
	WRITING (TEACHER ASSESSED)	
	% achieving at or above the expected standard	95% (78%)
	% achieving in writing at greater depth.	48% (20%)
	Average progress in writing	2.09
	MATHS	
	% achieving at expected standard +	100% (79%)
	% achieving at high standard	60% (27%)
	Average scaled score in maths	111 (105)
	Average progress in maths	3.89
	SPELLING PUNCTUATION AND GRAMMAR	
	% at expected standard +	100% (78%)
	% achieving at high standard	72% (36%)
	Average scaled score in grammar, punctuation and spelling.	113 (106)
	% at or above the expected standard in reading, writing and maths combined.	95%(65%)
	% above the expected standard in reading, writing and maths combined.	35% (11%)

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

National Assessment Results at North Cadbury C of E Primary 2019

The data below represents all children, including those with specific educational needs.

National expectations at Key Stage 2: Scaled score of 100 or more.

Figures in () represent National averages based on 2018 published DfE figures.

EYFSL GLD 84% (71%) Year 1 Phonics 75% (82%) Year 2 Phonics 100% (92%)



KS 1 YEAR 2 PUPILS	READING	
	% achieving at expected standard +	33% (81%)
	% achieving at greater depth	0% (26%)
	WRITING	
	% achieving at expected standard +	22% (70%)
	% achieving at greater depth	0% (16%)
	MATHS	
	% achieving at expected standard +	67% (76%)
	% achieving at greater depth	0% (22%)
	% at or above the expected standard in reading, writing and maths combined.	22% (65%)
	% above the expected standard in reading, writing and maths combined.	0% (11%)
KS 2 YEAR 6 PUPILS	READING	
	% achieving at expected standard +	60% (73%)
	% achieving at high standard	30% (27%)
	Average scaled score in reading	104 (104)
	Average progress in reading	
	WRITING (TEACHER ASSESSED)	
	% achieving at or above the expected standard	70% (78%)
	% achieving in writing at greater depth	40% (20%)
	Average progress in writing	
	MATHS	
	% achieving at expected standard +	60% (79%)
	% achieving at high standard	0% (27%)
	Average scaled score in maths	101 (105)
	Average progress in maths	
	SPELLING PUNCTUATION AND GRAMMAR	
	% at expected standard +	60% (78%)
	% achieving at high standard	20% (36%)
	Average scaled score in grammar, punctuation and spelling.	102 (106)
	% at or above the expected standard in reading, writing and maths combined.	50% (65%)
	% above the expected standard in reading, writing and maths combined.	0% (11%)

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

National Assessment Results at Countess Gytha 2019

The data below represents all children, including those with specific educational needs.

National expectations at Key Stage 2: Scaled score of 100 or more.

Figures in () represent National averages based on 2018 published DFE figures.

EYFS GLD 86% (71%) Year 1 Phonics 95% (82%) Year 2 Phonics 100% (92%)



KS 1 YEAR 2 PUPILS	READING	
	% achieving at expected standard +	81% (81%)
	% achieving at greater depth	29% (26%)
	WRITING	
	% achieving at expected standard +	81% (70%)
	% achieving at greater depth	29% (16%)
	MATHS	
	% achieving at expected standard +	81% (76%)
	% achieving at greater depth	29% (22%)
	% at or above the expected standard in reading, writing and maths combined.	71% (65%)
	% above the expected standard in reading, writing and maths combined.	14% (12%)
KS 2 YEAR 6 PUPILS	READING	
	% achieving at expected standard +	66% (73%)
	% achieving at high standard.	38% (27%)
	Average scaled score in reading	103.3 (104)
	Average progress in reading	-3%
	WRITING (TEACHER ASSESSED)	
	% achieving at or above the expected standard	84% (78%)
	% achieving in writing at greater depth.	22% (20%)
	Average scaled score in writing	103.3
	Average progress in writing	9%
	MATHS	
	% achieving at expected standard +	84% (79%)
	% achieving at high standard	28% (27%)
	Average scaled score in maths	104.6 (105)
	Average progress in maths	+10%
	SPELLING PUNCTUATION AND GRAMMAR	
	% at expected standard +	78% (78%)
	% achieving at high standard	38% (36%)
	Average scaled score in grammar, punctuation and spelling.	106.3 (106)
	% at or above the expected standard in reading, writing and maths combined.	66% (65%)
	% above the expected standard in reading, writing and maths combined.	13% (11%)

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

Manor Court Primary School Summary of 2018/2019 reported data



Key Stage 1

	Manor Court Primary School	National average	Somerset average
GLD	85%	72%	72%
Phonics	85%	82%	81%
Reading	81% (34% GD)	75% (25% GD)	76% (29% GD)
Writing	81% (25% GD)	69% (15% GD)	71% (18% GD)
Mathematics	89% (41% GD)	76% (22% GD)	76% (23% GD)
SPAG	81% (28% GD)		
RWM	81% (15% GD)	65%(13% GD)	66% (11% GD)

Key Stage 2

% achieving the expected standard

	Manor Court Primary School	National average	Somerset average
Reading	71%	73%	70%
Writing	90%	78%	77%
Mathematics	92%	79%	74%
SPAG	86%	79%	
Combined	71%	65%	61%

% achieving the higher standard

	Manor Court Primary School	National average	Somerset average
Reading	14%	TBC	TBC
Writing	27%	TBC	TBC
Mathematics	24%	TBC	TBC
SPAG	33%	TBC	TBC
Combined	10%	TBC	TBC

Pupils average score from Test (Pupils are given a scaled score between 18-120. 100 meaning that they have met the expected standard).

	Manor Court Primary School	Expected score
Reading	103.00	100.00
Mathematics	106.00	100.00
SPAG	107.00	100.00

Average progress made between between KS1 and KS2 (0 being National average progress)

	Manor Court Primary School	National	Somerset
Reading	-1.10	0.00	-0.2
Writing	+2.80	0.00	-0.30
Mathematics	+2.20	0.00	-1.40

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

To ensure that standards are maintained year on year the academy operates a programme of target setting, curriculum monitoring and review that feed into the academy development plan. The academy also ensures that there are opportunities to share good practice and receive good CPD matched to the needs of the staff and the objectives of the academy.

The academy was delighted to be graded "Outstanding" in our SIAMS inspection (February 2017).

Kingfisher Primary School was graded Outstanding in the May 2019 Ofsted Inspection.

Going concern

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

Financial review

The majority of the academy trust's funding is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants. This funding is recognised as restricted due to its specific purposes. Any ESFA funding received for fixed assets is shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the academy trust's accounting policies.

The academy trust also receives grants from Somerset County Council for Individually Assigned Resources to support pupils who are eligible for SEN funding. These grants are treated as restricted income.

During the year the academy trust had income of £17,947,282 (2018: £2,546,606) and incurred expenditure of £5,521,525 (2018: £2,360,751) which, together with an actuarial pension fund loss of £485,000 (2018: gain £206,000), results in a net increase in funds of £11,940,757 (2018: £391,855). By fund these figures are broken down as:

- Unrestricted income, generated through activities such as educational trips and clubs, of £269,275 less attributable expenditure, including transfers, of £283,006 to leave a deficit of £13,731. The trust also recognised £199,800 transferred upon conversion, this along with the deficit of £13,731, results in a total surplus in the year of £186,069.
- Restricted income of £4,996,990 less expenditure, transfers and pension adjustments of £5,443,364 to leave deficit of £446,374. The trust also recognised within income a pension deficit of £1,623,000 transferred upon conversion, this along with the deficit of £446,374, results in a total deficit in the year of £2,069,374.
- Restricted fixed asset income of £411,693 less expenditure and transfers of £280,155 to leave a surplus of £131,538. The trust also recognised £6,190,742 assets transferred upon conversion and £7,501,782 of donated assets, this along with the surplus of £131,538 results in a total surplus in the year of £13,824,062.

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

Reserves policy

The academy trust aims to carry forward a prudent level of resources from the General Annual Grant, the general non-GAG restricted fund and the general unrestricted fund to cover the medium and long-term needs for renewal and replacement, for major unforeseen contingencies and to contribute to major capital developments. The trustees have identified the requirement to hold an amount which is the equivalent to one month's salary costs, which currently amounts to circa £350,000. The Trust has committed £100k of reserves to support the hall extension construction.

The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £370,120. Additionally within restricted funds the academy holds £964,144 of reserves (including the General Annual Grant, MAT income and Conversion grants) that are considered freely available for general purposes.

Investment policy

The trustees review the financial position of the academy quarterly and future demands for cash flow and any possible investment opportunities are discussed and the decision made appropriately.

Trustees are firmly committed to ensuring that all funds under their control are administered in such a way as to maximize return while minimising risk. Trustees do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the board.

The approval of the full board of trustees is required before any investment is made.

Principal risks and uncertainties

Income and Pupil Numbers - The main risks and uncertainties faced by the academy are regarding future income. The academy trust is funded mainly from the ESFA, which is based on pupil numbers. Future pupil numbers are difficult to predict with a great degree of accuracy and this therefore results in an element of uncertainty surrounding future financing. The academy believes the local parental preference is sufficient to attract the appropriate level of funding and future projections anticipate an increase in demand for places.

Reputational Risk - The continuing success of the academy trust depends on maintaining the highest educational standards in order to continue to attract applicants in sufficient numbers. Trustees are clearly focused on monitoring and reviewing the achievement and success of students.

Fraud/Mismanagement - The academy appoints Education Financial Services as an internal audit function to carry out checks on the financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Cash Flow - The academy considers that it has sufficient cash reserves for normal day-to-day operations.

Fundraising

Fundraising for the academy is completed only by the PTA. We do not use professional fundraisers. We monitor all fundraising activities within the Trust to ensure that they conform to the recognized standards and do not put undue pressure on any member of the public.

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

STRATEGIC REPORT

Plans for future periods

The key priorities for the academy trust are as follows:

- To ensure that pupils across all schools receive the highest standards of education possible.
- To ensure completion of the Hall/Kitchen build/extension – providing adequate dining facilities, assembly, PE and curriculum space for the whole school. Completion estimated to be November 2019.
- To continue to enable the MAT to grow in a considered manner, adding schools as appropriate.
- To gain funds through a successful CIF bid to develop the production kitchen at Manor Court primary.
- To successfully manage the integration of North Cadbury C of E Primary and Countess Gytha Primary School.
- To secure high quality staff for schools across the Trust
- To improve the learning environment at North Cadbury

Funds held as Custodian Trustee on behalf of others

The academy and its Trustees do not act as the Custodian Trustees of any other Charity.

Auditor

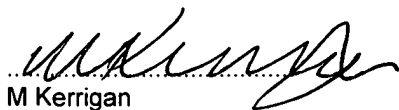
Insofar as the Trustees are aware:

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

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Albert Goodman LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 26.11.19, and signed on its behalf by:



M Kerrigan
Trustee

PRESTON PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to B Green, Executive Head & Accounting Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Preston Primary Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Kerrigan	6	6
B Green	6	6
P Levey	6	6
L Orton	5	6
P Murley	5	6
K Weeks	5	6
D Kirby	4	4
S Schaffer	1	2

Governance reviews

The Board of Trustees and Local Governing Bodies carry out annual skills audits and these were last carried out at the end of the 2018/19 academic year. In addition to this the Board of Trustees also asked each Local Governing Body to prepare a review of their effectiveness, including areas such as training and governor visits. Neither of these exercises showed any areas for concern and these processes will be carried out and refined in future years. For the start of the 2019/20 academic year the governance structure of the Trust is in the position of having no duplication of individuals across different layers, thus ensuring proper accountability across all levels of Trust governance.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
P Levey	5	6
B Green	6	6
M Kerrigan	6	6
L Orton	4	6
D Kirby	4	4

PRESTON PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- A Trustwide review of the provision of reprographic/printing facilities has resulted in one contract and savings of £3000pa
- A Trustwide provision of Grounds Maintenance contracts has resulted in one contract and savings of £1500 pa.
- The catering contracts have been tendered for Preston and Kingfisher resulting in savings of General £5000 pa.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Preston Primary Academy Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided:

PRESTON PRIMARY ACADEMY TRUST
GOVERNANCE STATEMENT (CONTINUED)

- to appoint Education Financial Services as internal auditor

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

- A review of the General Operations and Payroll
- A review of Purchasing and Income

On an annual basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

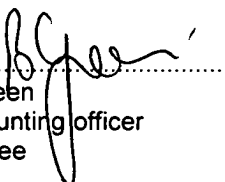
Review of effectiveness

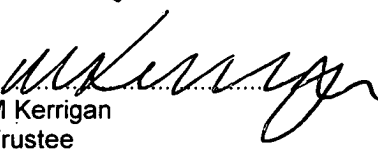
As Accounting Officer, B Green, Executive Head & Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 26.11.19 and signed on its behalf by:


B Green
Accounting officer
Trustee


M Kerrigan
Trustee

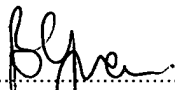
PRESTON PRIMARY ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Preston Primary Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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


.....
B Green, Executive Head & Accounting Officer
Accounting officer

Date 26.11.19
.....

PRESTON PRIMARY ACADEMY TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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


- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 26.11.19 and signed on its behalf by:


M Kerrigan
Trustee

PRESTON PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRESTON PRIMARY ACADEMY TRUST

Opinion

We have audited the financial statements of Preston Primary Academy Trust (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

PRESTON PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRESTON PRIMARY ACADEMY TRUST (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 19], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

PRESTON PRIMARY ACADEMY TRUST

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESTON PRIMARY ACADEMY TRUST (CONTINUED)**

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

Use of our report

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



Paul Hake FCCA (Senior Statutory Auditor)

For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: 26 November 2019

PRESTON PRIMARY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO PRESTON PRIMARY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

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

This report is made solely to Preston Primary Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Preston Primary Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Preston Primary Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2018);
- A review of the governance policies and procedures with specific consideration of financial planning, monitoring and control;
- Gaining assurance that the lines of delegation and the limits set both internally by the academy and by ESFA have been adhered to;

PRESTON PRIMARY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO PRESTON

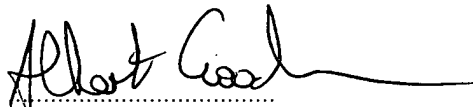
PRIMARY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

(CONTINUED)

- A review of all meeting minutes of the board trustees;
- An examination of financial transactions to identify any unusual items which may be improper; and
- A review of the declaration of interests completed by the trustees.

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



Paul Hake FCCA

For and on behalf of Albert Goodman LLP, Chartered Accountants

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: 26 November 2019

PRESTON PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	12,311	3,500	7,913,475	7,929,286
Transferred on conversion		199,800	(1,623,000)	6,190,742	4,767,542
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	4,993,490	-	4,993,490
Other trading activities	4	256,253	-	-	256,253
Investments	5	711	-	-	711
Total		469,075	3,373,990	14,104,217	17,947,282
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	291,113	4,874,749	355,663	5,521,525
Net income/(expenditure)		177,962	(1,500,759)	13,748,554	12,425,757
Transfers between funds		8,107	(83,615)	75,508	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	(485,000)	-	(485,000)
Net movement in funds/(deficit)		186,069	(2,069,374)	13,824,062	11,940,757
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		216,498	(642,895)	618,835	192,438
Total funds/(deficit) carried forward at 31 August 2019		<u>402,567</u>	<u>(2,712,269)</u>	<u>14,442,897</u>	<u>12,133,195</u>

PRESTON PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

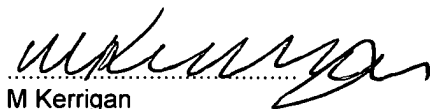
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	2,791	12,716	357,470	372,977
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations		-	2,004,380	-	2,004,380
Other trading activities	4	168,975	-	-	168,975
Investments	5	274	-	-	274
Total		172,040	2,017,096	357,470	2,546,606
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	130,226	2,201,485	29,040	2,360,751
Net income/(expenditure)		41,814	(184,389)	328,430	185,855
Transfers between funds		(55,090)	48,352	6,738	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	206,000	-	206,000
Net movement in (deficit)/funds		(13,276)	69,963	335,168	391,855
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		229,774	(712,858)	283,667	(199,417)
Total funds/(deficit) carried forward at 31 August 2018		216,498	(642,895)	618,835	192,438

PRESTON PRIMARY ACADEMY TRUST
(REGISTRATION NUMBER: 08727883)
BALANCE SHEET AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	14,252,678	378,994
Current assets			
Debtors	13	195,035	56,837
Cash at bank and in hand		<u>1,361,895</u>	<u>714,809</u>
		1,556,930	771,646
Creditors: Amounts falling due within one year	14	<u>(446,413)</u>	<u>(165,202)</u>
Net current assets		<u>1,110,517</u>	<u>606,444</u>
Total assets less current liabilities		<u>15,363,195</u>	<u>985,438</u>
Net assets excluding pension liability		15,363,195	985,438
Pension scheme liability	22	<u>(3,230,000)</u>	<u>(793,000)</u>
Net assets including pension liability		<u>12,133,195</u>	<u>192,438</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		(2,712,269)	(642,895)
Restricted fixed asset fund		<u>14,442,897</u>	<u>618,835</u>
		11,730,628	(24,060)
Unrestricted funds			
Unrestricted general fund		<u>402,567</u>	<u>216,498</u>
Total funds		<u>12,133,195</u>	<u>192,438</u>

The financial statements on pages 25 to 54 were approved by the Trustees, and authorised for issue on 26.11.19 and signed on their behalf by:


M Kerrigan
Trustee

PRESTON PRIMARY ACADEMY TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	804,073	77,438
Cash flows from investing activities	19	<u>(156,987)</u>	<u>236,977</u>
Change in cash and cash equivalents in the year		647,086	314,415
Cash and cash equivalents at 1 September		<u>714,809</u>	<u>400,394</u>
Cash and cash equivalents at 31 August	20	<u><u>1,361,895</u></u>	<u><u>714,809</u></u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

Basis of preparation

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

Going concern

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

Income

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

Grants

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

1 Accounting policies (continued)

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

1 Accounting policies (continued)

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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

Asset class	Depreciation method and rate
Long leasehold land	125 years
Long leasehold buildings	50 years
Property improvements	15-50 years
Fixtures and fittings	5 years
ICT equipment	4 years

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

1 Accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

1 Accounting policies (continued)

Pension benefits

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

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

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

Fund accounting

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

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

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

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.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
Other voluntary income					
Capital grants					
DfE/ESFA	-	-	411,693	411,693	357,470
Other donations	12,311	3,500	-	15,811	15,507
Donated fixed assets	-	-	7,501,782	7,501,782	-
	<u>12,311</u>	<u>3,500</u>	<u>7,913,475</u>	<u>7,929,286</u>	<u>372,977</u>

PRESTON PRIMARY ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****3 Funding for the Academy Trust's educational operations**

	Restricted funds £	2018/19 Total £	2017/18 Total £
DfE/ESFA revenue grants			
General Annual Grant (GAG)	3,713,774	3,713,774	1,748,793
Other DfE/ESFA grants	<u>869,166</u>	<u>869,166</u>	<u>210,852</u>
	4,582,940	4,582,940	1,959,645
Other government grants			
Local authority grants	<u>410,550</u>	<u>410,550</u>	<u>44,735</u>
Total grants	<u>4,993,490</u>	<u>4,993,490</u>	<u>2,004,380</u>

4 Other trading activities

	Unrestricted funds £	2018/19 Total £	2017/18 Total £
Facilities and services income	228,511	228,511	54,646
Educational trips and activities	24,242	24,242	34,212
Other income	<u>3,500</u>	<u>3,500</u>	<u>80,117</u>
	<u>256,253</u>	<u>256,253</u>	<u>168,975</u>

5 Investment income

	Unrestricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	<u>711</u>	<u>711</u>	<u>274</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

6 Expenditure

	Non Pay Expenditure			2019	2018
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Academy's educational operations					
Direct costs	3,407,726	-	368,741	3,776,467	1,714,743
Allocated support costs	790,138	549,234	405,686	1,745,058	646,008
	<u>4,197,864</u>	<u>549,234</u>	<u>774,427</u>	<u>5,521,525</u>	<u>2,360,751</u>

Net income/(expenditure) for the year includes:

	2018/19	2017/18
	£	£
Operating lease rentals	6,002	8,701
Depreciation	313,268	41,372
Fees payable to auditor - audit	7,000	6,250
- other audit services	<u>6,325</u>	<u>1,250</u>

7 Charitable activities

	2018/19	2017/18
	£	£
Direct costs - educational operations	3,776,467	1,714,743
Support costs - educational operations	<u>1,745,058</u>	<u>646,008</u>
	<u>5,521,525</u>	<u>2,360,751</u>

	Educational operations	2018/19	2017/18
	£	Total	Total
		£	£
Analysis of direct costs			
Teaching and educational support staff costs	3,407,726	3,407,726	1,557,383
Educational supplies	147,676	147,676	79,993
Staff development	9,256	9,256	4,278
Educational consultancy	96,090	96,090	1,279
Other direct costs	207	207	2,268
Trip costs	<u>115,512</u>	<u>115,512</u>	<u>69,542</u>
Total direct costs	<u>3,776,467</u>	<u>3,776,467</u>	<u>1,714,743</u>

PRESTON PRIMARY ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****7 Charitable activities (continued)**

	Educational operations £	2018/19 Total £	2017/18 Total £
Analysis of support costs			
Support staff costs	790,138	790,138	321,056
Depreciation	369,449	369,449	41,372
Recruitment and support	22,442	22,442	7,531
Rent and rates	26,100	26,100	5,540
Energy costs	62,237	62,237	21,690
Insurance	21,123	21,123	11,583
Catering	165,158	165,158	120,887
Maintenance of premises and equipment	143,775	143,775	63,135
Cleaning	36,010	36,010	9,843
Professional fees	68,808	68,808	18,267
Other support costs	37,680	37,680	24,218
Governance costs	2,138	2,138	886
Total support costs	<u>1,745,058</u>	<u>1,745,058</u>	<u>646,008</u>

8 Staff**Staff costs**

	2018/19 £	2017/18 £
Staff costs during the year were:		
Wages and salaries	3,030,479	1,353,186
Social security costs	237,010	108,928
Operating costs of defined benefit pension schemes	<u>876,698</u>	<u>391,470</u>
	4,144,187	1,853,584
Supply staff costs	<u>53,677</u>	<u>24,855</u>
	<u>4,197,864</u>	<u>1,878,439</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

8 Staff (continued)

Staff numbers

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

	2019 No	2018 No
Charitable Activities		
Teachers	68	21
Administration and support	151	62
Management	2	2
	<u>221</u>	<u>85</u>

Higher paid staff

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

	2019 No	2018 No
£60,001 - £70,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £534,544 (2018: £381,983).

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

9 Central services

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

- Executive headteacher
- Trust business manager
- Other administrative salary costs
- Travel costs on the above

The academy trust charges for these services on the following basis:

- Percentage of the GAG funding

The actual amounts charged during the year were as follows:

	2018/19	2017/18
	£	£
Preston C of E Primary School	48,656	-
Kingfisher Primary School	13,094	-
Manor Court Primary School	45,361	-
Countess Gytha Primary School	17,126	-
North Cadbury C of E Primary School	7,404	-
	<u>131,641</u>	<u>-</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

10 Related party transactions - trustees' remuneration and expenses

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

B Green (Head teacher):

Remuneration: £100,000 - £105,000 (2018 - £95,000 - £100,000)

Employer's pension contributions: £15,000 - £20,000 (2018 - £15,000 - £20,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £Nil (2018 - £69) were reimbursed or paid directly to 0 trustees (2018 - 1).

Other related party transactions involving the trustees are set out in note 23.

11 Trustees' and officers' insurance

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

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

12 Tangible fixed assets

	Leasehold land and buildings £	Property improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2018	295,140	47,778	72,092	120,954	535,964
Additions	7,952,144	15,225	41,481	43,541	8,052,391
Transferred on conversion	<u>6,117,167</u>	<u>-</u>	<u>48,050</u>	<u>25,525</u>	<u>6,190,742</u>
At 31 August 2019	<u>14,364,451</u>	<u>63,003</u>	<u>161,623</u>	<u>190,020</u>	<u>14,779,097</u>
Depreciation					
At 1 September 2018	17,920	3,904	46,371	88,775	156,970
Charge for the year	<u>313,031</u>	<u>636</u>	<u>26,321</u>	<u>29,461</u>	<u>369,449</u>
At 31 August 2019	<u>330,951</u>	<u>4,540</u>	<u>72,692</u>	<u>118,236</u>	<u>526,419</u>
Net book value					
At 31 August 2019	<u>14,033,500</u>	<u>58,463</u>	<u>88,931</u>	<u>71,784</u>	<u>14,252,678</u>
At 31 August 2018	<u>277,220</u>	<u>43,874</u>	<u>25,721</u>	<u>32,179</u>	<u>378,994</u>

The academy trust occupies land provided to it by the local authority under a 125-year lease. This was valued on conversion based on the transfer agreement from the local authority.

Additionally, the academy trust occupies land and buildings provided to it by site trustees under a mere licence (also referred to as a Church Supplemental Agreement) which contains a two-year notice period. Having considered the fact that the academy trust occupies the land and buildings as may be, or may come to be, erected on it by a mere licence that transfers to the academy no rights or control over the site save that of occupying it at the will of the site trustees under the terms of the relevant site trust, the trustees of the academy trust have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the academy trust.

During the year, the academy trust has recognised the donated leasehold property, the new school building at Kingfisher School, which was donated to the academy trust at a cost value of £7,483,000.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

13 Debtors

	2019	2018
	£	£
VAT recoverable	96,779	13,018
Prepayments and accrued income	98,256	43,819
	<u>195,035</u>	<u>56,837</u>

14 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	120,859	40,763
Other taxation and social security	66,209	26,796
Other creditors	74,925	29,710
Accruals and deferred income	184,420	67,933
	<u>446,413</u>	<u>165,202</u>

	2019	2018
	£	£
Deferred income		
Deferred income at 1 September 2018	49,455	47,815
Amounts released from previous periods	(49,455)	(47,815)
Resources deferred in the period	109,139	49,455
Deferred income at 31 August 2019	<u>109,139</u>	<u>49,455</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals, and for school trips taking place in 2019/20.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

15 Funds

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
Other Local Authority Grant	108,102	410,550	(352,030)	(31,546)	135,076
General Annual Grant (GAG)	18,900	3,713,774	(3,512,245)	(15,139)	205,290
Other DfE/ESFA grants	11,000	869,166	(668,871)	(36,930)	174,365
Other restricted funds	12,103	3,500	(12,603)	-	3,000
Pension reserve	<u>(793,000)</u>	<u>(1,623,000)</u>	<u>(329,000)</u>	<u>(485,000)</u>	<u>(3,230,000)</u>
	<u>(642,895)</u>	<u>3,373,990</u>	<u>(4,874,749)</u>	<u>(568,615)</u>	<u>(2,712,269)</u>
Restricted fixed asset funds					
Inherited fixed assets	197,793	13,690,774	(326,503)	-	13,562,064
DfE/ESFA capital grants	369,683	290,116	(2,456)	-	657,343
Capital expenditure from GAG	13,631	-	(11,265)	-	2,366
Capital expenditure from other restricted funds	<u>37,728</u>	<u>123,327</u>	<u>(15,439)</u>	<u>75,508</u>	<u>221,124</u>
	<u>618,835</u>	<u>14,104,217</u>	<u>(355,663)</u>	<u>75,508</u>	<u>14,442,897</u>
Total restricted funds	<u>(24,060)</u>	<u>17,478,207</u>	<u>(5,230,412)</u>	<u>(493,107)</u>	<u>11,730,628</u>
Unrestricted funds					
General	178,373	469,075	(277,328)	-	370,120
Capital expenditure	<u>38,125</u>	<u>-</u>	<u>(13,785)</u>	<u>8,107</u>	<u>32,447</u>
Total unrestricted funds	<u>216,498</u>	<u>469,075</u>	<u>(291,113)</u>	<u>8,107</u>	<u>402,567</u>
Total funds	<u>192,438</u>	<u>17,947,282</u>	<u>(5,521,525)</u>	<u>(485,000)</u>	<u>12,133,195</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

15 Funds (continued)

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

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
Other Local Authority Grant	79,569	28,533	-	-	108,102
General Annual Grant (GAG)	40,042	1,748,793	(1,818,287)	48,352	18,900
Other DfE/ESFA grants	-	126,074	(115,074)	-	11,000
Other restricted funds	10,531	113,696	(112,124)	-	12,103
Pension reserve	(843,000)	-	(156,000)	206,000	(793,000)
	<u>(712,858)</u>	<u>2,017,096</u>	<u>(2,201,485)</u>	<u>254,352</u>	<u>(642,895)</u>
Restricted fixed asset funds					
Inherited fixed assets	204,166	-	(6,373)	-	197,793
DfE/ESFA capital grants	24,631	340,770	(2,456)	6,738	369,683
Capital expenditure from GAG	25,268	-	(11,637)	-	13,631
Capital expenditure from other restricted funds	<u>29,602</u>	<u>16,700</u>	<u>(8,574)</u>	<u>-</u>	<u>37,728</u>
	<u>283,667</u>	<u>357,470</u>	<u>(29,040)</u>	<u>6,738</u>	<u>618,835</u>
Total restricted funds	<u>(429,191)</u>	<u>2,374,566</u>	<u>(2,230,525)</u>	<u>261,090</u>	<u>(24,060)</u>
Unrestricted funds					
General	213,842	172,040	(117,894)	(89,615)	178,373
Capital expenditure	<u>15,932</u>	<u>-</u>	<u>(12,332)</u>	<u>34,525</u>	<u>38,125</u>
Total unrestricted funds	<u>229,774</u>	<u>172,040</u>	<u>(130,226)</u>	<u>(55,090)</u>	<u>216,498</u>
Total funds	<u>(199,417)</u>	<u>2,546,606</u>	<u>(2,360,751)</u>	<u>206,000</u>	<u>192,438</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Preston C of E Primary School	516,127	297,143
Kingfisher Primary School	55,413	31,335
Manor Court Primary School	122,063	-
Countess Gytha Primary School	183,189	-
North Cadbury C of E Primary School	11,059	-
	<hr/>	<hr/>
Total before fixed assets and pension reserve	887,851	328,478
Restricted fixed asset funds	14,442,897	618,835
Unrestricted fixed asset fund	32,447	38,125
Pension reserve	(3,230,000)	(793,000)
	<hr/>	<hr/>
Total	<u>12,133,195</u>	<u>192,438</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (CONTINUED)

15 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 Depreciation) £	Total 2019 £	Total 2018 £
Preston C of E Primary School	1,121,443	290,116	68,317	301,494	1,781,370	1,837,850
Kingfisher Primary School	337,821	87,690	22,782	107,359	555,652	314,734
Manor Court Primary School	1,167,153	201,562	44,245	285,107	1,698,067	-
Countess Gytha Primary School	326,066	48,749	11,677	65,648	452,140	-
North Cadbury C of E Primary School	125,535	31,089	656	46,925	204,205	-
Central services	131,642	-	-	-	131,642	-
Academy Trust	<u>3,209,660</u>	<u>659,206</u>	<u>147,677</u>	<u>806,533</u>	<u>4,823,076</u>	<u>2,152,584</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	32,447	-	14,220,231	14,252,678
Current assets	370,120	964,144	222,666	1,556,930
Current liabilities	-	(446,413)	-	(446,413)
Pension scheme liability	-	(3,230,000)	-	(3,230,000)
Total net assets	<u>402,567</u>	<u>(2,712,269)</u>	<u>14,442,897</u>	<u>12,133,195</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	38,125	-	340,869	378,994
Current assets	178,373	315,307	277,966	771,646
Current liabilities	-	(165,202)	-	(165,202)
Pension scheme liability	-	(793,000)	-	(793,000)
Total net assets	<u>216,498</u>	<u>(642,895)</u>	<u>618,835</u>	<u>192,438</u>

17 Commitments under operating leases

Operating leases

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

	2019 £	2018 £
Amounts due within one year	4,662	5,283
Amounts due between one and five years	<u>8,460</u>	<u>-</u>
	<u>13,122</u>	<u>5,283</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

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

	2019	2018
	£	£
Net income	12,425,757	185,855
Depreciation	369,449	41,372
Capital grants from DfE and other capital income	(411,693)	(357,470)
Interest receivable	(711)	(274)
Defined benefit pension scheme obligation inherited	1,623,000	-
Defined benefit pension scheme finance cost	329,000	156,000
Increase in debtors	(138,198)	(4,194)
Increase in creditors	281,211	56,149
Donated assets	(7,483,000)	-
Fixed assets transferred on conversion	(6,190,742)	-
Net cash provided by Operating Activities	<u>804,073</u>	<u>77,438</u>

19 Cash flows from investing activities

	2019	2018
	£	£
Dividends, interest and rents from investments	711	274
Purchase of tangible fixed assets	(569,391)	(120,767)
Capital funding received from sponsors and others	<u>411,693</u>	<u>357,470</u>
Net cash (used in)/provided by investing activities	<u>(156,987)</u>	<u>236,977</u>

20 Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	<u>1,361,895</u>	<u>714,809</u>
Total cash and cash equivalents	<u>1,361,895</u>	<u>714,809</u>

21 Members' liability

Each member (with the exception of Bath & Wells DBE Trust which is liable for £nil) of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

22 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Somerset County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £74,925 were payable to the schemes at 31 August 2019 (2018: £29,710) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the TPS based on April 2016 data determined an employer contribution rate of 23.6% which will be payable from 1 September 2019.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

22 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £277,000 (2018: £136,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £340,000 (2018 - £128,000), of which employer's contributions totalled £268,000 (2018 - £100,000) and employees' contributions totalled £72,000 (2018 - £28,000). The agreed contribution rates for future years are 20.9 per cent for employers and 6.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	<u>1.90</u>	<u>2.70</u>

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

	2019	2018
Retiring today		
Males retiring today	22.90	24.00
Females retiring today	24.00	25.20
Retiring in 20 years		
Males retiring in 20 years	24.60	26.30
Females retiring in 20 years	<u>25.80</u>	<u>27.50</u>

PRESTON PRIMARY ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****22 Pension and similar obligations (continued)****Sensitivity analysis**

	2019	2018
	£	£
Discount rate +0.1%	5,613,000	1,506,000
Discount rate -0.1%	5,917,000	1,587,000
Mortality assumption – 1 year increase	5,964,000	1,596,000
Mortality assumption – 1 year decrease	<u>5,569,000</u>	<u>1,497,000</u>

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

	2019	2018
	£	£
Equities	1,793,000	542,000
Gilts	151,000	40,000
Other bonds	232,000	68,000
Property	206,000	67,000
Cash and other liquid assets	<u>151,000</u>	<u>36,000</u>
Total market value of assets	<u>2,533,000</u>	<u>753,000</u>

The actual return on scheme assets was £162,000 (2018 - £28,000).

Amounts recognised in the statement of financial activities

	2019	2018
	£	£
Current service cost	(498,000)	(210,000)
Past service cost	(44,000)	-
Interest cost	(54,000)	(21,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	(25,000)
Admin expenses	<u>(1,000)</u>	<u>-</u>
Total amount recognized in the SOFA	<u>(597,000)</u>	<u>(256,000)</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

22 Pension and similar obligations (continued)

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

	2019	2018
	£	£
At start of period	1,546,000	1,467,000
Conversion of academy trusts	671,000	-
Transferred in on existing academies joining the trust	2,268,000	-
Current service cost	498,000	210,000
Interest cost	110,000	38,000
Employee contributions	72,000	28,000
Actuarial (gain)/loss	591,000	(194,000)
Benefits paid	(37,000)	(3,000)
Past service cost	44,000	-
At 31 August	<u>5,763,000</u>	<u>1,546,000</u>

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

	2019	2018
	£	£
At start of period	753,000	600,000
Conversion of academy trusts	248,000	-
Transferred in on existing academies joining the trust	1,068,000	-
Interest income	56,000	17,000
Actuarial gain/(loss)	105,000	11,000
Employer contributions	268,000	100,000
Employee contributions	72,000	28,000
Benefits paid	(37,000)	(3,000)
At 31 August	<u>2,533,000</u>	<u>753,000</u>

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

23 Related party transactions (continued)

Expenditure related party transactions

During the year the academy made the following related party transactions:

Diocese of Bath & Wells

During the year, the academy trust purchased services for conferences, workshops, and for a SIAMS inspection, totalling £682.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due to Diocese of Bath & Wells was £Nil (2018 - £Nil).

24 Transfer of existing academies into the Trust

On 1 September 2018 Manor Court Community Primary School joined the academy trust and all the operations, assets and liabilities were transferred to Preston Primary Academy Trust 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 amounts recognised as income in the Statement of financial activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

Manor Court

	Value reported by transferring academy trust £	Transfer in recognised £
Tangible fixed assets		
Leasehold land and buildings	2,633,167	2,633,167
Furniture and equipment	13,400	13,400
Computer equipment	11,075	11,075
	<u>2,657,642</u>	<u>2,657,642</u>
Pensions		
Pensions – pension scheme assets	1,068,000	1,068,000
Pensions – pension scheme liabilities	(2,268,000)	(2,268,000)
	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Net assets	<u>1,457,642</u>	<u>1,457,642</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

(CONTINUED)

25 Conversion to an academy trust

On 1 February 2019 the Countess Gytha Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Preston Primary Academy Trust from the Somerset County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of Financial Activities as voluntary income.

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	3,484,000	3,484,000
Other tangible fixed assets	-	-	44,150	44,150
On LA funds	181,651	-	-	181,651
LGPS pension surplus/(deficit)	-	(278,000)	-	(278,000)
Net assets	<u>181,651</u>	<u>(278,000)</u>	<u>3,528,150</u>	<u>3,431,801</u>

The above net assets include £181,651 that were transferred as cash.

On 1 May 2019 the North Cadbury C of E Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Preston Primary Academy Trust from the Somerset County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of Financial Activities as voluntary income.

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Other tangible fixed assets	-	-	4,950	4,950
On LA funds	18,149	-	-	18,149
LGPS pension surplus/(deficit)	-	(145,000)	-	(145,000)
Net liabilities	<u>18,149</u>	<u>(145,000)</u>	<u>4,950</u>	<u>(121,901)</u>

The above net liabilities include £18,149 that were transferred as cash.