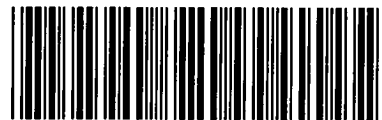


Company Registration No. 09718257 (England and Wales)

PA COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

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PA COMMUNITY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

N Razaq
A Balson (resigned 8 March 2019)
S Islam
P Venables (resigned 9 September 2018)
Q Zaman (appointed 12 November 2018)
T Afzal (appointed 19 November 2018)

Trustees

Mrs M Rowley
Miss A Balson (Director of School Improvement) (Resigned 29 November 2018)
Mrs P Sherlock-Lewis (Deputy CEO) (Resigned 13 September 2018)
Mr S Gulzar (CEO)
Mr P Hamilton (Director of Finance) (Resigned 11 March 2019)
Mr S Islam (Vice Chair) (Resigned 23 November 2018)
Ms S Knottenbelt (Chair)
Mr G Kelham
Mr C Parker
Mr B Downie (Appointed 13 September 2018)
Mr T Afzal (Appointed 18 December 2018)
Mr N Gupta (Appointed 17 April 2019)
Mr D Hill (Appointed 25 April 2019)

Senior management team

- Chief Executive Officer
- Deputy Chief Executive Officer
- Head of School, Prince Albert Primary
- Head of School, Heathfield Primary
- Head of School, Highfield Primary
- Head of School, Birchfield Primary

S Gulzar
P Sherlock-Lewis
M Davies
S Amir-Baz
A Knibbs
Z Thewlis

Company secretary

Miss M Jones

Company registration number

09718257 (England and Wales)

Registered office

Unity House
27 Trinity Road
Birmingham
B6 6AJ

Academies operated

Heathfield Primary School
Highfield J&I School
Prince Albert Primary
Birchfield Community School

Location

Birmingham
Birmingham
Birmingham
Birmingham

Principal

S Amir-Baz
A Knibbs
M Davies
Z Thewlis

Independent auditor

Baldwins Audit Services
Bank House
8 Cherry Street
Birmingham
B2 5AL

PA COMMUNITY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was constituted on the 5th August 2015 and commenced activities as an Academy on 1 September 2015.

The Trustees act as the Trustees for the charitable activities of the PA Community Trust and are also the Trustees of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year are included in the Reference and Administrative details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Trust 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 to the limit of £10,000,000.

Method of recruitment and appointment or election of Trustees

The Trustees are recruited by the members who will determine the recruitment process, ensuring skills and experience of potential candidates are matched to the requirements of the board.

Policies and procedures adopted for the induction and training of Trustees

The Trust Board has a Service Level Agreement with the National Governors Association, to provide advice and support to the Trust Board and/or an Academy Committee within the Trust. The clerk along with external organisations provides a training programme based on the needs from the governance skills audit. The Trustees are also about to undertake a board development programme.

Newly appointed representatives attend induction training and in addition notify the clerk of any training that they feel they need.

Principal Activities

The principal activity of the Charitable Company in the period under review is the operation of the PA Community Trust to provide a broad and balanced high quality, free primary education to children aged between 3 and 11 years.

PA COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The Board of Trustees assumes full responsibility for overseeing the strategic direction of the Multi-Academy Trust. The Trustees are accountable for the entire business of the MAT. Each school within the MAT will have an Academy Committee that has responsibility for the quality of teaching and learning, standards and safeguarding. Although the Board of Trustees will have overall control of the MAT, it is important that at the local level, schools have autonomy in these areas. Such local governance will include holding the school to account, challenge and support. Sponsored schools that are in 'special measures' at the time of conversion will not have an Academy Committee until the Trustees are satisfied that aspects of governance can safely be delegated away from the board. All details of organisational structure and persons responsible can be found in the scheme of delegation.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for senior management personnel is set by the Trust Board, taking independent professional advice when necessary. Pay for the CEO (Executive Head Teacher), the Deputy CEO and Heads of School is subject to the School Teachers Pay & Conditions Document. Pay and remuneration for non-teaching senior management such as Trust Business Leads, is set based on the needs of the Trust, market conditions and independent professional advice where necessary.

Trade Union Information

The Trust pays into facility time subscription.

The Trust co-operates and communicates as appropriate with the relevant trade unions for both teaching and non-teaching staff. The main unions are NEU for teachers, GMB, Unite and Unison for support staff.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	2.79

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	10,212,939
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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PA COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Related parties and other connected charities and organisations

The Multi Academy Trust works with many school networks within the Birmingham area and beyond. The Trust has also supported schools that require improvement through providing staff to help bring up standards and implement best practice both in teaching and learning and in business functions.

Risk Management

The Trustees confirm that, as part of an ongoing process, the major risks to which the Charitable Company is exposed have been reviewed and systems have been established to mitigate any risks identified. Business Risk Assessment is reviewed half termly by the Finance and Audit Committee and reported to the Trust Board, to endorse any decisions made or action taken.

Objectives and activities

Objects and aims

- To provide a high quality education to all our pupils that not only prepares them for the next stage of their learning journey but for life beyond.
- To ensure that all member schools are outstanding, building a reputation for innovation and excellence.
- To transform failing schools in to high performing sponsored academies.

Objectives, strategies and activities

- To build school improvement capacity through high quality staff professional development at all levels including non-teaching staff.
- To develop a Central Support Team comprising of leaders for Site & Buildings, HR, Finance, ICT and Pastoral Care that will provide high quality school improvement input to all Trust schools.
- To ensure that special measures schools improve rapidly and are at least 'good' at first inspection post sponsorship.
- To continue to grow at a rate of 1 school per academic year up to a maximum of 5.
- To ensure that the Trust continues to develop leaders from within who will have the knowledge, skills and expertise to lead Trust schools in the future.
- To continue to work towards opening a secondary free school that will serve the same communities as the Trust primary schools. To continue to build links with key partners to this end.
- To ensure that the Trust remains financially viable through an appropriate top-slice that funds the Central Support Team and other services.
- To continue to develop the Trust board through high quality training and CPD.

Public benefit

In setting our objectives and planning our activities, the Trust Board has had due regard to the Charity Commission's general guidance on public benefit.

The Trust generally admits pupils within the Birmingham area and pupils are admitted based on the criteria set out in each schools individual admissions policy.

Equality Opportunity and the employment of disabled persons

The Trust has both an equality policy and the PACT equality statement that sets out the fair treatment of disabled people, staff and children.

PA COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Heathfield Primary School

Heathfield Primary school was federated with Prince Albert School in February 2014 following a period of leadership support. Both schools were led by a single governing body from this point until conversion to a multi-academy Trust in September 2015 when they became part of the PA Community Trust. The school was barely RI at this time and only avoided Special Measures due to the planned hard federation. The school has improved significantly over the last three years and achieved a "good" at its latest Ofsted inspection in June 2018.

Highfield Junior & Infant School

Highfield J&I was placed in 'special measures' by Ofsted in September 2014. Highfield joined the PA Community Trust as a sponsored academy in April 2016. Prior to conversion much of the teaching was inadequate, with very little that was good. The academy then received significant support from the MAT leading to rapid school improvement. All inadequate teaching has been eliminated and the school achieved its first "Good" in January 2019.

Birchfield Community School

Birchfield was placed in 'special measures' by Ofsted in June 2017. This was also following an inspection in March 2015 rating the school as "Requires Improvement". Birchfield has since received a large amount of support from the PA Community Trust both prior to conversion, as a supporting Trust, as well as post conversion. Significant changes have been made in safeguarding, leadership, teaching practice and many other areas to improve the school and work continues to enable Birchfield to achieve at least a rating of "good" at the next Ofsted inspection.

Prince Albert

Prince Albert Primary School is our lead school and the capacity developed at Prince Albert has enabled us to staff the leadership teams at the Trusts other schools. This in turn has lead to significant school improvements.

Key performance indicators

Achievements and Performance: Pupil Outcomes 2018/19:

Assessment Overview 2019									National 2019
Year group	Prince Albert School		Heathfield School		Highfield School		Birchfield School		
EYFS – GLD	66%		55%		47%		40%		72%
Phonics – Y1	84%		72%		66% (71% NAC)		72%		82%
Year 2	Expected +	Greater Depth	Expected +	Greater Depth	Expected +	Greater Depth	Expected +	Greater Depth	
Reading	78%	10%	77%	10%	62%	7%	63%	2%	75% GD 25%
Writing	72%	4%	75%	3%	56%	2%	60%	3%	70% GD 15%
Maths	77%	7%	78%	8%	60%	3%	64%	6%	75% GD 22%
Year 6	Expected +	Greater Depth	Expected +	Greater Depth	Expected +	Greater Depth	Expected +	Greater Depth	
Reading	86%	29%	73%	16%	55%	15%	66%	15%	73% GD 27%
Writing	80%	10%	80%	7%	65%	6%	72%	11%	78% GD 20%
Maths	90%	38%	91%	20%	66%	15%	67%	16%	79% GD 27%
GPAS	90%	58%	85%	58%	75%	39%	81%	41%	78% GD 36%
Combined (R,W +M)	76%	9%	69%	3%	48%	39%	55%	6%	65% GD 11%

PA COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 concerning the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Reserves policy

The academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the academy has or can make available to spend for any or all of the academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the academy which is to be spent at the trustees' discretion in furtherance of any of the academy's objects but which is not yet spent, committed or designated.

The Trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams. The Trustees will ensure that an appropriate level of free reserves will be maintained across the MAT. This is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves is £1,942,184.

Funding

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, the Academy received total funding of £15,343,906 compared to total resources expended of £15,065,531 to give a surplus for the year of £278,375.

Taking into account the surplus brought forwards from last year and inherited from the former local authority school, the academy has £10,300,265 in accumulated reserves carried forwards.

The Trust receives the majority of its income monthly in advance from the ESFA and as such does not have to retain a large amount of reserves, as it believes the income received from the ESFA based on the pupils for that year, should be spent on these pupils for which it was intended. As such the Trustees consider an appropriate level of reserves to be in the order of 5% of the total planned expenditure to cover any unexpected expenditure.

The deficit on restricted general funds is £11,080,559. This arises from an actuarial deficit on the pension scheme of £11,502,000. The pension scheme deficit will be dealt with as advised by the actuary. The Trustees intend to eliminate the remaining deficit through careful management of the Trust's reserves.

Investment policy

Any surplus funds are invested with Lloyds Bank in a deposit account. These investments are carried out in accordance with the powers vested in the Trust board.

PA COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

The financial results of the Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the DfE and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the DfE. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the period ended 31st August 2019 total resources expended were £15,065,531 and the surplus of income over expenditure was £278,375.

At 31st August 2019 the net book value of fixed assets was £18,943,218. The assets were used exclusively for providing the education and the associated support services to the pupils of the PA Community Trust.

The academy has a comprehensive Risk Register, which is used in conjunction with regular financial reporting to monitor the operational and financial performance of the academy.

The Trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Outlined below is a description of the principal risk factors that may affect the Trust. However, not all factors are within the academy's control and other factors besides those listed below may also adversely affect the academy.

1. Government funding

The academy has considerable reliance on continued government funding through the Education Funding Agency (ESFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the academy budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the academy's balance sheet in line with the requirements of FRS 17.

The academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The academy seeks to maintain its popularity with current and prospective pupils by:

- ensuring the academy delivers high quality education and training;
- maintaining outstanding success rates and good inspection outcomes; and
- investing in its teaching staff and resources.

With ongoing commitment to quality, the academy now provides high quality learning environments. This places the Trusts academy's in an excellent position to attract new pupils.

PA COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

Each school within the Trust can hold up to 6 main fundraising events each year. 3 of these are held for the benefit of the Trust with the other 3 held for the benefit of external charities, all of which are events that operate within the schools. The Trust also accepts voluntary contributions for school trips. The Trust does not use professional fund raisers neither does it have any fundraising conducted by a 3rd party on its behalf. The Trust received no complaints for the 2018/19 financial year in relation to fundraising. When organising fundraising events the Trust always considers the protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate. To further ensure this is the case the Trust ensures prices set at charity events are fair and reasonable and events are open and free to attend for all.

Plans for future periods

The Trust is expecting to grow from 4 primary schools to 5 primary schools (increasing to over 3000 pupils) in the 2019/20 year.

The Trusts will open a 6 form entry secondary Free School as part of Wave 12 of the Free School application process. The opening date for the proposed Free School is September 2021 and it will be located in Birmingham.

The Trust is continually reviewing its staffing structures as it grows and learns from previous experience how staff are best deployed and therefore allocates resources in the most effective manner.

Auditor

In so far 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.

The auditors, Baldwins, will be proposed along with other companies for appointment at the forthcoming Annual General Meeting.

The Trustees report, incorporating a strategic report, was approved by order of the members of the MAT on 16th December 2019 and signed on its behalf by:



Ms S Knottenbelt
Chair

PA COMMUNITY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that PA Community 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 Trust Board has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between PA Community Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board 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 8 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

PA COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Trust Board meetings Sajid Gulzar Sue Knottenbelt Colin Parker Gary Kelham Maxine Rowley Phillipa Downes Anna Balson Shahinul Islam Paul Hamilton Billy Downie Taheer Afzal Darrin Hill Nirmal Gupta	Position	13.09.18	09.10.18	06.11.18 not quorate	18.12.18	21.01.19	10.04.19	25.05.19	03.06.19	17.07.19
	CEO	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	CHAIR	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes
	TRUSTEE	Yes	No	No	Yes	Yes	Yes	No	No	No
	TRUSTEE	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
	TRUSTEE	Yes	Yes	No	Yes	No	No	No	No	Yes
	DCEO	Yes	Resigned							
	TRUSTEE	No	No	No	Resigned					
	TRUSTEE	Yes	No	No	Resigned					
	TRUSTEE	No	Yes	No	No	No	Resigned			
	TRUSTEE	Not yet appointed	Yes	No	Yes	No	Yes	No	No	No
	TRUSTEE	Not yet appointed				No	No	No	No	Yes
	TRUSTEE	Not yet appointed						Yes	Yes	Yes
	TRUSTEE	Not yet appointed						Yes	Yes	Yes

Over the academic year 18/19 the Trust board has seen much change. This has enabled the appointment of a head teacher who is also a national leader of education. An accountant with significant audit experience, and 2 management consultants one with a history of working with boards on strategy and programme delivery and the other also having experience of working with large organisations. These appointments has strengthened the skillset of the board giving it a greater depth of knowledge.

Due to the personal roles of Trustees it has been very difficult to get all Trustees to attend meetings.

The Trust has advertised for Academy Representatives throughout the year. It has been very difficult to find people with the desired skills to sit on the committees.

The PACT consisted of 4 schools for the period 2018/19. All PACT schools, apart from Birchfield School, have their own Academy Committee. Birchfield School governance is overseen by the Heathfield Academy Committee. The Academy Representatives and attendance at meetings is as follows:

Prince Albert School

Prince Albert	Position	13.09.18	05.12.19	14.02.19	09.04.19	11.07.19
Miss Mel Davies	HoS	Yes	Meeting not quorate therefore could not take place	Yes	Meeting not quorate therefore could not take place	Yes
Mrs Madhia Naeem	Chair/Parent	Yes		Yes		Yes
Mrs Sumayya Patel	DHT	No		Yes		Yes
Mrs Ava Sturridge-Packer	Representative	No		Resigned		
Ms Zaiga Jotcika	Representative	No		Removed		
Mr Simon Bartlett	Representative	No		Resigned		
Ms Sajida Ayub	Representative	Not yet appointed		No		No
Mr Zahid Mahmood	Representative/parent	Not yet appointed		Yes		Yes

PA COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Heathfield Primary School

Heathfield	Position	13.09.18	13.12.18	28.03.19	11.07.19
Mrs Shabana Amir-Baz	HoS	Yes	Yes		
Mrs Fiona Atherton	DHT/HoS	Yes	No	Yes	Yes
Mr Martyn Bennett	Chair	Yes	Yes	Yes	No
Mrs Naila Tabassam	Representative	Yes	Yes	Yes	Yes
Mr Anwar Karim	Representative/parent	Yes	Yes	Yes	Yes
Cllr Waseem Zaffar	Representative/parent	No	No	Yes	No
Mr Zahid Mahmood	Representative	Yes	Yes	Yes	Yes
Mrs Sam Richards	DHT			Yes	Yes

Highfield Primary School

Highfield	Position	13.09.18	11.12.18	26.03.19	16.07.19
Mr Ashley Knibbs	HoS	Yes	Yes		
Mrs Steph Davies	DHT	Yes		Maternity	
Mrs Amanda Hazeldine	DHT		No		
Mrs Clare Jackman	Chair	Yes		Resigned	
Dr Scott Banks	Chair	No	Yes		
Mr Peter Hopkins	Representative	Yes	Yes	Meeting not quorate therefore could not take place	Meeting not quorate therefore could not take place
Mrs Kate Ellis	Representative	Yes	Yes		
Mrs Farrah Khan	Representative/parent	No	No		
Mr Amjid Zaman	Representative/parent		Yes		

Birchfield School governance is overseen by the Heathfield Academy Committee

PA COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Finance, Resource and Audit Committee (FRAC)

The finance and audit committee is a sub-committee of the main board of Trustees. Its purpose is to:

- Oversee the annual budget setting, propose the budget and regularly report all financial matters to the Trust Board.
- Regularly monitor income and expenditure against the budget, including reporting of any significant budget amendments.
- To review and monitor all policies that fall under the finance remit.
- To ensure compliance with the Trusts financial policies and procedures and to ensure that the Trusts financial control systems are robust.
- To ensure the annual report and accounts are produced in accordance with the academies financial handbook.
- To approve opening and operation of the academies bank accounts, authorise signatories, transfers between accounts, the operation of charge cards; payment system controls including BACs.
- To review the annual report and accounts and recommend to Members and the Trust Board approval.
- To approve improvement plans and actions relating to the finance and premises area.
- To ensure a strategic financial view of income, staffing, other expenditure and capital projects.
- To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects.
- To ensure that the school asset management plan is regularly updated and to monitor the progress of all facilities works.
- To review and approve all bought in service provision.
- To manage this program of risk review and checking of financial controls in a way that they deem more appropriate to their circumstances. Options include; internal audit, additional work by the external auditor, the work of the 'responsible officer' and/or by 'peer review'.

The adequacy of arrangements will be established as part of the process leading to the accounting officer's annual statement and, where appropriate, through the self-assessment review of financial management and governance, FGMS.

Other roles are to monitor the effectiveness of financial control, advise the Trust board on risk management and audit and to report back to the Trust board about audit requirements and outcomes. The audit committee feedback to the Trust board at each meeting summarising their previous meeting outcomes and or raising any concerns. Information shared includes; an opinion of effectiveness of the internal control system and the pursuit of value for money together with an assurance on risk management.

Taheer Afzal, a qualified accountant, and Darrin Hill, a management consultant, joined the committee on 03/06/2019.

Attendance during the year at meetings of the FRAC was as follows:

	23.10.2018	13.12.2018	08.02.2019	04.04.2019	23.05.2019	02.07.2019
Sajid Gulzar	Yes	Yes	Yes	Yes	Yes	Attended but no voting rights
Sue Knottenbelt	Yes	No	Yes	Yes	Yes	Yes
Maxine Rowley	No	Yes	No	No	No	No
Taheer Afzal	Not yet appointed to the committee					Yes
Darrin Hill						Yes

PA COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

As Accounting Officer the CEO 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 Trusts 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;

- Training up appropriate employees to enable them to carry out work currently done by 3rd party providers to save the Trust money. This has included inspirational safeguarding CPD and positive handling training.
- Ensuring that the Trust has a best value statement on all finance purchase requisition forms.
- The principles of best value are embedded within the schools of the Trust.
- Supporting all Directors to drive efficiencies through their departments by re-negotiating at all levels of procurement.
- Continuous reviews of staffing structures.

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. It should also evaluate the likelihood of risks being realized, the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in PA Community Trust for the period 1st September 2018 to 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 period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. 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 and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

PA COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

- Not to appoint an internal auditor, however the Trustees have appointed Baldwins, the external auditor, to perform additional checks.

Crowes role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. Prior to this additional checks were carried out by Baldwins. In particular the checks carried out in the current period included:

- Testing of controls and procedures involving bank reconciliations.
- Review of the strategic risk register and the process for managing risk.
- Review of purchases / contracts requiring quotes or tender.

On a termly basis, Baldwins, has reported to the board of Trustees, through the Finance, Resource and Audit Committee, on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

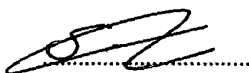
Review of effectiveness

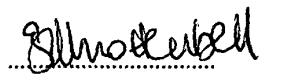
As accounting officer the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The internal audit work;
- 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 Finance Resource and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

16th Dec.
Approved by order of the members of the Trust Board on 13th December 2019 and signed on its behalf by:


.....
Mr S Gulzar
CEO


.....
Ms S Knottenbelt
Chair

PA COMMUNITY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of PA Community 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's 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.



Mr S Gulzar
Accounting Officer

PA COMMUNITY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of PA Community Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 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 accounts for each financial year. Under company law, the Trustees must not approve the accounts 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 accounts, the Trustees are required to:

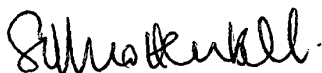
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of Trustees on 16.12.2019 and signed on its behalf by:



Ms S Knottenbelt
Chair

PA COMMUNITY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PA COMMUNITY TRUST FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of PA Community Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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 Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy Trust'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 accounts are authorised for issue.

Other information

The Trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

PA COMMUNITY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PA COMMUNITY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the academy Trust'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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

PA COMMUNITY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PA COMMUNITY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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.



**Mr John Edwards (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services**

20 December 2019

Statutory Auditor

Bank House
8 Cherry Street
Birmingham
B2 5AL

PA COMMUNITY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PA COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 28 March 2017 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 PA Community Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of PA Community Trust's accounting officer and the reporting accountant.

The accounting officer is responsible, under the requirements of PA Community Trust's funding agreement with the Secretary of State for Education dated 28 August 2015 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 period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

PA COMMUNITY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PA COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

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



Reporting Accountant

Baldwins Audit Services
Bank House
8 Cherry Street
Birmingham
B2 5AL

Dated: 20 December 2019

PA COMMUNITY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted funds: General Fixed asset		Total 2019	Total 2018 as restated
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	3	934	-	943,354	944,288	166,133
Donations - transfer from local authority on conversion		-	-	-	-	4,526,243
Charitable activities:						
- Funding for educational operations	4	-	14,062,914	-	14,062,914	11,627,830
Other trading activities	5	334,658	-	-	334,658	457,312
Investments	6	2,046	-	-	2,046	1,852
Total		337,638	14,062,914	943,354	15,343,906	16,779,370
Expenditure on:						
Charitable activities:						
- Educational operations	8	93,144	14,566,542	405,845	15,065,531	12,995,987
Total	7	93,144	14,566,542	405,845	15,065,531	12,995,987
Net income/(expenditure)		244,494	(503,628)	537,509	278,375	3,783,383
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(1,759,000)	-	(1,759,000)	1,494,000
Net movement in funds		244,494	(2,262,628)	537,509	(1,480,625)	5,277,383
Reconciliation of funds						
Total funds brought forward		1,697,690	(8,817,931)	18,901,131	11,780,890	6,503,506
Total funds carried forward		1,942,184	(11,080,559)	19,438,640	10,300,265	11,780,889

PA COMMUNITY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018 As restated	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
Income and endowments from:					
Donations and capital grants	3	1,891	618	163,624	166,133
Donations - transfer from local authority on conversion		85,793	(1,909,000)	6,349,450	4,526,243
Charitable activities:					
- Funding for educational operations	4	-	11,627,830	-	11,627,830
Other trading activities	5	241,116	216,196	-	457,312
Investments	6	1,852	-	-	1,852
Total		330,652	9,935,644	6,513,074	16,779,370
Expenditure on:					
Charitable activities:					
- Educational operations	8	243,007	12,332,062	420,918	12,995,987
Total	7	243,007	12,332,062	420,918	12,995,987
Net income/(expenditure)		87,645	(2,396,418)	6,092,156	3,783,383
Transfers between funds	18	-	(27,026)	27,026	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	1,494,000	-	1,494,000
Net movement in funds		87,645	(929,444)	6,119,182	5,277,383
Reconciliation of funds					
Total funds brought forward		1,610,043	(7,888,487)	12,781,950	6,503,506
Total funds carried forward		1,697,688	(8,817,931)	18,901,132	11,780,889

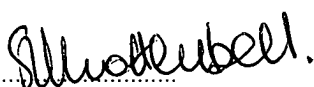
PA COMMUNITY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		18,943,218		18,750,069
Current assets					
Stocks	14	-		2,260	
Debtors	15	801,693		788,754	
Cash at bank and in hand		4,269,144		4,076,181	
		<u>5,070,837</u>		<u>4,867,195</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(2,211,790)		(2,940,375)	
Net current assets			<u>2,859,047</u>		<u>1,926,820</u>
Net assets excluding pension liability			<u>21,802,265</u>		<u>20,676,889</u>
Defined benefit pension scheme liability	20		(11,502,000)		(8,896,000)
Total net assets			<u><u>10,300,265</u></u>		<u><u>11,780,889</u></u>
Funds of the academy Trust:					
Restricted funds	18				
- Fixed asset funds			19,438,640		18,901,132
- Restricted income funds			421,441		78,069
- Pension reserve			(11,502,000)		(8,896,000)
Total restricted funds			<u>8,358,081</u>		<u>10,083,201</u>
Unrestricted income funds	18		<u>1,942,184</u>		<u>1,697,688</u>
Total funds			<u><u>10,300,265</u></u>		<u><u>11,780,889</u></u>

The accounts set out on pages 22 to 46 were approved by the board of Trustees and authorised for issue on 16.12.2019 and are signed on its behalf by:


 Ms S Knottenbelt
 Chair

Company Number 09718257

PA COMMUNITY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash used in operating activities	21		(153,442)		(1,240,713)
Cash funds transferred on conversion			-		85,793
			<u>(153,442)</u>		<u>(1,154,920)</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		2,046		1,852	
Capital grants from DfE Group		943,354		163,624	
Purchase of tangible fixed assets		<u>(598,995)</u>		<u>(65,932)</u>	
Net cash provided by investing activities			<u>346,405</u>		<u>99,544</u>
Net increase/(decrease) in cash and cash equivalents in the reporting period			192,963		(1,055,376)
Cash and cash equivalents at beginning of the year			<u>4,076,181</u>		<u>5,131,557</u>
Cash and cash equivalents at end of the year			<u><u>4,269,144</u></u>		<u><u>4,076,181</u></u>

PA COMMUNITY 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.

1.1 Basis of preparation

The accounts 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.

PA Community Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees have made this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

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 period 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.

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.

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

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 are 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.

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.

Governance costs

These include the costs attributable to the academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

PA COMMUNITY TRUST

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

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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 that require 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 at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful life. A full year's charge is made on all additions during the year. The rates used are as follows:

Long term Leasehold	Buildings - 50 years
Computer equipment	Over 3 years straight line
Fixtures, fittings & equipment	Over 10 years straight line
Motor vehicles	25% reducing balance

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 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 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. Prepayments are not financial instruments.

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

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

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

1.11 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 and the assets are held separately from those of the academy Trust.

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. The 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 are 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.

1.12 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.

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	943,354	943,354	163,624
Other donations	934	-	934	2,509
	<u>934</u>	<u>943,354</u>	<u>944,288</u>	<u>166,133</u>

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	11,660,506	11,660,506	9,111,163
Start up grants	-	46,172	46,172	59,079
Other DfE group grants	-	2,257,363	2,257,363	2,089,005
	-	13,964,041	13,964,041	11,259,247
Other government grants				
Local authority grants	-	84,277	84,277	368,583
Other funding				
Other incoming resources	-	14,596	14,596	-
Total funding	-	14,062,914	14,062,914	11,627,830

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Catering income	174,951	-	174,951	171,167
Trip income	47,742	-	47,742	14,044
Uniforms income	927	-	927	29,134
Other income	111,038	-	111,038	242,967
	334,658	-	334,658	457,312

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	2,046	-	2,046	1,852

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Academy's educational operations					
- Direct costs	9,323,150	-	822,304	10,145,454	7,806,982
- Allocated support costs	2,115,385	1,216,662	1,588,030	4,920,077	5,189,005
	<u>11,438,535</u>	<u>1,216,662</u>	<u>2,410,334</u>	<u>15,065,531</u>	<u>12,995,987</u>
Net income/(expenditure) for the year includes:				2019	2018
				£	£
Fees payable to auditor for:					
- Audit				9,300	9,300
- Other services				3,000	3,000
Operating lease rentals				1,920	71,527
Depreciation of tangible fixed assets				405,845	420,918
Net interest on defined benefit pension liability				241,000	207,000
				<u></u>	<u></u>

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	90,279	10,055,175	10,145,454	7,806,982
Support costs				
Educational operations	2,865	4,917,212	4,920,077	5,189,005
	<u>93,144</u>	<u>14,972,387</u>	<u>15,065,531</u>	<u>12,995,987</u>
Analysis of costs			2019	2018
			£	£
Direct costs				
Teaching and educational support staff costs			9,323,150	7,034,264
Staff development			81,438	58,882
Technology costs			74,091	110,089
Educational supplies and services			484,118	405,542
Examination fees			123	9
Educational consultancy			87,812	96,864
Other direct costs			94,722	101,332
			<u>10,145,454</u>	<u>7,806,982</u>
Support costs				
Support staff costs			2,138,846	2,035,928
Depreciation			405,845	420,918
Technology costs			90,772	54,903
Recruitment and support			23,849	11,533
Maintenance of premises and equipment			295,007	713,041
Cleaning			224,250	166,733
Energy costs			147,406	108,556
Rent, rates and other occupancy costs			71,927	80,127
Insurance			60,256	46,076
Security and transport			14,836	40,336
Catering			719,713	957,478
Finance costs			241,000	207,000
Other support costs			473,452	328,781
Governance costs			12,918	17,595
			<u>4,920,077</u>	<u>5,189,005</u>

PA COMMUNITY TRUST

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

9 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services.

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

- Heathfield - flat percentage of GAG 8%
- Highfield - flat percentage of GAG 12%
- Prince Albert - flat percentage of GAG 8%
- Birchfield - flat percentage of GAG 12%

The amounts charged during the year were as follows:

	2019 £	2018 £
Heathfield Primary School	155,924	150,585
Highfield J&I School	444,032	443,531
Prince Albert Primary	227,980	227,354
Birchfield Community School	343,923	58,098
	1,171,859	879,568

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	8,200,437	6,530,771
Social security costs	743,510	563,379
Pension costs	2,062,052	1,701,638
Amounts paid to employees	11,005,999	8,795,788
Agency staff costs	432,536	227,383
Amounts paid to staff	11,438,535	9,023,171
Staff development and other staff costs	104,899	105,903
Total staff expenditure	11,543,434	9,129,074

Included within staff costs is a total of £32,243 which relate to termination payments (statutory and non statutory). Individually, the payments were: £6,913, £7,778, £8,752 and £8,800.

Staff numbers

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

	2019 Number	2018 Number
Teachers	106	91
Administration and support	260	217
Management	39	26
	405	334

Higher paid staff

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

	2019 Number	Restated 2018 Number
£60,001 to £70,000	5	2
£130,001 to £140,000	1	1
£140,001 to £150,000	1	1

The above employees participated in the Teachers' Pension Scheme. The pension costs during the year for the above employees was £98,336 (2018: £94,412).

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

(Continued)

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) received by key management personnel for their services to the academy Trust was £586,586.

11 Related Parties Transactions - Trustees

One or more of the Trustees has been paid remuneration or has received other benefits from an 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 services as Trustees.

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

S Gulzar, CEO

Remuneration £140,000 to £144,999

Pension contributions £20,000 to £24,999

P Sherlock-Lewis, Deputy CEO

Remuneration £130,000 to £134,999

Pension contributions £20,000 to £24,999

During the period, no trustees received any benefits in kind. Expenses of £391 were reimbursed to trustees.

12 Trustees and officers insurance

In accordance with normal commercial practice, the academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy Trust business. The insurance provides cover up to £10,000,000 on any one claim. It is not possible to quantify the cost of this insurance as it is part of the RPA scheme.

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13 Tangible fixed assets

	Long term Leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2018	19,167,067	242,831	251,880	47,000	19,708,778
Additions	368,815	12,750	217,430	-	598,995
At 31 August 2019	19,535,882	255,581	469,310	47,000	20,307,773
Depreciation					
At 1 September 2018	704,591	177,102	54,766	22,250	958,709
Charge for the year	311,578	41,144	46,936	6,188	405,846
At 31 August 2019	1,016,169	218,246	101,702	28,438	1,364,555
Net book value					
At 31 August 2019	18,519,713	37,335	367,608	18,562	18,943,218
At 31 August 2018	18,462,476	65,729	197,114	24,750	18,750,069

14 Stocks

	2019 £	2018 £
School uniform	-	2,260

15 Debtors

	2019 £	2018 £
Trade debtors	11,759	44,923
VAT recoverable	187,773	108,192
Other debtors	8,901	90,805
Prepayments and accrued income	593,260	544,834
	801,693	788,754

16 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,459,362	1,835,531
Other creditors	17,653	-
Accruals and deferred income	734,775	1,104,844
	2,211,790	2,940,375

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17	Deferred income	2019 £	2018 £
	Deferred income is included within:		
	Creditors due within one year	133,793	180,233
		<u>133,793</u>	<u>180,233</u>
	Deferred income at 1 September 2018	180,233	474,539
	Released from previous years	(180,233)	(474,539)
	Resources deferred in the year	133,793	180,233
		<u>133,793</u>	<u>180,233</u>
	Deferred income at 31 August 2019	133,793	180,233

For both years, the deferred income relates to income received from the ESFA.

18	Funds	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
	Restricted general funds					
	General Annual Grant (GAG)	78,069	11,660,506	(11,317,134)	-	421,441
	Start up grants	-	46,172	(46,172)	-	-
	Other DfE / ESFA grants	-	2,257,363	(2,257,363)	-	-
	Other government grants	-	84,277	(84,277)	-	-
	Other restricted funds	-	14,596	(14,596)	-	-
	Pension reserve	(8,896,000)	-	(847,000)	(1,759,000)	(11,502,000)
		<u>(8,817,931)</u>	<u>14,062,914</u>	<u>(14,566,542)</u>	<u>(1,759,000)</u>	<u>(11,080,559)</u>
	Restricted fixed asset funds					
	Inherited on conversion	18,810,605	-	52,114	-	18,862,719
	DfE group capital grants	63,500	943,354	(430,933)	-	575,921
	Capital expenditure from GAG	27,026	-	(27,026)	-	-
		<u>18,901,131</u>	<u>943,354</u>	<u>(405,845)</u>	<u>-</u>	<u>19,438,640</u>
	Total restricted funds	10,083,200	15,006,268	(14,972,387)	(1,759,000)	8,358,081
	Unrestricted funds					
	General funds	1,697,690	337,638	(93,144)	-	1,942,184
		<u>1,697,690</u>	<u>337,638</u>	<u>(93,144)</u>	<u>-</u>	<u>1,942,184</u>
	Total funds	11,780,890	15,343,906	(15,065,531)	(1,759,000)	10,300,265

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

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

Restricted General Funds

This fund represents grants and other income received for the multi academy trust's operational activities and development.

Pension Reserve

The pension reserve included within restricted general funds represents the multi academy trust's share of the pension liability arising on the LGPS pension fund.

Restricted Fixed Asset Funds

This fund represents grants and other income received to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2018.

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	436,406	9,111,163	(9,442,474)	(27,026)	78,069
Start up grants	-	59,079	(59,079)	-	-
Other DfE / ESFA grants	-	2,089,005	(2,089,005)	-	-
Other government grants	-	368,583	(368,583)	-	-
Other restricted funds	4,107	216,814	(220,921)	-	-
Pension reserve	(8,329,000)	(1,909,000)	(152,000)	1,494,000	(8,896,000)
	<u>(7,888,487)</u>	<u>9,935,644</u>	<u>(12,332,062)</u>	<u>1,466,974</u>	<u>(8,817,931)</u>
Restricted fixed asset funds					
Transfer on conversion	12,704,334	6,349,450	(370,519)	-	18,683,265
DfE group capital grants	51,205	163,624	(23,988)	-	190,841
Capital expenditure from GAG	26,411	-	(26,411)	27,026	27,026
	<u>12,781,950</u>	<u>6,513,074</u>	<u>(420,918)</u>	<u>27,026</u>	<u>18,901,132</u>
Total restricted funds	<u>4,893,463</u>	<u>16,448,718</u>	<u>(12,752,980)</u>	<u>1,494,000</u>	<u>10,083,201</u>
Unrestricted funds					
General funds	<u>1,610,043</u>	<u>330,652</u>	<u>(243,007)</u>	<u>-</u>	<u>1,697,688</u>
Total funds	<u>6,503,506</u>	<u>16,779,370</u>	<u>(12,995,987)</u>	<u>1,494,000</u>	<u>11,780,889</u>

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds (Continued)

Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Heathfield Primary School	485,691	378,958
Highfield J&I School	982,497	944,887
Prince Albert Primary	562,023	351,067
Birchfield Community School	294,696	9,717
Central services	38,718	91,128
Total before fixed assets fund and pension reserve	2,363,625	1,775,757
Restricted fixed asset fund	19,438,640	18,901,132
Pension reserve	(11,502,000)	(8,896,000)
Total funds	10,300,265	11,780,889

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Heathfield Primary School	1,482,050	212,961	80,513	394,032	2,169,556	2,682,491
Highfield J&I School	2,666,801	381,471	113,822	661,938	3,824,032	4,456,229
Prince Albert Primary	2,204,633	264,115	114,521	576,384	3,159,653	3,422,605
Birchfield Community School	2,015,762	267,028	95,963	560,324	2,939,077	589,412
	8,369,246	1,125,575	404,819	2,192,678	12,092,318	11,150,737

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	18,943,218	18,943,218
Current assets	4,153,974	421,441	495,422	5,070,837
Creditors falling due within one year	(2,211,790)	-	-	(2,211,790)
Defined benefit pension liability	-	(11,502,000)	-	(11,502,000)
Total net assets	1,942,184	(11,080,559)	19,438,640	10,300,265

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	18,750,069	18,750,069
Current assets	1,697,688	3,115,766	53,741	4,867,195
Creditors falling due within one year	-	(3,037,697)	97,322	(2,940,375)
Defined benefit pension liability	-	(8,896,000)	-	(8,896,000)
Total net assets	1,697,688	(8,817,931)	18,901,132	11,780,889

20 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 Birmingham City Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £102,166 (2018: £98,333) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015. In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £702,000 (2018: £835,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years from April 2020 are 19% for employers and 5.5% to 12.5% for employees.

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

Total contributions made	2019 £	2018 £
Employer's contributions	570,000	866,000
Employees' contributions	170,000	116,000
Total contributions	740,000	982,000

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.65	3.8
Rate of increase for pensions in payment/inflation	2.15	2.3
Discount rate for scheme liabilities	1.9	2.7
Inflation assumption (CPI)	2.15	2.3

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

	2019 Years	2018 Years
Retiring today		
- Males	20.9	21.9
- Females	23.2	24.4
Retiring in 20 years		
- Males	22.6	24.1
- Females	25.1	26.7

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £	2018 £
Discount rate + 0.1%	(410,000)	(258,000)
Discount rate - 0.1%	422,000	266,000
Mortality assumption + 1 year	516,000	305,000
Mortality assumption - 1 year	(499,000)	(296,000)
Long Term Salary + 0.1%	80,000	53,000
Long Term Salary - 0.1%	(80,000)	(52,000)
Pension Increases + 0.1%	340,000	213,000
Pension Increases -0.1%	(329,000)	(207,000)

The academy Trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	1,974,000	1,517,000
Gilts	311,000	172,000
Other Bonds	124,000	89,000
Property	268,000	195,000
Other assets	607,000	425,000
Total market value of assets	3,284,000	2,398,000

PA COMMUNITY TRUST

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

20 Pension and similar obligations		(Continued)
Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	955,000	760,000
Past service cost	221,000	51,000
Interest income	(74,000)	(50,000)
Interest cost	315,000	257,000
Total operating charge	1,417,000	1,018,000
Changes in the present value of defined benefit obligations		2019 £
At 1 September 2018		11,294,000
Current service cost		955,000
Interest cost		315,000
Employee contributions		170,000
Actuarial loss/(gain)		1,863,000
Benefits paid		(32,000)
Past service cost		221,000
At 31 August 2019		14,786,000
Changes in the fair value of the academy Trust's share of scheme assets		2019 £
At 1 September 2018		2,398,000
Interest income		74,000
Actuarial (gain)/loss		104,000
Employer contributions		570,000
Employee contributions		170,000
Benefits paid		(32,000)
At 31 August 2019		3,284,000

PA COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the reporting period (as per the statement of financial activities)	278,375	3,783,383
Adjusted for:		
Net surplus on conversion to academy	-	(4,526,243)
Capital grants from DfE and other capital income	(943,354)	(163,624)
Investment income receivable	(2,046)	(1,852)
Defined benefit pension costs less contributions payable	606,000	(55,000)
Defined benefit pension scheme finance cost	241,000	207,000
Depreciation of tangible fixed assets	405,846	420,920
Decrease in stocks	2,260	14,062
(Increase) in debtors	(12,938)	(360,240)
(Decrease) in creditors	(728,585)	(559,119)
Net cash used in operating activities	(153,442)	(1,240,713)

22 Cash flows from investing activities and analysis of cash and cash equivalents

Cash generated from investing activities comprises of interest received.

The cash and cash equivalents is represented by cash in hand and cash at bank.

23 Related party transactions

The following related party transactions took place in the period of account over and above Trustees' remuneration and expenses already disclosed in note 11.

C Parker, a Trustee of PA Community Trust, is also Head Teacher at King Edward VI Aston School. During the year, PA Community Trust purchased goods and services totalling £400 from King Edward VI Aston School.

M Rowley, a Trustee of PA Community Trust, is also a Trustee at the Arthur Terry Learning Partnership. During the year, PA Community Trust sold goods and services totalling £16,330 to Arthur Terry Learning Partnership.

These transactions took place at arm's length and are compliant with the Academies Financial Handbook.

24 Post balance sheet events

There are no post balance sheet events that require disclosure in the financial statements.

25 Members' liability

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

PA COMMUNITY TRUST

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

26 Prior period adjustment

	Notes	1 September 2017 £	31 August 2018 £
Reconciliation of funds			
Funds as previously reported		6,503,506	12,271,548
Adjustments arising:			
Capital Grant deferred income adjusted		-	127,341
Pension conversion		-	(618,000)
Funds as restated		<u>6,503,506</u>	<u>11,780,889</u>
Reconciliation of net income for the previous financial period			
	Notes		2018 £
Net income as previously reported			4,274,042
Adjustments arising:			
Capital Grant deferred income adjusted			127,341
Pension conversion			(618,000)
Net income as restated			<u>3,783,383</u>

Notes to restatement

CIF Funding had been deferred in line with expenditure in the 2017/18 accounts as would be the case with most grants however as this is a capital grant this should not have been deferred as per SORP 15. Therefore, the prior year adjustment removes CIF funding from deferred income on the balance sheet and fully recognises the income meaning the restricted fixed asset fund has been increased by £127,340.

During the previous period an obligation of £1,291,000 was recognised based on the latest actuarial valuation but when the liability was eventually acquired the deficit in the fund was actually £1,909,000 and thus a prior year adjustment has been made. This is a result of the transfer into the MAT of Birchfield School in 2017/18 and the related pension deficit.