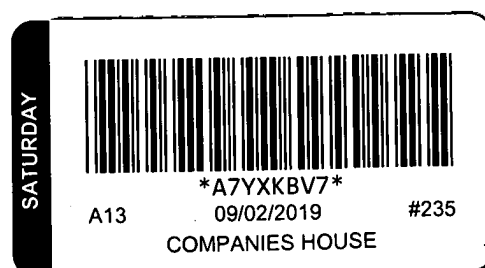


Preston Primary Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2018

Company Registration Number: 08727883 (England and Wales)



Preston Primary Academy Trust
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Preston Primary Academy Trust
Trustees' Report
For the Year Ended 31 August 2018

Members	M Kerrigan P Morgan (resigned 31 August 2018) A Miller A Weston (appointed 1 September 2018) Bath and Wells DBE Trust
Trustees	B Green (Head teacher and accounting officer) C Hodgson (resigned 31 August 2018) M Kerrigan (Chair of trustees) P Levey P Murley K Weeks A Weston (resigned 31 August 2018) L Orton
Senior Management Team	B Green (Executive Head & Head of Preston Primary School) J St John (Deputy Head) C Hodgson (Assistant Head) A Draper (Business Manager) L Crowe (Head teacher – Kingfisher) Y Lloyd (SEN Co-ordinator)
Company	Preston Primary Academy Trust
Principal and Registered Office	Preston C of E Primary School The Toose Abbey Manor Park Yeovil Somerset BA21 3SN
Company Registration Number	08727883 (England and Wales)
Independent Auditor	Albert Goodman LLP Mary Street House Mary Street Taunton Somerset TA1 3NW
Bankers	Lloyds Bank Plc 9 High Street Yeovil BA20 1RN

Preston Primary Academy Trust
Trustees' Report
For the Year Ended 31 August 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2018. 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 three 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 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.

Structure, Governance and Management

Constitution

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 purpose of this change was to allow the trust to open a new primary school (Kingfisher Primary School) that opened on 1 September 2016. Manor Court Primary School joined Preston Primary Academy Trust on 1 September 2018 and Countess Gytha Primary School is due to join the Trust on 1 February 2019.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details page.

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 has indemnity insurance for trustees via RPA. The limit of indemnity is £10,000,000.

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 Kingfisher Head, Deputy Head, Assistant Headteachers, the SEN coordinator, the Chair of Trustees, the 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.

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.

Related Parties and other Connected Charities and Organisations

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 2018 were:

- to deliver high quality education and care to all pupils within the Academy;
- 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;

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 trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

Strategic Report

Achievements and Performance

Key Performance Indicators

The tables below represent Preston C of E Primary School's performance in statutory tests/tasks for the academic year 2017-2018. 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 2018 at Year 1, Year 2 and Year 6 were significantly above national expectations.

Year 1 - Phonics Screening Check

	School	National
All pupils	97%	81%

Preston C of E Primary School were delighted to receive a letter from Nick Gibb MP (Minister of State for School Standards) congratulating them on their outstanding achievement in the 2018 phonics screening check.

With 97% of pupils at Preston C of E Primary School reaching or exceeding the pass mark in the check, this places them in the top 6% of all primary schools in the country.

Key Stage 1 (Year 2)

School Results (National averages based on 2017 are shown in brackets)

Subject	% at or above the expected standard
Reading	90% (76%)
Grammar, punctuation & spelling (writing)	90% (68%)
Mathematics	90% (75%)
Science	92% (83%)

Key Stage 2 (Year 6)

School Results (National averages based on 2017 are shown in brackets)

Measure	%
at or above the expected standard in reading, writing and mathematics	93% (64%)
at or above the expected standard in grammar, punctuation and spelling	97% (78%)
achieving at a high standard in grammar, punctuation and spelling	64% (34%)
at or above the expected standard in mathematics	98% (76%)
achieving at a high standard in mathematics	41% (24%)
at or above the expected standard in reading	95% (75%)
achieving at a high standard in reading	32% (28%)
at or above the expected standard in writing	97% (78%)
achieving in writing at greater	47% (20%)

Subject	Averaged Score	Scaled
Mathematics	109 (104)	
Reading	107 (105)	
Punctuation, grammar & spelling	111 (106)	

Average Progress	Score
Reading	+0.2
Mathematics	+2.6
Writing	+2.4

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).

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 received income of £2,546,606 (2017: £2,136,445) and incurred expenditure of £2,360,751 (2017: £2,155,011) which, together with an actuarial pension fund gain of £206,000 (2017: £258,000), results in a net increase in funds of £391,855 (2017: £239,434). By fund these figures are broken down as:

- Unrestricted income, generated through activities such as educational trips and clubs, of £172,040 less attributable expenditure, including transfers, of £185,316 to leave a deficit of £13,276.
- Restricted income of £2,017,096 less expenditure, transfers and pension adjustments of £1,947,133 to leave surplus of £69,963.
- Restricted fixed asset income of £357,470 less expenditure and transfers of £22,302 to leave a surplus of £335,168.

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 operating cost, which currently amounts to circa £150,000. 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 £178,373. Additionally within restricted funds the academy holds £150,105 of reserves (including the General Annual Grant) 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.

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.
- An extension to the main hall at Preston Primary to provide adequate dining facilities, assembly, PE and curriculum space for the whole school. Planning permission has been approved and the Hall/Kitchen extension build is aimed to be completed by Easter 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 Early Years accommodation at Manor Court primary.
- To successfully manage the integration of Manor Court Primary School and Countess Gytha Primary School.

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.

Preston Primary Academy Trust
Trustees' Report
For the Year Ended 31 August 2018

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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.

The auditor, Albert Goodman LLP, will be proposed for re-appointment at the Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13-12-18 and signed on the board's behalf by:



M Kerrigan
Chair of Trustees

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 the principal, 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 5 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 (Chair)	5	5
B Green (Head & Accounting Officer)	5	5
C Hodgson	4	5
P Levey	5	5
L Orton	4	5
P Murley	5	5
K Weeks	3	5
A Weston	4	5

The Board of Trustees carry out an annual self-evaluation exercise and this was last completed at the end of the 2017/18 academic year. This latest review showed no areas for concern.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to oversee the finances, personnel, and premises of the Academy Trust.

Attendance at the Preston Primary Academy Trust Finance Committee for year to 31 August 2018 was as follows:

Trustee	Meetings attended	Out of a possible
P Levey (Chair)	3	3
B Green	3	3
M Kerrigan	2	3
L Orton	2	3
A Weston	3	3

Review of Value for Money

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

- A review of the provision of water fountains and water coolers has led to a saving of £900 p.a. over a 3 year contract.
- A decision taken to self-insure in respect of staff absence insurance has resulted in a saving of £7,000. This decision will be reviewed on an annual basis to determine the composition of the staff and the risk on that composition.
- Grounds Maintenance & cleaning cost centres have been tightly managed and analysed. This has resulted in a saving of £5,000 across this area.

Going forward the Trust will tender 'trust wide' to achieve best value economies of scale.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy 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 of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Education Financial Services as internal auditor for the trust.

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

- A review of the Payroll
- A review off the General Financial Operations
- A review of Income
- A review of Purchasing

On a quarterly basis the internal 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 controls or other issues reported by the internal auditor to date.

Review of Effectiveness

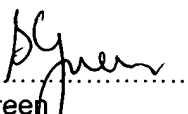
As accounting officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- 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 board of trustees and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13.12.18 and signed on its behalf by:


M Kerrigan
Chair of Trustees


B Green
Accounting Officer

Preston Primary Academy Trust
Statement on Regularity, Propriety and Compliance
For the Year Ended 31 August 2018

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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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


.....
B Green
Accounting Officer

Date: 13th December 2018

Preston Primary Academy Trust
Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 13/12/2018 and signed on its behalf by:


M Kerrigan
Chair of Trustees

Preston Primary Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Preston Primary Academy Trust

For the Year Ended 31 August 2018

Opinion

We have audited the financial statements of Preston Primary Academy Trust ('the charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared under the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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 properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

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 charitable company 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Preston Primary Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Preston Primary Academy Trust

For the Year Ended 31 August 2018

Other information

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

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

We have nothing to report in this regard.

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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Preston Primary Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Preston Primary Academy Trust

For the Year Ended 31 August 2018

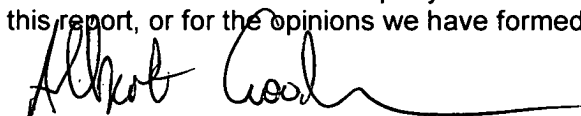
Our responsibilities for the audit of the financial statements

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

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

Use of our report

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

Date: 17 December 2018

Preston Primary Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Preston Primary Academy Trust and the Education and Skills Funding Agency For the Year Ended 31 August 2018

In accordance with the terms of our engagement letter dated 28 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Preston Primary Academy Trust during the year to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Preston Primary Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Preston Primary Academy Trust's funding agreement with the Secretary of State for Education dated 1 September 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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.

Preston Primary Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Preston Primary Academy Trust and the Education and Skills Funding Agency
For the Year Ended 31 August 2018

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 our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2017);
- A review of the governance policies and procedures with specific consideration for 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;
- A review of all meeting minutes of the board of 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 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Albert Goodman LLP
Chartered Accountants

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

Date: 17 December 2018

Preston Primary Academy Trust
Statement of Financial Activities (including Income and Expenditure Account)
For the Year Ended 31 August 2018

	Note	Unres- tricted £	Res- tricted General £	Restricted Fixed Asset £	2018 Total £	2017 Total £
Income and endowments from:						
Donations and capital grants	2	2,791	12,716	357,470	372,977	24,977
Charitable activities:						
Funding for the academy trust's educational operations	3	-	2,004,380	-	2,004,380	1,968,437
Other trading activities	4	168,975	-	-	168,975	142,752
Investments	5	274	-	-	274	279
Total		<u>172,040</u>	<u>2,017,096</u>	<u>357,470</u>	<u>2,546,606</u>	<u>2,136,445</u>
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6	130,226	2,201,485	29,040	2,360,751	2,155,011
Total		<u>130,226</u>	<u>2,201,485</u>	<u>29,040</u>	<u>2,360,751</u>	<u>2,155,011</u>
Net income / (expenditure)		41,814	(184,389)	328,430	185,855	(18,566)
Transfers between funds	15	(55,090)	48,352	6,738	-	-
Other recognised gains:						
Actuarial gains on defined benefit pension schemes		-	206,000	-	206,000	258,000
Net movement in funds		(13,276)	69,963	335,168	391,855	239,434
Reconciliation of funds						
Total funds brought forward		<u>229,774</u>	<u>(712,858)</u>	<u>283,667</u>	<u>(199,417)</u>	<u>(438,851)</u>
Total funds carried forward		<u>216,498</u>	<u>(642,895)</u>	<u>618,835</u>	<u>192,438</u>	<u>(199,417)</u>

All of the academy's activities derive from continuing operations during the above two financial periods.

The Statement of Financial Activities for the prior year is shown in Note 25.

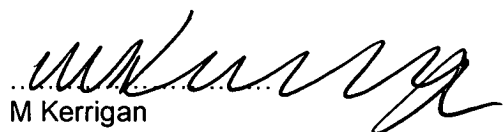
Preston Primary Academy Trust - Company Registration Number: 08727883

Balance Sheet

As at 31 August 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		378,994		299,599
Current assets					
Debtors	13	56,837		52,643	
Cash at bank and in hand	20	714,809		400,394	
		<u>771,646</u>		<u>453,037</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	(165,202)		(109,053)	
Net current assets			606,444		343,984
Total assets less current liabilities			<u>985,438</u>		<u>643,583</u>
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>985,438</u>		<u>643,583</u>
Defined benefit pension scheme liability	22		(793,000)		(843,000)
Total assets			<u><u>192,438</u></u>		<u><u>(199,417)</u></u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	618,835		283,667	
Restricted income fund	15	150,105		130,142	
Pension reserve	15	(793,000)		(843,000)	
Total restricted funds			(24,060)		(429,191)
Unrestricted income funds	15		216,498		229,774
Total funds			<u><u>192,438</u></u>		<u><u>(199,417)</u></u>

The financial statements on pages 21 to 46 were approved by the trustees, and authorised for issue on 13.12.18 and are signed on their behalf by:



M Kerrigan
Chair of Trustees

Preston Primary Academy Trust
Statement of Cash Flows
For the Year Ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	77,438	120,835
Cash flows from investing activities	19	236,977	(30,222)
Change in cash and cash equivalents in the reporting period		<u>314,415</u>	<u>90,613</u>
Cash and cash equivalents at 1 September 2017		400,394	309,781
Cash and cash equivalents at 31 August 2018	20	<u>714,809</u>	<u>400,394</u>

1 Statement of Accounting Policies

1.1 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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.

1.3 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 recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the 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'.

1.4 Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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, as follows:

Long leasehold land	125 Years
Long leasehold buildings	50 Years
Property improvements	15 – 50 Years
Fixtures and fittings	5 Years
ICT Equipment	4 Years

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.

1.6 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.

1.7 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.

1.8 Leased assets

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

1.9 Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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

1.12 Pensions 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.

1.13 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.

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Capital grants	-	357,470	357,470	9,029
Other donations	2,791	12,716	15,507	15,948
	<u>2,791</u>	<u>370,186</u>	<u>372,977</u>	<u>24,977</u>

3 Funding for the academy trust's educational operations

	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,748,793	1,748,793	1,682,823
Other DfE/ESFA grants	-	210,852	210,852	185,557
	<u>-</u>	<u>1,959,645</u>	<u>1,959,645</u>	<u>1,868,380</u>
Other Government grants				
Individually assigned resources	-	16,202	16,202	20,599
Other local authority grants	-	28,533	28,533	79,458
	<u>-</u>	<u>44,735</u>	<u>44,735</u>	<u>100,057</u>
	<u>-</u>	<u>2,004,380</u>	<u>2,004,380</u>	<u>1,968,437</u>

4 Other Trading activities

	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Facilities and services income	54,646	-	54,646	26,366
Educational trips and activities	34,212	-	34,212	39,444
Other income	80,117	-	80,117	76,942
	<u>168,975</u>	<u>-</u>	<u>168,975</u>	<u>142,752</u>

Preston Primary Academy Trust
Notes to the Financial Statements
For the Year Ended 31 August 2018

5 Investment income

	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Short term deposits	274	-	274	279
	<u>274</u>	<u>-</u>	<u>274</u>	<u>279</u>

6 Expenditure

	Staff Costs £	Premises £	Other £	Total 2018 £	Total 2017 £
Academy's educational operations:					
Direct costs	1,557,383	-	146,564	1,703,947	1,611,417
Allocated support costs	321,056	37,073	287,879	646,008	543,594
	<u>1,878,439</u>	<u>37,073</u>	<u>434,443</u>	<u>2,349,955</u>	<u>2,155,011</u>

Net income/(expenditure) for the period includes:

	2018 £	2017 £
Operating lease rentals	8,701	9,577
Depreciation	41,372	40,752
Fees payable to auditor for:		
- audit	6,250	5,100
- other services	1,250	3,530

7 Resources expended on charitable activities

	2018 £	2017 £
Direct costs - educational operations	1,714,743	1,611,417
Support costs - educational operations	646,008	543,594
	<u>2,360,751</u>	<u>2,155,011</u>

	2018 £	2017 £
Direct costs - educational operations		
Teaching and educational support staff	1,532,528	1,453,283
Technology costs		
Educational supplies	79,993	78,062
Staff development	4,278	6,141
Educational consultancy	1,279	-
Trip costs	69,542	46,411
Supply teacher costs	24,855	17,750
Other direct costs	2,268	9,770
Support costs - educational operations		
Support staff costs	321,056	261,164
Depreciation	41,372	40,752
Recruitment and support	7,531	6,096
Rent and rates	5,540	5,019
Energy costs	21,690	17,092
Insurance	11,583	11,206
Catering	120,887	85,256
Maintenance of premises and equipment	63,135	63,303
Cleaning	9,843	10,559
Office expenses	1,009	-
Legal and professional	4,471	8,795
Accountancy fees	13,796	12,166
Other support costs	23,209	21,706
Governance costs	886	480
	<u>2,360,751</u>	<u>2,155,011</u>

8 Staff

a. Staff costs

Staff costs during the period were:

	2018	2017
	Total	Total
	£	£
Wages and salaries	1,353,186	1,285,000
Social security costs	108,928	98,497
Pension Costs	391,470	330,950
	<u>1,853,584</u>	<u>1,714,447</u>
Supply staff costs	24,855	17,750
	<u>1,878,439</u>	<u>1,732,197</u>

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	21	22
Administration and support	62	50
Management	2	1
	<u>85</u>	<u>73</u>

c. Higher paid staff

	2018	2017
	No.	No.
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension and employer national insurance contributions) paid by the academy for key management personnel services to the academy trust was £381,983 (2017: £364,515).

9 Central Services

No central services were provided by the academy trust to its academies during the period and no central charges arose.

10 Related party transactions – trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The Executive Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

B Green, Headteacher and trustee	
Remuneration	£95,000 - £100,000 (2017: £85,000 - £90,000)
Employer's pension contributions	£15,000 - £20,000 (2017: £10,000 - £15,000)
C Hodgson, Staff trustee	
Remuneration	£35,000 - £40,000 (2017: £35,000 - £40,000)
Employer's pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £69 (2017: £Nil) were reimbursed to the trustees.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Leasehold Land and Buildings £	Property Improve- ments £	Fixtures and Fittings £	ICT Equipment £	Total £
Cost					
At 1 September 2017	215,644	46,578	60,121	93,354	415,697
Additions	79,496	1,200	11,971	28,100	120,767
Disposals	-	-	-	(500)	(500)
At 31 August 2018	<u>295,140</u>	<u>47,778</u>	<u>72,092</u>	<u>120,954</u>	<u>535,964</u>
Depreciation					
At 1 September 2017	13,539	2,748	31,953	67,858	116,098
Charged in year	4,381	1,156	14,418	21,417	41,372
Eliminated on disposal	-	-	-	(500)	(500)
At 31 August 2018	<u>17,920</u>	<u>3,904</u>	<u>46,371</u>	<u>88,775</u>	<u>156,970</u>
Net book values					
At 31 August 2017	<u>202,105</u>	<u>43,830</u>	<u>28,168</u>	<u>25,496</u>	<u>299,599</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 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.

13 Debtors

	2018 £	2017 £
VAT recoverable	13,018	7,097
Prepayments and accrued income	43,819	45,546
	<u>56,837</u>	<u>52,643</u>

14 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	40,763	-
Taxation and social security	26,796	25,557
Other creditors	29,710	27,262
Accruals and deferred income	67,933	56,234
	<u>165,202</u>	<u>109,053</u>
	2018	2017
	£	£
Deferred income at 1 September 2017	47,815	44,223
Released from previous years	(47,815)	(44,223)
Resources deferred in the year	49,455	47,815
Deferred income at 31 August 2018	<u>49,455</u>	<u>47,815</u>

At the balance sheet date the academy trust was holding £49,455 (2017: £46,396) received in advance for Universal Infant Free School Meals and £Nil (2017: £1,419) received in advance from Parents.

15 Funds

	Balance At 1 September 2017 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance At 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	40,042	1,748,793	(1,818,287)	48,352	18,900
General donations	3,000	12,716	(11,144)	-	4,572
Start Up Grants	7,531	-	-	-	7,531
Other DfE/EFSA grants	-	126,074	(115,074)	-	11,000
Other Grants	-	100,980	(100,980)	-	-
Other local authority grants	79,569	28,533	-	-	108,102
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
Capital expenditure from CIF	-	340,770	-	-	340,770
Capital expenditure from GAG	25,268	-	(11,637)	-	13,631
Capital expenditure from ACMF	24,631	-	(2,456)	6,738	28,913
Capital expenditure from other restricted funds	29,602	16,700	(8,574)	-	37,728
	<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	15,932	-	(12,332)	34,525	38,125
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>

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

	Balance At 1 September 2016 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance At 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	33,951	1,682,823	(1,657,724)	(19,008)	40,042
General donations	2,000	14,406	(13,406)	-	3,000
Start Up Grant	25,000	-	(15,005)	(2,464)	7,531
Other DfE/ESFA grants	-	185,557	(185,557)	-	-
Other local authority grants	111	100,057	(20,599)	-	79,569
Pension reserve	(985,000)	-	(116,000)	258,000	(843,000)
	<u>(923,938)</u>	<u>1,982,843</u>	<u>(2,008,291)</u>	<u>236,528</u>	<u>(712,858)</u>
Restricted fixed asset funds					
Inherited fixed assets	213,089	-	(8,923)	-	204,166
Capital expenditure from GAG	31,838	-	(16,339)	9,769	25,268
Capital expenditure from ACMF	27,087	-	(2,456)	-	24,631
Capital expenditure from other restricted funds	29,848	9,029	(8,514)	(761)	29,602
	<u>301,862</u>	<u>9,029</u>	<u>(36,232)</u>	<u>9,008</u>	<u>283,667</u>
Total restricted funds	<u>(622,076)</u>	<u>1,991,872</u>	<u>(2,044,523)</u>	<u>245,536</u>	<u>(429,191)</u>
Unrestricted funds					
General	175,237	144,573	(105,968)	-	213,842
Capital expenditure	7,988	-	(4,520)	12,464	15,932
Total unrestricted funds	<u>183,225</u>	<u>144,573</u>	<u>(110,488)</u>	<u>12,464</u>	<u>229,774</u>
Total funds	<u>(438,851)</u>	<u>2,136,445</u>	<u>(2,155,011)</u>	<u>258,000</u>	<u>(199,417)</u>

15 Funds (continued)

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

General Annual Grant (GAG) – Funding from the Education and Skills Funding Agency to support the education and running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

General donations – Donations received which have been expressed through the donor to be spent on specific projects/activities.

Devolved Formula Capital Grant – A grant provided by the Education and Skills Funding Agency to maintain and improve buildings and facilities.

Start up grant – A one off grant to support costs associated with conversion to an academy.

Other DfE/ESFA grants – Grants from the Education and Skills Funding Agency to support and pupils from low income families and provide universal infant free school meals.

Other local authority grants – Funding from Somerset County Council for children that have a specific requirement for additional support and funding received for assisting on forming a MAT.

Pension Reserve – This fund represents the pension deficit for the Local Government Pension Scheme and its associated costs for the period.

Inherited Fixed Assets – Represents the building and equipment donated to the school from the County Council on conversion to an academy.

Capital expenditure from CIF – Represents specific funding received to purchase fixed assets.

Capital expenditure from GAG – Represents the amount spent on fixed assets out of the GAG funding received from the Education and Skills Funding Agency.

Capital expenditure from ACMF – Represents specific funding received to purchase fixed assets.

Capital expenditure from other restricted funds – Represents funding received from the Education and Skills Funding agency to purchase fixed assets.

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Preston Primary	297,143	312,536
Kingfisher Primary	31,335	31,446
Total before fixed assets and pension reserve	<u>328,478</u>	<u>343,982</u>
Designated funds for capital expenditure	38,125	15,932
Restricted fixed asset fund	618,835	283,669
Pension Reserve	(793,000)	(843,000)
Total	<u>192,438</u>	<u>(199,417)</u>

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 2018 £	Total 2017 £
Preston Primary	1,230,764	221,723	59,922	325,441	1,837,850	1,826,187
Kingfisher Primary	198,631	46,468	9,275	60,360	314,734	172,072
LGPS Pension Costs	103,134	52,866	-	-	156,000	116,000
Academy Trust	<u>1,532,529</u>	<u>321,057</u>	<u>69,197</u>	<u>385,801</u>	<u>2,308,584</u>	<u>2,114,259</u>

16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	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	216,498	(642,895)	618,835	192,438

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	15,932	-	283,667	299,599
Current assets	213,842	239,195	-	453,037
Current liabilities	-	(109,053)	-	(109,053)
Pension scheme liability	-	(843,000)	-	(843,000)
Total net assets	229,774	(712,858)	283,667	(199,417)

17 Commitments under operating leases

Operating leases

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

	2018	2017
	£	£
Amounts due within one year	5,283	7,044
Amounts due between one and five years	-	5,283
	<u>5,283</u>	<u>12,327</u>

18 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	185,855	(18,566)
Adjusted for:		
Depreciation charges (note 7)	41,372	40,752
Capital grants from DfE and other capital income	(357,470)	-
Interest receivable (note 5)	(274)	(279)
Defined benefit pension scheme costs less contributions payable (note 22)	110,000	95,000
Defined benefit pension scheme finance cost (note 22)	46,000	21,000
(Increase)/decrease in debtors	(4,194)	(7,750)
Increase/(decrease) in creditors	56,149	(9,322)
Net cash provided by/(used in) operating activities	<u>77,438</u>	<u>120,835</u>

19 Cash flows from investing activities

	2018	2017
	£	£
Dividends, interest and rents from investments	274	279
Purchase of tangible fixed assets	(120,767)	(30,501)
Capital grants from DfE/ESFA	277,974	-
Capital funding received from sponsors and others	79,496	-
Net cash provided by / (used in) investing activities	236,977	(30,222)

20 Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand and at bank	714,809	400,394
Total cash and cash equivalents	714,809	400,394

21 Members' Liability

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

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 2013. Contributions amounting to £29,710 were payable to the schemes at 31 August 2018 (2017: £27,160) and are included within creditors.

Teachers' Pension Scheme

Introduction

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 next valuation of the TPS is currently underway based on April 2016 data whereupon the employer contribution rate is expected to be reassessed. The most recent communication received from the Department for Education suggested the new contribution rate is expected to be 23.6% payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £136,000 (2017: £132,000).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £128,000 (2017: £107,000), of which employer's contributions totalled £100,000 (2017: £82,000) and employees' contributions totalled £28,000 (2017: £25,000). 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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

	2018	2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2018	2017
<i>Retiring today</i>		
Males	24.0	23.9
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	26.3	26.2
Females	27.5	27.4

Sensitivity analysis

	2018 £	2017 £
Discount rate +0.1%	1,506,000	1,397,000
Discount rate -0.1%	1,587,000	1,472,000
Mortality assumption - 1 year increase	1,596,000	1,481,000
Mortality assumption - 1 year decrease	1,497,000	1,389,000

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

	2018 £	2017 £
Equities	542,000	420,000
Gilts	40,000	33,000
Corporate bonds	68,000	59,000
Property	67,000	53,000
Cash and other liquid assets	36,000	26,000
Total market value of assets	<u>753,000</u>	<u>591,000</u>

The actual return on scheme assets was £28,000 (2017: £83,000).

Amounts recognised in the Statement of Financial Activities

	2018	2017
	£	£
Current service cost	(210,000)	(176,000)
Interest cost	(21,000)	(21,000)
Liabilities assumed on settlements	(25,000)	-
Admin expenses	-	(1,000)
Total amount recognised in the SOFA	(256,000)	(198,000)

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

	2018	2017
	£	£
At 1 September	(1,434,000)	(1,564,000)
Current service cost	(210,000)	(176,000)
Interest cost	(38,000)	(35,000)
Employee contributions	(28,000)	(25,000)
Actuarial (gain)/loss	194,000	364,000
Estimated benefits paid net of transfers in	3,000	2,000
Liabilities (assumed) / extinguished on settlements	(33,000)	-
At 31 August	(1,546,000)	(1,434,000)

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

	2018	2017
	£	£
At 1 September	591,000	579,000
Interest income	17,000	14,000
Actuarial gain/(loss)	12,000	(106,000)
Employer contributions	100,000	82,000
Employee contributions	28,000	25,000
Administration expenses	-	(1,000)
Benefits paid	(3,000)	(2,000)
Settlement prices received	8,000	-
At 31 August	753,000	591,000

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 and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

24 Events after the end of the reporting period

On 1 September 2018, Kingfisher Primary School entered into a 125-year lease for school premises from the local authority. The premises will be recognised on the balance sheet at that date.

On 1 February 2019, a local authority school, Countess Gytha Primary School, is due to join the academy trust.

Transfer of existing academies into the academy trust

On 1 September 2018, Manor Court Primary School joined the academy trust.

Preston Primary Academy Trust
Notes to the Financial Statements
For the Year Ended 31 August 2018

25 Prior year Statement of Financial Activities

	Unres- tricted £	Restricted General £	Restricted Fixed Asset £	2017 Total £
Income and endowments from:				
Donations and capital grants	1,542	14,406	9,029	24,977
Transfer from local authority on conversion	-	-	-	-
Charitable activities:				
Funding for the academy trust's educational operations	-	1,968,437	-	1,968,437
Other trading activities	142,752	-	-	142,752
Investments	279	-	-	279
Total	144,573	1,982,843	9,029	2,136,445
Expenditure on:				
Raising funds	-	-	-	-
Charitable activities:				
Grants	-	-	-	-
Academy trust educational operations	110,488	2,008,291	36,232	2,155,011
Teaching schools	-	-	-	-
Other	-	-	-	-
Total	110,488	2,008,291	36,232	2,155,011
Net income / (expenditure)	34,085	(25,448)	(27,203)	(18,566)
Transfers between funds	12,464	(21,472)	9,008	-
Other recognised gains / (losses):				
Actuarial (losses) / gains on defined benefit pension schemes	-	258,000	-	258,000
Net movement in funds	46,549	211,080	(18,195)	239,434
Reconciliation of funds				
Total funds brought forward	183,225	(923,938)	301,862	(438,851)
Total funds carried forward	229,774	(712,858)	283,667	(199,417)