

Company Registration No. 11395017 (England and Wales)

PELE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019



PELE TRUST

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PELE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr Gary Holmes
Ms Liane Atkin
Mr Gerry Miller
Mrs Maureen Bates
The Rt Revd Bishop Mark Tanner

Directors

Gerry Miller (Chair)
Beryl Condra (Appointed 31 January 2019)
Chris Gill
Rishi Kohli
Ross Golightly
Marian Stromsoy
Richard Bliss (Resigned 29 October 2019)
Hugh Clear-Hill
Rev Canon Steven Harvey

Senior Leadership Team

- CEO/Headteacher
- Dep CEO/Headteacher
- Headteacher
- Headteacher
- Headteacher
- Headteacher
- Chief Operating Officer

Kieran McGrane
Lynn Blain
Clare Cantwell
Heather Cape
Victoria Parr
Andrew Wheatley
Claire Hancock

Company secretary

Company registration number

11395017 (England and Wales)

Registered office

Ponteland High School
Callerton Lane
Ponteland
NE20 9EY

Academies operated

Belsay Primary School
Darras Hall Primary School
Heddon on the Wall St Andrew's CoE Primary School
Ponteland High School
Richard Coates CoE School
Ponteland Primary School

Location

Belsay
Darras Hall
Heddon on the Wall
Ponteland
Ponteland
Ponteland

Independent auditor

Baldwins Audit Services
Wynyard Park House
Wynyard
TS22 5TT

PELE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
Newcastle Branch
PO Box 1000
BS1 1LT

Solicitors

Ward Hadaway
102 Quayside
Newcastle upon Tyne
NE1 3DX

PELE TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Pele Trust is a Multi Academy Trust (MAT) comprising 6 school's (5 primary and 1 secondary) serving pupils aged 3 - 18 in the Ponteland catchment area.

As at May 2019 the trust had a roll of 2736 pupils. The table below shows the capacity of each school and pupil numbers as per the May 2019 school census:

	Pupils as at May 2019	Capacity to August 2019
Belsay Primary School	88	105
Darras Hall Primary School	471	510
Heddon St Andrews C of E Primary School	201	210
Ponteland Primary School	391	420
Richard Coates C of E Primary School	528	600
Ponteland High School	1057	1216

Structure, governance and management

Constitution

The Pele Trust (the MAT) 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 Pele Trust (the MAT).

The directors are the trustees of Pele Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Pele Trust.

Details of the directors who served during the year, and to the date these accounts are approved, 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.

Directors' indemnities

The MAT participates in the DfE Risk Pool Arrangement which provides insurance to protect members, directors and governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business.

Method of recruitment and appointment or election of directors

The term of office for any director shall usually be 4 years, save that this time limit shall not apply to any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Parent Directors and Parent members of the Academy Committees shall be elected or appointed by the parents of registered pupils at one or more of the Academies and each must be a parent at the time when he is elected or appointed.

PELE TRUST

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

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new Directors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All Directors are encouraged to visit trust schools, attend trust and school events, and meet with staff and students.

All Directors have access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. In this reporting period all Directors have been newly appointed although all have been involved in the formation of the Trust prior to its incorporation on 1 February 2019.

Induction of new Directors in future years will be tailored specifically to the individual. The Directors also attend an annual governance and development event.

Organisational structure

The structure of Pele Trust comprises three levels: Board of Directors, Academy Committees and the Executive Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual development plan, setting the annual budget, trust wide budget monitoring and making major decisions about the direction of the MAT, capital expenditure and senior staff appointments.

The management of the business of the Academy shall be delegated by the Directors to the Academy Committee (AC). The role of the Academy Committee is to:

- Maintain an overview and keep the Directors properly informed of the conduct and progress of the Academy
- Act as a critical friend to the Headteacher and staff of the Academy
- Be accountable to the Directors, parents and the wider community for the AC's actions and the Academy's overall performance

The Executive Leadership Team (ELT) operate at an executive level implementing the policies defined by the Directors and managing operational school business. As a group, the ELT are responsible for the authorisation of spending within agreed budgets and cost centres. They are involved in the appointment of staff for posts at all levels subordinate to themselves, through interview panels which always include at least one Academy Committee member or Director.

Each school has its own senior and middle leadership teams which may include Deputy Headteachers, Assistant Headteachers, Heads of Department/Faculty, Phase Leaders and Pastoral Leaders. These managers support Headteachers in the day to day operation of the academies, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

CEO and Deputy CEO salaries have been set by Directors and are in accordance with government guidance. Executive salaries will be reviewed after a period of 2 years.

Headteacher salaries have been set according to the school group parameters set within the National School Teacher Pay and Conditions. Guidance from this document has then been used to set the Deputy Headteacher and Assistant Headteacher salaries at each school at an appropriate level.

No extraneous payments or bonuses have been made to any member of the Board or Executive Leadership Team.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

5,893,622

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

-

Related parties and other connected charities and organisations

Pele Trust is not connected to any other organisation.

The trust has not entered into any contracts or agreements with related parties.

All Directors and Academy Committee members have declared, and will keep up to date, their pecuniary interests in order that the trust can ensure that any transactions with related parties present no conflict or breach the requirements of the Academies Financial Handbook.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of its schools to provide education for students of different abilities between the ages of 3 and 18 with an emphasis on achievement in the widest sense.

Objectives, strategies and activities

In accordance with the articles of association the charitable company has adopted a Scheme of Government approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, funding arrangements, and that the curriculum should comply with the substance of the national curriculum with an emphasis on maths, English and science, RE, MFL and physical education

The main objectives of the trust during the year ended 31 August 2019 are summarised below:

- To build a learning community, brought together by choice, that enables our schools to support and challenge each other
- To provide consistently outstanding education whilst offering a stable pathway for students, parents and staff
- To have an influential voice and be instrumental in contributing to the development and enrichment of education in the north-east of England

Our schools' have a shared ambition as documented in the Pele Trust Scheme of Delegation. The ambition of the MAT is as follows:

- To be a learning community where strong relationships ensure that everyone ...
 - is happy
 - learns and improves
 - is known well and valued for who they are
 - is included and listened to
 - is fulfilled
 - feels safe and secure
 - promotes health and well being
 - consistently experiences a rich, stimulating and challenging learning environment
 - experiences a broad and balanced curriculum including a varied enrichment offer
 - strives for excellence in all they do
 - receives high quality and timely advice, support and guidance
 - treats others with respect, dignity and courtesy at all time.
 - contributes positively to the improvement of all of our schools
 - recognises the important partnership between parents and school
 - achieves exceptionally well from their individual starting points

The Trust has adopted a School Improvement Strategy and each school has a comprehensive development plan which sets out their own strategic objectives - in keeping with trust values but reflective of each school's individual ethos, direction, strengths and areas for improvement.

Pele Trust is committed to ensuring that all students have equal access to the education on offer at its schools regardless of family circumstances. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all students are fully valued.

Public benefit

Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and have considered this guidance in deciding what activities the academy should undertake.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

2018/2019 has been a period of change for all Pele Trust schools. The trust was formed in February 2019 against a backdrop of school reorganisation which saw a conversion from a three to a two-tier system, i.e. primary and secondary.

Key performance indicators

The 2018/19 attainment and progress data for all Pele Trust primaries is strong. Details are included here for outcomes across a number of data sets.

End of Reception July 2019					
		Belsay	Darras Hall	Heddon St Andrews	Richard Coates
Number of students		14	60	31	27
% achieving a good level of development		86	90	90.3	81.5
Reading	% of students achieving the Early Learning Goal	85	93	90.3	81.5
	% of students exceeding	7	22	42	33
Writing	% of students achieving the Early Learning Goal	85	90	90.3	81.5
	% of students exceeding	7	12	35	18.5
Numbers	% of students achieving the Early Learning Goal	92	93	90.3	81.5
	% of students exceeding	7	32	45	33

Ponteland Primary School was part of a national pilot of revised early learning goals and is exempt from EYFS data collection for 2019 and 2020 data sets.

Year 1 Phonics Screening 2019					
	Belsay	Darras Hall	Heddon St Andrews	Ponteland Primary	Richard Coates
Number of students	15	60	26	58	53
% attaining the expected standard	90	85	96.2	88	92.5

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

End of Key Stage 1 July 2019						
		Belsay	Darras Hall	Heddon St Andrews	Ponteland Primary	Richard Coates
Number of students		12	90	30	58	27
Reading	% of students achieving the expected standard	75	97	90	85	63
	% of students exceeding	25	44	43	42	15
Writing	% of students achieving the expected standard	67	94	87	77	63
	% of students exceeding	8	33	20	30	15
Maths	% of students achieving the expected standard	75	96	87	88	74
	% of students exceeding	25	39	27	38	15
Science	% of students achieving the expected standard	83	99	93	95	81

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key stage 2 performance						
		Belsay	Darras Hall	Heddon St Andrews	Ponteland Primary	Richard Coates
Number of students		2	30	7	35	60
Reading, writing and maths	% of students working at the expected standard	100	80	85.7	83	
	% of students working at higher than the expected standard	0	23	42.9	11	
Reading test	% of students working at the expected standard	100	93	85.7	91	88.3
	% of students working at higher than the expected standard	0	47	42.9	34	35
Writing TA	% of students working at the expected standard	100	87	85.7	91	85
	% of students working at higher than the expected standard	100 ⁵	27	57.1	29	26.7
SPAG test	% of students working at the expected standard	100	80	85.7	86	88.3
	% of students working at higher than the expected standard	50	43	85.7		53.3
Maths Test	% of students working at the expected standard	100	90	85.7		93.3
	% of students working at higher than the expected standard	50	47	71.4		26.7
Science TA	% of students working at the expected standard	100		100		88.3

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

Attendance Data					
	BPS	DHP	HSA	PPS	RCP
Overall attendance 18/19	96	96.7	96.58	96	95.6

Key stage 4 headlines (2019)

- Provisional progress 8 score: +0.06
 - Attainment 8 score: 51.6 (England average: 46.5)
 - 54% of students achieving grade 5 (a strong pass) or above in English & maths GCSE (England average: 43%)
 - EBacc average point score 4.71 (England average: 4.06)
 - One student achieving a grade 9 in all 11 GCSE subjects; only achieved by 123 students nationally
1. 54% of students achieved a grade 5 (strong pass) or above in English and maths, compared to the national average of 43%.
 2. 65% of the cohort were entered for the English Baccalaureate, which is well above the England average of 40%, with the average point score for EBacc subjects also exceeding the England average.

A 'standard pass' in reformed GCSEs is a grade 4 or above, which aligns to the old C grade. A 'strong pass', is a grade 5 and above in the new grading and is a similar level of achievement to a high grade C or low grade B in old GCSE grading.

Performance Measure	School	National (2019)
Progress 8	+0.06	
Attainment 8	51.6	46.5
Students Achieving a "Strong Pass" in GCSE English and Maths	54%	43%
Students Achieving "Strong Pass" (9-5) in GCSE English	70%	60%
Students Achieving "Strong Pass" (9-5) in GCSE Maths	63%	49%
Students Achieving a "Standard Pass" in GCSE English and Maths	73%	63%
Students Achieving "Standard Pass" (9-4) in GCSE English	83%	76%
Students Achieving "Standard Pass" (9-4) in GCSE Maths	80%	70%
Students Entered for the EBacc	65%	40%
Students Achieving the EBacc (Standard Pass – all grade 4+)	42%	25%
Students Achieving the EBacc (Strong Pass – all grade 5+)	28%	17%
Average EBacc Average Point Score per pupil	4.71	4.07

Progress 8 shows how much progress pupils at Ponteland High School made between the end of Key Stage 2 (Year 6) and the end of Key Stage 4 (Year 11), compared to pupils across England who got similar results at the end of KS2. This score is based on results in up to eight qualifications; these include English; maths; three English Baccalaureate qualifications including sciences, computer science, history, geography and languages; and three other additional approved qualifications.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

A score above zero means pupils made more progress, on average, than pupils across England who got similar results at the end of KS2. Our provisional Progress 8 score is +0.06 which indicates that our students made better progress than other students did nationally from the same starting points.

Attainment 8 is a score based on how well students have performed in up to eight qualifications, which include English; maths; three English Baccalaureate qualifications including sciences, computer science, history, geography and languages; and three other additional approved qualifications.

The English Baccalaureate is a measure of students entered for qualifications in English, maths, sciences, a language and either history or geography.

Key Stage 5 headlines (2019)

The unvalidated results for Key Stage 5 show:

- 69% of A level results were grade A*-C
- 42% of A-level results were grade A*-B
- Average point score per A level entry expressed as a grade: C+
- Average grade for best three A levels: C+
- Tech level outcomes were an average grade of Distinction-
- Three students achieved 3 A levels all at the top-grade of A*

Number of students at the end of 16-18 studies	129
A level Results¹	
Average point score per A level entry expressed as a grade	C+
Average point score per A level entry	31.79
Average point score per academic entry expressed as an A level grade	C+
Average point score per academic entry	31.69
Average point score per applied general/technical level entry expressed as a vocational grade	Merit/Dist-
Average point score per applied general/technical level entry	26.44/32.50
Progress made in English and Maths between the end of key stage 4 and the end of 16-18 study²	
English	NA
Maths	0.67

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Retention ³	
A level/Academic	91.2%
Applied Vocational	100%
Destinations ⁴	
Students staying in education, employment or apprenticeships for at least two terms after 16 to 18 study	91%

- 1 These figures are based on students who were entered for at least one A level or AS level (this includes students who have sat an AS level in Year 12 and subsequently left our school to study elsewhere, they are then 'added back' once they have completed their 16-18 studies elsewhere). A levels at Ponteland High School are available in a wide range of subjects, including English, maths, sciences, languages, the arts and humanities.
- 2 This shows how much progress students at Ponteland High School made in English and maths GCSE re-takes. Students are included in this measure if they did not achieve a grade 4 or higher at the end of Key Stage 4 in GCSE English and/or maths. A positive score indicates that, on average, students achieved higher grades at 16 to 18 than at Key Stage 4.
- 3 This measure is based on students who enrolled on, and subsequently completed, a programme of study that is either mostly A level/Academic or Applied Vocational (this is data for students who finished 16 to 18 study in 2018, as this is the most recent data currently available).
- 4 This shows the percentage of students recorded as in education or employment for at least two terms after 16 to 18 study. This is data for students who finished 16 to 18 study in 2016, as this is the most recent data currently available.

Absence Data – 2018/19 Provisional (schools own)

NB: validated absence data will be released from the DfE in March/April 2020

% overall absence	4.7
% persistent absence ¹	8.4

- 1 The percentage of pupils missing 10% or more of the mornings or afternoons they could attend, meaning that if a pupil's overall rate of absence is 10% or higher across the full academic year they will be classified as persistently absent.

Destination Information

Students finishing Year 13 in 2019 gained places at a wide range of universities such as Cambridge, Durham, Edinburgh, Birmingham, Lancaster, Leeds, Liverpool, Newcastle, Northumbria, Glasgow, Sunderland and York on a variety of courses such as economics, history, natural sciences, pharmacy, politics, maths, medicine, sport and exercise science.

Other next steps for our students included post A level apprenticeships, foundation courses in preparation for university, planned gap years and employment.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Extra Curricular

Pele Trust schools strive to deliver a broad and balanced curriculum and this includes a huge array of extra and super curricular activities across all schools.

We firmly believe that students won't always remember an English lesson, no matter how brilliant it was - but they will remember the time they took part in the school production, or when the football team trounced the opposition or when they were in Year 6 and performed to over 1,000 people at the Christmas Concert at The Sage Gateshead.

There are many extra and super curricular activities on offer across all Pele Trust schools. Each school has a wide and varied menu of activities and opportunities available to its students to enhance their learning and engagement in school. During Year 5 the primary schools plan a joint outward bound residential that brings our primary children together so that they can start to build friendships ahead of joining secondary school. This is further built on in Year 6 when an overseas residential is planned; in 2019 the inaugural trip was to France.

In secondary school, we plan an extensive range of activities with significant opportunities in music, PE and sport, and foreign travel. We currently have a ceilidh band, Jazz Band, small ensembles, KS3 and KS4 choirs and plan an annual musical/drama performance. Sports teams are offered for boys and girls in rugby, football, cricket, with additional teams in a wide range of sports including netball, boccia, basketball, rounders, cross country and athletics. During 2018-19 foreign travel included visits to Italy, Spain, France, USA and Germany.

Transition

Transition is a key time in a student's (and parent's) school life. We recognise that children transition from one year group to another every year in September, however, we know that transition from Year 6 into Year 7 is a particularly pivotal time and Directors and Executive Leaders within Pele Trust have identified successful transition as a key priority for all schools.

Transition activities start as early as year 4 as we start to familiarise our younger pupils with life at secondary school. Students seem to really enjoy their visits to Ponteland High, whether that be for music practice or sports days and high school students relish the opportunity to get involved in supporting activities with the younger children.

Transition activities continue during year 5 with shared events such as residential trips to Dukewood House and then in year 6 we see a myriad of transition activities and joint ventures such as the annual school performance, subject based curriculum transition projects and the highlight of the year - an all school trip to France.

Transition is also a great opportunity for our teachers to share their knowledge and understanding with colleagues regularly meeting to develop transition plans. In addition we all participate in shared training days and school visits with primary school colleagues visiting the high school and vice versa; these activities help to ensure that we have similarly high expectations across the trust and that we ensure for progression in the delivery of the curriculum.

Going concern

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

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

It should be noted that the period of financial statements refers to the point of conversion to the financial year end (1 February 2019 to 31 August 2019). The financial statements show the movement on restricted and unrestricted funds.

Total funds of the trust, as at 31 August 2019, amount to £6,277,302. £899,182 of this is freely available because the balance is invested in fixed assets or has a restriction for other purposes. The Directors have assessed the level of available free reserves and are confident that there are sufficient levels of reserves to meet current operating needs.

One academy reports a deficit position as at the 31 August 2019. Directors accept this to be an inherited position and they and governors of the academy have plans in place to monitor and address the position.

Liabilities in relation to the Local Government Pension Scheme amounting to £2,897,000 are included in the restricted funds.

The majority of Trust income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Reserves policy

Directors have reviewed the financial risks in terms of impact and likelihood as part of the strategic risk management process. The main financial risk to the Trust is that of managing its short-term cash flow effectively. Other financial risks include low pupil numbers, significant building issues, long term staff absences and equipment failure.

To mitigate this risk it has been agreed that the Trust will work towards an appropriate minimum reserves balance that will equate to 3% of each individual school GAG allocation.

As at the 31 August 2019 the Trust's total free reserves were £899,182. £8,275,120 is the value of reserves which could only be realised through the disposal of tangible fixed assets.

Directors recognise that this is in excess of the 3% defined in the trust Reserves Policy however given a certain degree of instability in government funding policy for education funds must be available to cover costs until such a time as government funding position is clear.

Investment policy

Directors aim to maximise the total investment return by maximising income without unnecessary risk. Currently, all free funds are invested at Lloyds bank in cash deposits at market rates.

Principal risks and uncertainties

Given the recent conversion date (February 2019) Directors continue to identify and assess the risks to which the Trust is exposed and develop systems to mitigate any exposure to major risks.

The trust is subject to a number of risks and uncertainties in common with other academies. The trust has in place procedures to identify and mitigate financial risks, primarily through the production of monthly management accounts and risk registers which are regularly reviewed and school and Board level.

PELE TRUST

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

Risks which are regularly under review are:

Category	Risk rating	Controls
Leadership and Management	Stable	Effective
Academy Committee	Stable	Effective
Safeguarding compliance	Stable	Effective
Safeguarding culture	Stable	Effective
Pupil outcomes	Stable	Effective
Quality of education	Stable	Effective
Personal Development	Stable	Effective
Behaviour	Stable	Effective
Attendance	Stable	Effective
Persistent absence	Stable	Effective
EYFS/Post 16	One to watch	Post 16 numbers are variable due to alternative provision that is available locally.
Staffing/HR	Stable	Effective
Pupil numbers	One to watch	Birth rate, population size, alternate offers and admissions policies could influence
Finance	One to watch	Effective controls are in place however some schools will require close monitoring
Site/buildings	One to watch	Unknowns relating to new build accommodation and ageing estate at Belsay require monitoring
Parents/community	Stable	Effective

Fundraising

Pele Trust does not use any external fundraisers.

Fundraising is usually as a result of school events such as school fairs, sponsored events and school performances where donations are encouraged but not expected. The majority of proceeds are donated to a named charity except when fundraising is to raise money for the school in which case it is accepted into the school account.

Some subject areas such as Technology may request a small donation from parents towards the cost of materials for student projects.

Any fundraising will be monitored by Directors.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

Directors have identified a number of priorities for 2019-20:

- To raise standards of achievement in all Trust schools
- To ensure that the quality of education is outstanding in all Trust schools
- To develop an innovative, progressive and coherent curriculum (including enrichment opportunities) that supports seamless transition from primary to secondary school
- To ensure that all Trust schools are financially healthy and provide value for money
- To ensure sustained excellence in leadership and management at all levels in our Trust schools

Each school commitment plan has identified actions to support the delivery of these priorities at a local level and the trust continues to work closely with school improvement partners to achieve the Directors objectives and support Senior Leaders.

As previously stated, transition between primary and secondary school is an area of focus across all schools with many shared activities, events and learning to support students as they progress from year 6 to year 7.

The trust has created capacity within a central team to manage and monitor budgets, working alongside Headteachers and Academy Committees to ensure that schools are efficient and working within the constraints of their budgets. Directors receive monthly management accounts and are adequately skilled to interpret them.

Senior Leaders within the trust are embedded in the local, and national, education community. Colleagues have forged strong links with local universities in a number of areas, including teacher training, and research and development, and the trust is well represented at influential forums such as Schools North East.

To support the development of colleagues, trust schools have committed to Action Research projects as a primary vehicle for ongoing pedagogical development. The shared learning experiences arising from this methodology will support Pele Trust staff to develop their strengths as reflective practitioners and build on shared commitment to achieving excellence.

Auditor

In so far as the directors are aware:

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

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 20 Dec 2019 and signed on its behalf by:



Gerry Miller
Chair

PELE TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform to 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 Pele Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors Report and in the Statement of Directors Responsibilities.

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

Directors	Meetings attended	Out of possible
Gerry Miller (Chair)	5	6
Beryl Condra (Appointed 31 January 2019)	5	5
Chris Gill	5	5
Rishi Kohli	3	5
Ross Golightly	3	5
Marian Stromsoy	4	6
Richard Bliss (Resigned 29 October 2019)	4	6
Hugh Clear-Hill	4	6
Rev Canon Steven Harvey	4	5

The Board of Directors is newly formed and comprises experts and senior leaders from finance, commerce, legal, health, education and governance backgrounds. In addition to the full board there are two sub boards; Resources and Achievements and Standards.

The Resources sub-Board is responsible for:

- Monitoring of schools' budgets, schools' resources and estates management
- Ensuring the Pele Trust resources are managed in accordance with charity law
- Benchmarking financial spends across the MAT
- Ensuring value for money in all MAT schools, including joint procurement
- Ensuring financial reporting and auditing to the ESFA and other bodies is completed within agreed timescales

The Achievement & Standards sub-Board is responsible for:

- Monitoring and comparing the performance of the Trust schools
- Planning strategic support for schools who are at risk of under performance against agreed key performance indicators
- Making recommendations to Members about the Pele Trust growth strategy.

PELE TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of Governance

Directors will undertake an evaluation of the Board within 12 months of its formation.

Early consideration has been given to director skills and development areas with a view to ensuring that knowledge gaps and training needs are addressed in the next reporting period.

Review of value for money

The Accounting Officer of the trust, Kieran McGrane, has responsibility for ensuring that the trust delivers good value in 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's resources received.

The Accounting Officer considers how the use of resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year in the following ways:

- Defining shared functions to be delivered by Central Services, including legal, HR, finance systems and insurances which have delivered savings on previous expenditure
- Delivering a tender exercise for multi-functional print devices to two schools
- Arrangements to provide mutual school improvement services with a local secondary school rather than appointing a consultant
- Shared training days and mutual collaboration on CPD for teaching and support colleagues
- Continually reviewing all purchasing across the academy to identify and achieve greater efficiencies and continuing all staff to seek best value for all purchasing requirements

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The system of internal control has been in place in Pele Trust for the period 1 February 2019 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 Directors has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 February 2019 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors

PELE TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

The risk and control framework

Pele 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 Directors
- Regular reviews by the Resources sub-Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Board of Directors has considered the need for a specific internal audit function and has appointed Baldwins as internal auditor.

The scope of the internal assurance undertaken during the period 1 February 2019 to 31 August 2019 included:

- Previous reports and planning
- Purchasing
- Payroll and expenses
- Bank and cash
- Fixed assets and capital projects
- Management of data
- Corporate governance and regularity

Baldwin's undertook an internal audit of Pele Trust in June 2019. Under normal circumstances, the full work programme would have been delivered as thematic reviews across a financial year. However, it was agreed that Baldwins would undertake the entire programme across five days in June.

Whilst this meant that the audit was largely focused on February, March and April 2019 data and undertaken very soon after conversion on 1 February 2019, it was felt that it would be a useful exercise in terms of highlighting any immediate issues and defining appropriate processes and procedures for future use.

The audit highlighted 5 medium risks and 8 low risks and appropriate remedial action has been taken against these. No material control issues have arisen as a result of the audit.

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

PELE TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Approved by order of the board of directors on 20 Dec 2019 and signed on its behalf by:



Gerry Miller
Chair



Kieran McGrane
Accounting Officer

PELE TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Pele Trust I have considered my responsibility to notify the Pele Trust (the MAT) board of directors 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 Pele Trust (the MAT) 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 Pele Trust (the MAT)'s board of directors are able to identify any material irregular or improper use of funds by the Pele Trust (the MAT), or material non-compliance with the terms and conditions of funding under the Pele Trust (the MAT)'s funding agreement and the Academies Financial Handbook 2018.

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



Kieran McGrane
Accounting Officer

20/12/19.....

PELE TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The directors (who also act as trustees for Pele Trust) are responsible for preparing the directors' 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 directors to prepare accounts for each financial year. Under company law, the directors 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 directors 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of directors on 20 Dec 2019 and signed on its behalf by:



Gerry Miller
Chair

PELE TRUST

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

Opinion

We have audited the accounts of Pele 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 Pele Trust (the MAT) 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 directors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the directors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Pele Trust (the MAT)'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 directors 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.

PELE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PELE 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 directors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' 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 Pele Trust (the MAT) and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors 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 directors 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 directors are responsible for assessing the Pele Trust (the MAT)'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 directors 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.

PELE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PELE 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.

Baldwins Audit Services

Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

20 December 2019

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

PELE TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PELE TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pele 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 Pele Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Pele 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 Pele Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Pele Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Pele Trust's funding agreement with the Secretary of State for Education dated 30 January 2019 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 Pele Trust (the MAT)'s income and expenditure.

PELE TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance reports
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

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.

Baldwins Audit Services

Reporting Accountant

Baldwins Audit Services

Dated: 20 December 2019

PELE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	29,029	-	71,841	100,870	-
Donations - transfer from local authority on conversion	27	1,074,543	(1,711,412)	8,174,570	7,537,701	-
Charitable activities:						
- Funding for educational operations	4	388,686	6,859,442	-	7,248,128	-
Other trading activities	5	309,850	-	-	309,850	-
Investments	6	497	-	-	497	-
Total		1,802,605	5,148,030	8,246,411	15,197,046	-
Expenditure on:						
Raising funds	7	37,990	-	-	37,990	-
Charitable activities:						
- Educational operations	9	874,311	7,294,620	107,823	8,276,754	-
Total	7	912,301	7,294,620	107,823	8,314,744	-
Net income/(expenditure)		890,304	(2,146,590)	8,138,588	6,882,302	-
Transfers between funds	19	8,878	(145,410)	136,532	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	21	-	(605,000)	-	(605,000)	-
Net movement in funds		899,182	(2,897,000)	8,275,120	6,277,302	-
Reconciliation of funds						
Total funds brought forward		-	-	-	-	-
Total funds carried forward		899,182	(2,897,000)	8,275,120	6,277,302	-


PELE TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	13		8,146,850		-
Current assets					
Stocks	14	1,440		-	
Debtors	15	441,041		-	
Cash at bank and in hand		3,189,999		-	
		<u>3,632,480</u>		<u>-</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(2,596,916)		-	
Net current assets			1,035,564		-
Total assets less current liabilities			9,182,414		-
Creditors: amounts falling due after more than one year	17		(8,112)		-
Net assets before defined benefit pension scheme liability			9,174,302		-
Defined benefit pension scheme liability	21		(2,897,000)		-
Total net assets			<u>6,277,302</u>		<u>-</u>
Funds of the Pele Trust (the MAT):					
Restricted funds	19				
- Fixed asset funds			8,275,120		-
- Pension reserve			(2,897,000)		-
Total restricted funds			<u>5,378,120</u>		<u>-</u>
Unrestricted income funds	19		899,182		-
Total funds			<u>6,277,302</u>		<u>-</u>

The accounts on pages 28 to 53 were approved by the directors and authorised for issue on 20 Dec 2019 and are signed on their behalf by:


 Gerry Miller
 Chair

Company Number 11395017

PELE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by operating activities	22	2,006,133		-	
Cash funds transferred on conversion		1,201,132		-	
		<u>3,207,265</u>			
Cash flows from investing activities					
Dividends, interest and rents from investments		497		-	
Capital grants from DfE Group		62,341		-	
Purchase of tangible fixed assets		(80,104)		-	
		<u>(17,266)</u>			
Net cash used in investing activities					
Net increase in cash and cash equivalents in the reporting period		3,189,999		-	
Cash and cash equivalents at beginning of the year		-		-	
Cash and cash equivalents at end of the year		<u>3,189,999</u>		<u>-</u>	

PELE 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 Pele Trust (the MAT), 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.

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

The academy trust became active when its schools converted in February and March 2019. These accounts therefore report the results for the seven months to 31 August 2019.

1.2 Going concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the Pele Trust (the MAT) has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Pele Trust (the MAT)'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 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the predecessor schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in (for net gain) Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

1.4 Income

All incoming resources are recognised when the Pele Trust (the MAT) 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.

PELE TRUST

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

1 Accounting policies

(Continued)

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 Pele Trust (the MAT) which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Pele Trust (the MAT) 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 Pele Trust (the MAT)'s accounting policies.

1.5 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 Pele Trust (the MAT) to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

PELE TRUST

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

1 Accounting policies

(Continued)

Charitable activities

These are costs incurred on the Pele Trust (the MAT)'s educational operations, including support costs and costs relating to the governance of the Pele Trust (the MAT) apportioned to charitable activities.

1.6 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 other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land	125/46 years
Buildings	50/46 years
Computer equipment	3 years
Fixtures, fittings and equipment	7 years
Motor vehicles	7 years

At Darras Hall Academy land and buildings are occupied on a 125 year lease from the local authority and at Belsay Academy on a 46 year lease. In the view of the trustees, the risks and rewards of occupying the sites have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. Land and buildings at Darras Hall Academy are valued using build costs, as this academy was recently rebuilt. Land and buildings at Belsay Academy are based on local authority valuation on a depreciated replacement cost basis. Other assets transferred on conversion have been valued based on an estimated book value based on their original purchase cost.

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.

1.7 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 Pele Trust (the MAT) 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.

1.8 Leased assets

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

PELE TRUST

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

1 Accounting policies

(Continued)

1.9 Financial instruments

The Pele Trust (the MAT) only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Pele Trust (the MAT) 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.

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.

1.10 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.

1.11 Taxation

The Pele Trust (the MAT) 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 Pele Trust (the MAT) 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.

1.12 Pensions benefits

Retirement benefits to employees of the Pele Trust (the MAT) 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 Pele Trust (the MAT).

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Pele Trust (the MAT) 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.

PELE TRUST

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

1 Accounting policies

(Continued)

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

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Pele Trust (the MAT) at the discretion of the directors.

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

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

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 Pele Trust (the MAT) 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.

PELE TRUST

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

2 Critical accounting estimates and areas of judgement

(Continued)

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 21, 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.

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £280,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. Although there is some judgement in how this equalisation works and is reflected in the LGPS valuations, actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities and they have included an approximate calculation of the GMP valuation. This has increased the LGPS liability by £6,000 as at 31 August 2019.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Donated fixed assets	-	9,500	9,500	-
Capital grants	-	62,341	62,341	-
Other donations	29,029	-	29,029	-
	<u>29,029</u>	<u>71,841</u>	<u>100,870</u>	<u>-</u>

PELE TRUST

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

4 Funding for the Pele Trust (the MAT)'s educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	6,204,143	6,204,143	-
Other DfE group grants	-	315,925	315,925	-
	-	6,520,068	6,520,068	-
Other government grants				
Local authority grants	-	306,421	306,421	-
Other funding				
Catering income	297,223	-	297,223	-
Other incoming resources	91,463	32,953	124,416	-
	388,686	32,953	421,639	-
Total funding	388,686	6,859,442	7,248,128	-

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	6,036	-	6,036	-
Music tuition	15,069	-	15,069	-
Parental contributions	157,501	-	157,501	-
Other income	131,244	-	131,244	-
	309,850	-	309,850	-

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	497	-	497	-

PELE TRUST

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

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
- Direct costs	-	-	37,990	37,990	-
Academy's educational operations					
- Direct costs	4,927,498	-	771,814	5,699,312	-
- Allocated support costs	1,386,538	670,626	520,278	2,577,442	-
	<u>6,314,036</u>	<u>670,626</u>	<u>1,330,082</u>	<u>8,314,744</u>	<u>-</u>
Net income/(expenditure) for the year includes:				2019	2018
				£	£
Fees payable to auditor for:					
- Audit				10,500	-
- Other services				8,300	-
Operating lease rentals				13,970	-
Depreciation of tangible fixed assets				107,823	-
Net interest on defined benefit pension liability				26,000	-
				<u>260,593</u>	<u>-</u>

8 Central services

The Pele Trust (the MAT) has provided the following central services to its academies during the year:

- Management Accounting, Financial Management/Transactional Services and ESFA Returns
- Audit and Quality Assurance
- Executive management and leadership
- Independent strategic school improvement advice and support for Headteachers and Academy Committees
- HR and legal professional services
- The cost of Payroll services
- The Apprenticeship Levy
- Risk Management and Business Continuity
- Governance
- Business Management
- Estate Management

The Pele Trust (the MAT) charges for these services on the following basis:

- flat 5.25 percentage of AWPU received from the ESFA.

PELE TRUST

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

8 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £	2018 £
Belsay Primary School	7,675	-
Darras Hall Primary School	41,264	-
Heddon on the Wall St Andrew's CoE Primary School	13,358	-
Ponteland High School	104,827	-
Ponteland Primary School	30,895	-
Richard Coates CoE School	48,138	-
	<u>246,157</u>	<u>-</u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	311,978	5,387,334	5,699,312	-
Support costs				
Educational operations	562,333	2,015,109	2,577,442	-
	<u>874,311</u>	<u>7,402,443</u>	<u>8,276,754</u>	<u>-</u>

	2019 £	2018 £
Analysis of support costs		
Support staff costs	1,386,538	-
Depreciation	107,823	-
Technology costs	40,930	-
Premises costs	562,803	-
Other support costs	358,602	-
Governance costs	120,746	-
	<u>2,577,442</u>	<u>-</u>

PELE 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	4,546,340	-
Social security costs	415,907	-
Pension costs	1,201,448	-
Amounts paid to employees	6,163,695	-
Agency staff costs	105,381	-
Staff restructuring costs	44,960	-
Amounts paid to staff	6,314,036	-
Staff development and other staff costs	10,303	-
Total staff expenditure	6,324,339	-

Staff restructuring costs comprise:

Redundancy payments	44,960	-
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Staff numbers

The average number of persons employed by the Pele Trust (the MAT) during the year was as follows:

	2019 Number	2018 Number
Teachers	229	-
Administration and support	144	-
Management	16	-
	389	-

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	-

PELE 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 Pele Trust (the MAT) comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Pele Trust (the MAT) was £280,428.

11 Directors' remuneration and expenses

None of the directors were paid remuneration or received other benefits from an employment with the Pele Trust (the MAT).

12 Directors and officers insurance

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

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2018	-	-	-	-	-
Transfer on conversion	8,009,894	19,475	143,800	1,400	8,174,569
Additions	-	54,569	25,535	-	80,104
At 31 August 2019	8,009,894	74,044	169,335	1,400	8,254,673
Depreciation					
At 1 September 2018	-	-	-	-	-
Charge for the year	90,204	5,081	12,421	117	107,823
At 31 August 2019	90,204	5,081	12,421	117	107,823
Net book value					
At 31 August 2019	7,919,690	68,963	156,914	1,283	8,146,850
At 31 August 2018	-	-	-	-	-

14 Stocks

	2019 £	2018 £
Uniform and catering stock	1,440	-

PELE TRUST

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

15 Debtors	2019	2018
	£	£
Trade debtors	44,408	-
VAT recoverable	179,778	-
Prepayments and accrued income	216,855	-
	<u>441,041</u>	<u>-</u>
	<u><u>441,041</u></u>	<u><u>-</u></u>
16 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	1,153,409	-
Other creditors	848,068	-
Accruals and deferred income	595,439	-
	<u>2,596,916</u>	<u>-</u>
	<u><u>2,596,916</u></u>	<u><u>-</u></u>
17 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Other creditors	8,112	-
	<u>8,112</u>	<u>-</u>
	<u><u>8,112</u></u>	<u><u>-</u></u>
18 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	262,628	-
	<u>262,628</u>	<u>-</u>
	<u><u>262,628</u></u>	<u><u>-</u></u>
Deferred income at 1 September 2018	-	-
Resources deferred in the year	262,628	-
	<u>262,628</u>	<u>-</u>
Deferred income at 31 August 2019	262,628	-
	<u><u>262,628</u></u>	<u><u>-</u></u>

Deferred income comprises Universal Infants' Free School Meals, rates relief and trip income for the 2019-20 academic year received in advance.

PELE TRUST

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

19 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	6,204,143	(6,185,321)	(18,822)	-
Other DfE / ESFA grants	-	315,925	(315,925)	-	-
Other government grants	-	306,421	(306,421)	-	-
Other restricted funds	-	159,541	(32,953)	(126,588)	-
Pension reserve	-	(1,838,000)	(454,000)	(605,000)	(2,897,000)
	-	5,148,030	(7,294,620)	(750,410)	(2,897,000)
Restricted fixed asset funds					
Inherited on conversion	-	8,174,570	(106,046)	-	8,068,524
DfE group capital grants	-	62,341	(1,664)	136,532	197,209
Other donations	-	9,500	(113)	-	9,387
	-	8,246,411	(107,823)	136,532	8,275,120
Total restricted funds	-	13,394,441	(7,402,443)	(613,878)	5,378,120
Unrestricted funds					
General funds	-	1,802,605	(912,301)	8,878	899,182
Total funds	-	15,197,046	(8,314,744)	(605,000)	6,277,302

PELE TRUST

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

19 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the school. Under the funding agreement with the Secretary of State, the school was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA grants include teachers pay grant, pupil premium, PE and sports grant and Universal Infant Free School Meals income.

Other government grants comprise SEN funding for pupils with special educational needs and early years funding.

Other restricted funds comprise school direct funding and nursery income.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

The inherited fixed asset fund reflects the fixed assets acquired from Northumberland County Council on conversion. Depreciation on these assets is charged against this fund.

DfE/ESFA capital grants received in year consist of devolved capital grants of £62,341 received in the year, which have been received for expenditure on acquisition and maintenance of fixed assets. On conversion, devolved capital grants amounting to £126,588 were inherited and £128,270 remained unspent at the year end.

Unrestricted funds can be used for any purpose at the discretion of the Trust, within its objectives.

The school's restricted general and unrestricted funds were £899,182 at 31 August 2019.

Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Belsay Primary School	118,096	-
Darras Hall Primary School	10,849	-
Heddon on the Wall St Andrew's CoE Primary School	(47,224)	-
Ponteland High School	475,247	-
Ponteland Primary School	38,936	-
Richard Coates CoE School	160,554	-
Central services	142,724	-
Total before fixed assets fund and pension reserve	899,182	-
Restricted fixed asset fund	8,275,120	-
Pension reserve	(2,897,000)	-
Total funds	6,277,302	-

PELE TRUST

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

19 Funds

(Continued)

Heddon's deficit balance on conversion is largely due to the local authority applying charges for electricity which related to previous financial years for which no accrual has been made.

The school's Academy Committee, with support from the Board of Directors, are committed to reducing the deficit in 2019/20 and have already taken steps to review and reduce staffing costs, either through reducing hours or reviewing appointments, and increase income streams and grant funding/ local donations.

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
	£	£	£	£	£	£
Belsay Primary School	145,395	35,405	9,598	27,140	217,538	-
Darras Hall Primary School	794,589	132,437	60,553	187,380	1,174,959	-
Heddon on the Wall St Andrew's CoE Primary School	335,782	86,787	31,936	70,533	525,038	-
Ponteland High School	2,091,512	406,875	403,271	454,834	3,356,492	-
Ponteland Primary School	592,131	117,644	59,161	179,463	948,399	-
Richard Coates CoE School	920,038	170,235	98,175	153,094	1,341,542	-
Central services	48,051	9,155	3,139	128,608	60,345	-
	<u>4,927,498</u>	<u>958,538</u>	<u>665,833</u>	<u>1,201,052</u>	<u>7,624,313</u>	<u>-</u>

20 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	-	-	8,146,850	8,146,850
Current assets	909,610	2,594,600	128,270	3,632,480
Creditors falling due within one year	(2,316)	(2,594,600)	-	(2,596,916)
Creditors falling due after one year	(8,112)	-	-	(8,112)
Defined benefit pension liability	-	(2,897,000)	-	(2,897,000)
Total net assets	<u>899,182</u>	<u>(2,897,000)</u>	<u>8,275,120</u>	<u>6,277,302</u>

PELE TRUST

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

21 Pension and similar obligations

The Pele Trust (the MAT)'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 Northumberland County 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.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS 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.

PELE TRUST

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

21 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 £545,882.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.9% for employers and 5.5 - 12.5% for employees.

As described in note 27 the LGPS obligation relates to the employees of the Pele Trust (the MAT), being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Pele Trust (the MAT) at the balance sheet date.

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.

PELE TRUST

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

21 Pension and similar obligations

(Continued)

Total contributions made	2019 £	2018 £
Employer's contributions	227,000	-
Employees' contributions	67,000	-
Total contributions	294,000	-

Principal actuarial assumptions	2019 %
Rate of increase in salaries	3.6
Rate of increase for pensions in payment/inflation	2.1
Discount rate for scheme liabilities	1.9
Inflation assumption (CPI)	2.1

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

	2019 Years
Retiring today	
- Males	21.9
- Females	23.8
Retiring in 20 years	
- Males	23.6
- Females	25.7

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

	2019 £
Discount rate + 0.1%	5,735,000
Discount rate - 0.1%	5,993,000
Mortality assumption + 1 year	5,664,000
Mortality assumption - 1 year	6,064,000
CPI rate + 0.1%	5,940,000
CPI rate - 0.1%	5,787,000

PELE TRUST

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

21 Pension and similar obligations

(Continued)

The Pele Trust (the MAT)'s share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	1,936,798	-
Government bonds	548,710	-
Corporate bonds	216,518	-
Cash	8,898	-
Property	109,742	-
Other assets	145,334	-
Total market value of assets	2,966,000	-

The actual return on scheme assets was £280,000.

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	370,000	-
Past service cost	285,000	-
Interest income	(40,000)	-
Interest cost	66,000	-
Total operating charge	681,000	-

Changes in the present value of defined benefit obligations	2019 £
Obligations acquired on conversion	4,241,000
Current service cost	370,000
Interest cost	66,000
Employee contributions	67,000
Actuarial loss	845,000
Benefits paid	(11,000)
Past service cost	285,000
At 31 August 2019	5,863,000

PELE TRUST

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

21 Pension and similar obligations

(Continued)

Changes in the fair value of the Pele Trust (the MAT)'s share of scheme assets

	2019 £
Assets acquired on conversion	2,403,000
Interest income	40,000
Actuarial gain	240,000
Employer contributions	227,000
Employee contributions	67,000
Benefits paid	(11,000)
At 31 August 2019	2,966,000

22 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)	6,882,302	-
Adjusted for:		
Net surplus on conversion to academy	(7,537,701)	-
Capital grants from DfE and other capital income	(62,341)	-
Investment income receivable	(497)	-
Defined benefit pension costs less contributions payable	428,000	-
Defined benefit pension scheme finance cost	26,000	-
Depreciation of tangible fixed assets	107,823	-
(Increase) in stocks	(1,440)	-
(Increase) in debtors	(441,041)	-
Increase in creditors	2,605,028	-
Net cash provided by operating activities	2,006,133	-

23 Commitments under operating leases

At 31 August 2019 the total of the Pele Trust (the MAT)'s future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	19,276	-
Amounts due in two and five years	15,451	-
Amounts due after five years	150,848	-
	185,575	-

PELE TRUST

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

24 Related party transactions

Owing to the nature of the Pele Trust (the MAT) and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the Pele Trust (the MAT)'s financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Belsay Day Care – a company in which E Chaplain (an academy committee member) has a majority interest:

- The academy trust received school meals income from Belsay Day Care totalling £2,648 during the period. At 31 August 2019 £201 was outstanding.
- The academy trust made these transactions at arms' length in accordance with its financial regulations, which E Chaplain neither participated in, nor influenced
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018

Healthline Commercials – a company in which H Cape (a trustee) has a majority interest:

- The academy trust purchased servicing and repairs from Healthline Commercials totalling £1,092 during the period. There were no outstanding amounts at 31 August 2019.
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which H Cape neither participated in, nor influenced
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018

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.

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £5,571 and disbursed £3,006 from the funds. An amount of £2,565 is included in other creditors relating to undistributed funds that is repayable to ESFA.

PELE TRUST

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

27 Conversion to an academy

During the year the following schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Pele Trust from the Northumberland Local Authority for £nil consideration.

Belsay Primary School
Darras Hall Primary School
Heddon on the Wall St Andrew's CoE Primary School
Ponteland High School
Ponteland Primary School
Richard Coates CoE School

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Belsay Primary School	Belsay	1 March 2019
Darras Hall Primary School	Darras Hall	1 February 2019
Heddon on the Wall St Andrew's CoE Primary School	Heddon on the Wall	1 February 2019
Ponteland High School	Ponteland	1 February 2019
Ponteland Primary School	Ponteland	1 February 2019
Richard Coates CoE School	Ponteland	1 February 2019

	2019 £
Net assets transferred:	
Leasehold land and buildings	8,009,894
Other tangible fixed assets	164,675
Cash	1,201,132
Pension scheme deficit	(1,838,000)
	<u>7,537,701</u>

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	8,174,570	8,174,570
LA budget funds	1,071,642	126,588	-	1,198,230
School private fund	2,901	-	-	2,901
LGPS pension funds	-	(1,838,000)	-	(1,838,000)
	<u>1,074,543</u>	<u>(1,711,412)</u>	<u>8,174,570</u>	<u>7,537,701</u>

PELE TRUST

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

27 Conversion to an academy

(Continued)

At Darras Hall Academy land and buildings are occupied on a 125 year lease from the local authority and at Belsay Academy on a 46 year lease. In the view of the trustees, the risks and rewards of occupying the sites have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. Land and buildings at Darras Hall Academy are valued using build costs, as this academy was recently rebuilt. Land and buildings at Belsay Academy are based on local authority valuation on a depreciated replacement cost basis. Other assets transferred on conversion have been valued based on an estimated book value based on their original purchase cost.