

Company Registration No. 11395017 (England and Wales)

PELE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



PELE TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 13
Governance statement	14 - 16
Statement on regularity, propriety and compliance	17
Statement of directors' responsibilities	18
Independent auditor's report on the accounts	19 - 21
Independent reporting accountant's report on regularity	22 - 23
Statement of financial activities including income and expenditure account	24 - 25
Balance sheet	26
Statement of cash flows	27
Notes to the accounts including accounting policies	28 - 50

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 (Resigned 15 July 2020)
Rev James McGowan (Appointed 16 July 2020)

Directors

G Miller (Chair)
B Condra
C Gill
R Kohli
R Golightly
M Stromsoy
R Bliss (Resigned 29 October 2019)
H Clear-Hill
Rev Canon S Harvey
L Joicey (Appointed 19 October 2020)

Senior Leadership Team

- CEO/Headteacher	Kieran McGrane
- Dep CEO/Headteacher	Lynn Blain
- Headteacher	Clare Cantwell
- Headteacher	Heather Cape
- Headteacher	Victoria Parr
- Headteacher	Andrew Wheatley
- Chief Operating Officer	Claire Hancock

Company registration number

11395017 (England and Wales)

Registered office

The Crescent
Callerton Lane
Ponteland
Newcastle upon Tyne
NE20 9EG

Academies operated

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

Location

Independent auditor

Azets Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

PELE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
Newcastle Branch
P O Box 1000
BS1 1LT

Solicitors

Ward Hadaway Solicitors
Sandgate House
102 Quayside
Newcastle upon Tyne
Tyne & Wear
NE1 3DX

PELE TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. 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 six school's (five primary and one secondary) serving pupils aged 3 - 18 in the Ponteland catchment area.

As at January 2020 the trust had a roll of 3089 pupils. The table below shows the capacity of each school and pupil numbers as per the January 2020 school census (the last one that was undertaken due to Covid 19 lockdown):

	Pupils as at Jan 20	Capacity to August 20
Belsay Primary School	93	105
Darras Hall Primary School	490	510
Heddon St Andrews C of E Primary School	180	210
Ponteland Primary School	416	420
Richard Coates C of E Primary School	338	420 *
Ponteland High School	1572	1600 **

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.

*As amended in Feb 2020

**As amended in Feb 2020

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new Directors depends on their existing experience. In the reporting period membership of the Board of Directors has remained stable save for the resignation of one who has not yet been replaced.

Where necessary, induction and training is provided on charity, educational, legal and financial matters. Directors are linked to a named school and are also encouraged to visit all 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. Induction of new Directors in future years will be tailored specifically to the individual.

The Directors also attend an annual governance and development event and this year received refresher training on their legal responsibilities.

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.

Directors delivered their planned schedule of meetings, remotely, during Lockdown which ensured that Governance, and in particular risk management, remained robust. Academy Committees continued to meet remotely and the Trust CEO and Headteachers were present in schools every day. Very few staff, both teaching and professional support staff, were unavailable to work because of Covid-19.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

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

-

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

-

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Engagement with employees

The Board of Directors recognises that Pele Trust's most valuable assets is its staff and acknowledges the value and impact of effective employee engagement. Covid 19 and national lockdown has inevitably had an impact on some planned school based activities however trust wide communication and engagement has occurred in the following ways:

- Whole staff training day held in November 2019 with Directors in attendance to recognise achievements to date and set out trust vision and priorities for the coming year. The event was also an opportunity for collaborative training and cross-school Action Research sessions.
- Regular CEO briefings to all staff providing updates on trust activities such as financial and governance arrangements, school updates, academic performance updates, training plans and key activities and achievements
- Regular CEO and Director visits to schools (curtailed after March but contact was maintained by telephone or virtual meetings)
- Peer reviews undertaken by senior and middle leaders, supported by School Improvement Partners and Headteachers
- Positive engagement with trade unions at local and regional levels in both individual and collective discussions
- All Academy Committees have elected staff members and are also attended by CEO and COO to ensure links back to the Board of Directors

The Trust is a committed equal opportunities employer and take a positive approach to applications for employment from disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons.

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 however there has been a single transaction with a related party to the value of less than £600. The transaction has been reported to the ESFA.

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 2020

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 2020 are summarised below:

- 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

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.

This was particularly evident during the period of Lockdown as schools loaned devices to students to facilitate remote learning, provided support with free school meals and implemented robust procedures to support vulnerable students and their families.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Strategic report

Achievements and performance

Covid-19 had a significant impact on the delivery of education at Pele Trust schools. All schools remained open from 20 March to accommodate vulnerable learners and children of critical workers. The number of attendees varied between schools on a daily basis but all children and families who required support were accommodated.

Students studying from home were provided with daily and weekly remote lessons using a variety of approaches including Google Classroom, YouTube videos of staff leading sessions and live lessons. All schools went to great lengths to ensure that students retained a connection to the school. Whilst government funding for IT was scarce the schools provided Chromebooks for in excess of 200 families to ensure they could engage with online learning activities.

Each school carefully identified a number of vulnerable learners and pastoral staff maintained a daily and/or weekly link with these individuals to ensure they were safe and engaging with their academic work. Pastoral leaders and Form Tutors maintained a weekly link with their tutees to ensure good relationships continued between staff and students.

All Pele Trust primary schools reopened from 8 June with all year groups reintroduced on a phased basis and attending at various times between then and the end of term. Reintroducing the children into schools in this way allowed for the implementation and maintenance of safety measures whilst providing a positive boost to all children prior to the summer break.

Ponteland High School re-opened to Year 10 and Year 12 students from 15 June with a rota system in place to ensure that no more than a quarter of students attended on any given day. Year 10 attended for four days per week (Mon-Thurs) whilst Year 12 attended for all week with small groups timetabled for Fridays. The school took advantage of relatively quiet Fridays to invite targeted students from Year 7 to 9 who had not engaged with online learning as we would have liked. 45 students were invited in for 4 x Fridays to engage in core lessons, i.e. Maths, English and science; the response rate was over 80%, which was very pleasing.

There has been of course a significant impact on pupil assessment. Key Stage 2 SATS, GCSE's and A Level examinations were all cancelled and the subsequent impact and fall out of that has been widely reported.

Key performance indicators

GCSE and A Level Results

The 2020 Year 11 GCSE results and A-level results were awarded based on Centre Assessment Grades (CAGs) and not through the blunt tool of Ofqual's statistical standardisation model and algorithm used to initially set A-level grades. It is the opinion of Directors that this was a far more robust and equitable approach which allowed for prior attainment to be fully considered resulting in a far more nuanced and accurate final grade. Further information about the CAG process can be found on the Ponteland High School website here <https://ponthigh.org.uk/wp-content/uploads/2020/07/Setting-Centre-Assessment-Grades-at-PHS-July-2020.pdf>

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Directors have reviewed academic performance in detail however for the purposes of this report the headline results for 2020 can be reported as below:

GCSE

Proportion of students achieving Grade 5 or better in English and Maths:
2020 results: 60% (2019 results: 54%)

Proportion of students achieving Grade 4 or better in English and Maths
2020 results: 81% (2019 results: 72%)

A Level

25% of all grades awarded A*-A or equivalent

50% of all grades awarded A*-B

70% of all grades awarded A*-C.

Destinations

In 2020 we had 100 students gain places at 33 different institutions including Newcastle, Cambridge, Durham, St. Andrews, Bath, York, Liverpool, Cardiff, and Nottingham and the Academy for Contemporary Music.

Popular degree courses included Business, Medicine, Engineering and degrees involving a Modern Language and several students started an apprenticeship or employment.

School Moves

Covid-19 also impacted plans for three trust schools to relocate to new buildings. Ponteland Primary and Ponteland High Schools were due to take occupation of new schools from July 2020, with Richard Coates Primary School taking occupation of the former Ponteland Primary site in time for September 2020.

Inevitably these plans were delayed with the moves being postponed to October 2020 and February 2021 for Richard Coates. This has resulted in decant arrangements being condensed from a number of weeks to a matter of days over the October half term break. Despite this, both Ponteland Primary School and Ponteland High School have successfully navigated this process and welcomed students to their new learning environments very successfully.

Transition

Transition is a key point 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.

Under normal circumstances, transition activities start as early as year 4 as we start to familiarise our younger pupils with life at secondary school. Unfortunately visits by younger children to the high school for music practice and sports were curtailed after March, as were residential trips to Dukewood House and the highlight of the year - an all school trip to France.

And so, transition from primary to secondary school in 2020 was managed in a different way. A series of informative and familiarisation videos were made available to parents and children along with weekly newsletters and introductions to key members of staff. This took place during the final half term of the academic year and the feedback through a Year 7 Parent's survey (Dec 2020) has been very positive about the provision that was put in place. Trust schools hope to be in a position to deliver as full a transition experience as possible next year.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Financial review

The financial statements show the movement on restricted and unrestricted funds.

Total funds of the trust, as at 31 August 2020, amount to £2,043,972. £1,053,666 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.

Whilst the overall in year position for the trust was positive, several schools recorded an in year deficit. At Darras Hall, Richard Coates and Heddon St Andrews primary schools, this was expected and occurred primarily because of re-organisation from first to primary structures and, in the case of Darras Hall a reducing PAN. 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 with a return to a balanced budget forecast from 2020/21. Belsay's in year deficit was higher than expected however the overspend was a considered and agreed position given significant school reserves carried forward from previous years and much needed investment in buildings and IT.

Ponteland High and Ponteland Primary schools report in year surpluses and Directors recognise that there are forward plans in relation to uncertainties around their moves to new buildings in October 2020.

Liabilities in relation to the Local Government Pension Scheme amounting to £4,370,000 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 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Impact of Covid 19

Pele Trust has continued to receive its government funding during the pandemic however it is inevitable that there has been an impact on some self generated funding streams.

Income from Out of School Clubs was impacted at some schools – the majority did achieve budget projections however it is evident that income would have been exceeded expectations had operations continued as normal.

Catering income at Ponteland High School was significantly affected as the vast majority is pupil generated. Catering in primary schools is managed by an external agency and income for pupil meals flows direct from parents to them. Schools have continued to pay their management and administrative costs given that these continued to be borne by the company in any event.

Where we were able to demonstrate that staff costs were usually met from self generated income streams (i.e. catering and out of school club) some staff were furloughed until the end of the school term in July. At schools where ESFA funding streams such as Universal Infant Free School meals and deprivation continued to cover staffing costs no staff were furloughed.

Cleaning costs have inevitably increased both in terms of staffing and consumables. Schools have continued to pay external cleaning contractors in accordance with Cabinet Office procurement policy and in most cases service was being delivered in any event.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

All school trips were cancelled which had a huge impact on extra curricular experiences for students however the financial impact has been minimal due to the cover provided by RPA. There is a small trip balance to carry forward into next year which relates to a trip planned for March 2021 and which will likely be refunded.

As we move into 2020/21 there is concern regarding the impact on several school budgets and how they will absorb the inevitable increase in cost of supply staff to cover Covid related absences through illness or isolation and additional cleaning costs, as well as the future availability of staff to support catch up 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 continue to work towards an appropriate minimum reserves balance that will equate to 3% of each individual school GAG allocation.

As at the 31 August 2020 the Trust's total free reserves were £1,053,666. £8,027,813 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 remain invested at Lloyds bank in cash deposits at market rates.

Principal risks and uncertainties

The Trust has robust risk management processes in place which are reviewed regularly by Academy Committees and Directors. 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 Director board meetings. and risk registers which are regularly reviewed and school and Board level.

Risks which are regularly under review are:

Category	Risk rating	Controls
Health and Safety (Covid – 19)	High	Managed with controls in place
Leadership and Management	Stable	Effective
School Governance	Stable	Effective
Safeguarding compliance	Stable	Effective
Safeguarding culture	Stable	Effective
Pupil outcomes	Unstable	Managed with controls in place
Quality of education	Stable	Effective
Personal Development	Stable	Effective
Attendance	Unstable	Managed with controls in place
Parents and community	Stable	Effective

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Where risks are described as unstable these can be linked directly to the Covid 19 pandemic and subsequent closure of schools to the majority of pupils. Pele Trust is mitigating risks with a comprehensive remote learning programme in place at all schools, alongside robust safeguarding measures to ensure the safety and wellbeing of pupils whether they be in or away from school. Pupil attendance is described as unstable again due to the uncontrollable impact of Covid 19.

Ones to watch

Pupil outcomes may be impacted in future years and much depends on the Governments approach to catch up and national assessments across all key stages. The Trust is focused on ensuring appropriate additional resources are in place and allocated as required to minimise any detriment as a result of Covid 19.

Pupil Numbers in (current) years 4 and 5 in schools within the Pele Trust catchment area are high. Darras Hall permitted admission number is reducing in line with planned reorganisations but fluctuations in pupil numbers could present risks.

Effective budget controls are in place however some schools will require close monitoring to ensure that they remain financially stable.

Unknowns relating to new **build accommodation** and ageing estate at Belsay require monitoring.

Fundraising

Pele Trust does not use any external fundraisers.

Opportunities to raise funds through the usual events such as school fairs, sponsored events and school performances have been limited since March 2020. In a normal year, the majority of proceeds from school fundraising activities 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 Food Technology may request a small donation from parents towards the cost of materials for student projects.

Any fundraising will be monitored by Directors.

Plans for future periods

Directors have identified a number of priorities for 2020-2021:

- To ensure the continuity of education for pupils in all trust schools
- To continue 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
- To explore opportunities for growth and development
- To address any vacancies on the Board of Directors and Academy Committees.

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 above, transition between primary and secondary school remains 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's central team of finance and business management partners have become well established in the past year, 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.

PELE TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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. Staff have continued with CPD during lockdown with renewed focus on remote learning,

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 21 January 2021 and signed on its behalf by:



G Miller

Chair

PELE TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

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

As Directors we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for 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***
G Miller (Chair)	11	11
B Condra****	10	9
C Gill	7	9
R Kholi	7	9
R Golightly	6	9
M Stromsoy	10	11
R Bliss (Resigned 29 October 2019)	0	1
H Clear-Hill	5	8
Rev Canon S Harvey*****	9	8

Full details of attendance are available at the Pele Trust website www.peletrust.org.uk

The Board of Directors 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

***6 x Full Board, 3 x Resources sub Board, 2 x Achievement and Standards sub Board

****Attended Achievements and Standards Board as additional attendee

*****Attended Resources Board as additional attendee

PELE TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Review of Governance

The Board reviewed governance arrangements following the resignation of 1 Member and 1 Director. In accordance with the Trust Articles of Association the Diocese of Newcastle nominated their replacement Member and Directors took the opportunity to review the skill set of the Board prior to replacing Directors. Directors identified that the board would benefit from an additional education practitioner with a view to making an appointment in the 2020/21 academic year.

A Training Needs Analysis exercise also identified a requirement for additional training on legal responsibilities and this was delivered by Ward Hadaway in February 2020.

Directors and Academy Committees reviewed the Scheme of Delegation with some amendments being made to reflect areas of responsibility not previously captured.

A planned external review of governance arrangements was delayed due to Covid 19 and it is expected that this will take place during 2020/21. Strengthening Academy Committee membership is a priority for Directors in 2020/21.

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 business management support functions to be delivered by Central Services
- Delivering a tender exercise for multi-functional print devices to two schools
- Shared training days and mutual collaboration on CPD for teaching and support colleagues
- Trust wide school improvement partner who is building capacity to ensure continuous improvement by leading a programme of school to school peer reviews

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 reporting period 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 September 2019 to 31 August 2020 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 2020

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

Internal assurance continued during the reporting period, despite lockdown, and was successfully completed remotely between 1 September 2019 to 31 August 2020. The reviews carried out by the external auditor included:

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

There were no significant risks identified as a result of the assurance exercise.

The Trust will be retendering for internal assurance services for the period from September 2020 in order to separate internal scrutiny from external audit. External audit will remain with Azets for the remainder of the contract period.


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:

- Internal assurance reviews
- 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

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 21 January 2021 and signed on its behalf by:



G Miller
Chair



K McGrane
Accounting Officer

PELE TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Pele Trust, I have considered my responsibility to notify the Pele Trust (the MAT) board of directors and the Education and 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 2019.

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 2019.

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.



K McGrane
Accounting Officer

21 January 2021

PELE TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 published by the Education and 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 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 21 January 2021 and signed on its behalf by:



G Miller
Chair

PELE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PELE TRUST FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Pele Trust for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020.

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 2020

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 has 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 2020

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.

Azets Audit Services

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

26 January 2021
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Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

PELE TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 18 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Azets Audit Services

Reporting Accountant

Azets Audit Services

Dated:26 January 2021

PELE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and capital grants	3	42,438	-	504,768	547,206
Donations - transfer from local authority on conversion		-	-	-	7,537,701
Charitable activities:					
- Funding for educational operations	4	468,198	14,421,557	-	14,889,755
Other trading activities	5	524,567	-	-	524,567
Investments	6	1,778	-	-	1,778
Total		1,036,981	14,421,557	504,768	15,963,306
Expenditure on:					
Raising funds	7	413,390	2,126	-	415,516
Charitable activities:					
- Educational operations	9	460,995	14,514,631	212,681	15,188,307
Total	7	874,385	14,516,757	212,681	15,603,823
Net income/(expenditure)		162,596	(95,200)	292,087	359,483
Transfers between funds	19	(8,112)	265,000	(256,888)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	21	-	(935,000)	-	(935,000)
Net movement in funds		154,484	(765,200)	35,199	(575,517)
Reconciliation of funds					
Total funds brought forward		899,182	(2,897,000)	8,275,120	6,277,302
Total funds carried forward		1,053,666	(3,662,200)	8,310,319	5,701,785

PELE TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

Comparative information ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2019 £
Income and endowments from:					
Donations and capital grants	3	29,029	-	71,841	100,870
Donations - transfer from local authority on conversion		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	568,320	-	-	568,320
Charitable activities:					
- Educational operations	9	343,981	7,294,620	107,823	7,746,424
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 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		8,027,813		8,146,850
Current assets					
Stocks	14	7,019		1,440	
Debtors	15	633,097		441,041	
Cash at bank and in hand		3,391,086		3,189,999	
		4,031,202		3,632,480	
Current liabilities					
Creditors: amounts falling due within one year	16	(1,982,594)		(2,596,916)	
Net current assets			2,048,608		1,035,564
Total assets less current liabilities			10,076,421		9,182,414
Creditors: amounts falling due after more than one year	17		(4,636)		(8,112)
Net assets before defined benefit pension scheme liability			10,071,785		9,174,302
Defined benefit pension scheme liability	21		(4,370,000)		(2,897,000)
Total net assets			5,701,785		6,277,302
Funds of the Pele Trust (the MAT):					
Restricted funds	19				
- Fixed asset funds			8,310,319		8,275,120
- Restricted income funds			707,800		-
- Pension reserve			(4,370,000)		(2,897,000)
Total restricted funds			4,648,119		5,378,120
Unrestricted income funds	19		1,053,666		899,182
Total funds			5,701,785		6,277,302

The accounts on pages 24 to 50 were approved by the directors and authorised for issue on 21 January 2021 and are signed on their behalf by:



G Miller
Chair

Company Number 11395017

PELE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	22	(211,815)		1,996,633	
Cash funds transferred on conversion		-		1,201,132	
		<u>(211,815)</u>		<u>3,197,765</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		1,778		497	
Capital grants from DfE Group		487,652		62,341	
Purchase of tangible fixed assets		<u>(76,528)</u>		<u>(70,604)</u>	
Net cash provided by/(used in) investing activities		<u>412,902</u>		<u>(7,766)</u>	
Net increase in cash and cash equivalents in the reporting period		201,087		3,189,999	
Cash and cash equivalents at beginning of the year		<u>3,189,999</u>		<u>-</u>	
Cash and cash equivalents at end of the year		<u><u>3,391,086</u></u>		<u><u>3,189,999</u></u>	

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The results for the comparative period cover activities from 1 February 2019 to the year end of 31 August 2019, a 7 month period during which the trust was operational.

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

1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie 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 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.

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.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the 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.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets 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 and buildings	125/46 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.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

1.7 Leased assets

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

1.8 Financial instruments

The 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.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

1.9 Stock

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

1.10 Taxation

The 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.

1.11 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 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 net income or expenditure 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.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.12 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.

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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. Following developments in employment tribunals and other public service schemes, and subsequently the consultation on the proposed remedy for the LGPS on 16 July 2020, actuaries have assumed a remedy that an underpin would apply to all those in the scheme on 1 April 2012, will not apply on withdrawal and will apply to spouse's pensions. These assumptions have been reflected in the valuation, with the overall impact dependent on the profile of each employer.

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. Allowance has been made in the valuation for members whose state pension age is on or after 6 April 2016.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Donated fixed assets	-	17,116	17,116	9,500
Capital grants	-	487,652	487,652	62,341
Other donations	42,438	-	42,438	29,029
	<u>42,438</u>	<u>504,768</u>	<u>547,206</u>	<u>100,870</u>

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	12,325,524	12,325,524	6,204,143
Other DfE group grants	-	1,424,793	1,424,793	315,925
	-	13,750,317	13,750,317	6,520,068
Other government grants				
Local authority grants	-	623,222	623,222	306,421
Exceptional government funding				
Coronavirus job retention scheme grant	-	30,184	30,184	-
Coronavirus exceptional support	-	17,834	17,834	-
	-	48,018	48,018	-
Other funding				
Catering income	432,045	-	432,045	297,223
Other incoming resources	36,153	-	36,153	124,416
	468,198	-	468,198	421,639
Total funding	468,198	14,373,539	14,841,737	7,248,128

Other DfE group grants includes the following:

	2020 £	2019 £
Pupil Premium	350,944	133,341
Year 7 Catch Up Grant	22,250	-
Universal Infant Free School Meals	227,022	101,455
FSM Supplementary Grant	18,040	-
PE Sports Grant	91,940	37,787
Teachers Pay Grant	169,816	43,342
Teachers Pension Grant	544,781	-
	1,424,793	315,925

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £18k of premises and cleaning costs. These costs are included in notes 7 and 9 below as appropriate.

- The academy furloughed some of its staff under the government's CJRS. The funding received of £30k relates to staff costs in respect of staff which are included within note 10 below as appropriate.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	10,404	-	10,404	6,036
Catering income	549	-	549	-
Music tuition	29,361	-	29,361	15,069
Parental contributions	235,624	-	235,624	157,501
Other income	248,629	-	248,629	131,244
	<u>524,567</u>	<u>-</u>	<u>524,567</u>	<u>309,850</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	<u>1,778</u>	<u>-</u>	<u>1,778</u>	<u>497</u>

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	12,657	-	333,861	346,518	568,320
- Allocated support costs	68,998	-	-	68,998	-
Academy's educational operations					
- Direct costs	9,837,871	-	702,249	10,540,120	5,387,334
- Allocated support costs	2,426,692	1,400,718	820,777	4,648,187	2,359,090
	<u>12,346,218</u>	<u>1,400,718</u>	<u>1,856,887</u>	<u>15,603,823</u>	<u>8,314,744</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	13,000	10,500
- Other services	11,400	8,300
Operating lease rentals	2,046	13,970
Depreciation of tangible fixed assets	212,681	107,823
Net interest on defined benefit pension liability	<u>51,000</u>	<u>26,000</u>

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Trustees agreed that Ponteland High School would support Richard Coates CoE School in the year by make additional contributions to the central function to allow Richard Coates to reduce its contribution for 2019/20.

The amounts charged during the year were as follows:

	2020 £	2019 £
Belsay Primary School	12,085	7,675
Darras Hall Primary School	69,935	41,264
Heddon on the Wall St Andrew's CoE Primary School	24,463	13,358
Ponteland High School	313,646	104,827
Ponteland Primary School	56,442	30,895
Richard Coates CoE School	10,807	48,138
	<u>487,378</u>	<u>246,157</u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	34,301	10,505,819	10,540,120	5,387,334
Support costs				
Educational operations	426,694	4,221,493	4,648,187	2,359,090
	<u>460,995</u>	<u>14,727,312</u>	<u>15,188,307</u>	<u>7,746,424</u>

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Charitable activities

(Continued)

	2020 £	2019 £
Analysis of support costs		
Support staff costs	2,426,692	1,386,538
Depreciation	212,681	107,823
Technology costs	173,678	40,930
Premises costs	1,188,037	350,239
Legal costs	4,823	1,500
Other support costs	600,371	453,260
Governance costs	41,905	18,800
	<u>4,648,187</u>	<u>2,359,090</u>

10 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	8,849,003	4,546,340
Social security costs	829,911	415,907
Pension costs	2,483,179	1,201,448
	<u>12,162,093</u>	<u>6,163,695</u>
Staff costs - employees	12,162,093	6,163,695
Agency staff costs	166,665	105,381
Staff restructuring costs	17,460	44,960
	<u>12,346,218</u>	<u>6,314,036</u>
Staff development and other staff costs	47,749	10,303
	<u>12,393,967</u>	<u>6,324,339</u>
Staff restructuring costs comprise:		
Redundancy payments	<u>17,460</u>	<u>44,960</u>

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Staff numbers

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

	2020 Number	2019 Number
Teachers	240	229
Administration and support	141	144
Management	19	16
	<u>400</u>	<u>389</u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was as follows. Note that the 2019 figures cover a seven month period during which the trust was active, the 2020 figures cover a full year.

	2020 Number	2019 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	3	-
£110,001 - £120,000	1	-
	<u>5</u>	<u>1</u>

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 £638,079 (2019: £280,428). Note that the 2019 figures cover a seven month period during which the trust was active, whereas 2020 covers a full twelve month period.

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).

During the period ended 31 August 2020, travel and subsistence expenses totalling £857 were reimbursed or paid directly to 2 trustees (2019: £nil to no trustees).

12 Insurance for directors and officers

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.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2019	8,009,894	74,044	169,335	1,400	8,254,673
Additions	-	46,214	30,314	17,116	93,644
At 31 August 2020	8,009,894	120,258	199,649	18,516	8,348,317
Depreciation					
At 1 September 2019	90,204	5,081	12,421	117	107,823
Charge for the year	158,005	27,369	26,903	404	212,681
At 31 August 2020	248,209	32,450	39,324	521	320,504
Net book value					
At 31 August 2020	7,761,685	87,808	160,325	17,995	8,027,813
At 31 August 2019	7,919,690	68,963	156,914	1,283	8,146,850

14 Stocks

	2020 £	2019 £
Uniform and catering stock	7,019	1,440

15 Debtors

	2020 £	2019 £
Trade debtors	14,779	44,408
VAT recoverable	39,836	179,778
Other debtors	21,050	-
Prepayments and accrued income	557,432	216,855
	633,097	441,041

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,077,978	1,153,409
Other creditors	16,983	848,068
Accruals and deferred income	887,633	595,439
	<u>1,982,594</u>	<u>2,596,916</u>

17 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	<u>4,636</u>	<u>8,112</u>

18 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	<u>326,222</u>	<u>262,628</u>
Deferred income at 1 September 2019	262,628	-
Released from previous years	(262,628)	-
Resources deferred in the year	<u>326,222</u>	<u>262,628</u>
Deferred income at 31 August 2020	<u>326,222</u>	<u>262,628</u>

Deferred income comprises Universal Infants' Free School Meals, rates relief, early years funding, Duke of Edinburgh and trip income for the 2020-21 academic year received in advance.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	12,325,524	(11,899,450)	265,000	691,074
Other DfE / ESFA grants	-	1,424,793	(1,408,067)	-	16,726
Other government grants	-	671,240	(671,240)	-	-
Pension reserve	(2,897,000)	-	(538,000)	(935,000)	(4,370,000)
	<u>(2,897,000)</u>	<u>14,421,557</u>	<u>(14,516,757)</u>	<u>(670,000)</u>	<u>(3,662,200)</u>
Restricted fixed asset funds					
Inherited on conversion	8,068,524	-	(185,238)	-	7,883,286
DfE group capital grants	197,209	487,652	(24,927)	(310,898)	349,036
Capital expenditure from GAG	-	-	(955)	54,010	53,055
Other donations	9,387	17,116	(1,561)	-	24,942
	<u>8,275,120</u>	<u>504,768</u>	<u>(212,681)</u>	<u>(256,888)</u>	<u>8,310,319</u>
Total restricted funds	<u>5,378,120</u>	<u>14,926,325</u>	<u>(14,729,438)</u>	<u>(926,888)</u>	<u>4,648,119</u>
Unrestricted funds					
General funds	<u>899,182</u>	<u>1,036,981</u>	<u>(874,385)</u>	<u>(8,112)</u>	<u>1,053,666</u>
Total funds	<u>6,277,302</u>	<u>15,963,306</u>	<u>(15,603,823)</u>	<u>(935,000)</u>	<u>5,701,785</u>

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 2020.

Other DfE/ESFA grants include teachers' pay and pension grants, pupil premium, year 7 catch up grant, PE and sports grant and Universal Infant Free School Meals income.

Other government grants comprise SEN funding for pupils with special educational needs, pupil premium received from the local authority and early years funding.

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 £63,521 received in the year and £128,270 brought forward of which £22,517 has been spent on fixed asset additions with £169,274 carried forward for future use. Also CIF grant of £424,131 received in the year of which £310,898 has been utilised on non capitalised expenditure with £113,233 carried forward for future use.

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 £1,761,466 at 31 August 2020.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

(Continued)

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

	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					
Transfer 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 2020

19 Funds

(Continued)

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
Belsay Primary School	97,389	118,096
Darras Hall Primary School	8,971	10,849
Heddon on the Wall St Andrew's CoE Primary School	(49,830)	(47,224)
Ponteland High School	1,484,803	475,247
Ponteland Primary School	105,013	38,936
Richard Coates CoE School	7,004	160,554
Central services	108,116	142,724
Total before fixed assets fund and pension reserve	1,761,466	899,182
Restricted fixed asset fund	8,310,319	8,275,120
Pension reserve	(4,370,000)	(2,897,000)
Total funds	5,701,785	6,277,302

Heddon's Academy Committee, with support from the Board of Directors, are committed to reducing the deficit in 2020/21 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. The accounts for 20/21 show the deficit reducing as a result of actions taken.

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 2020 £	Total 2019 £
Belsay Primary School	303,284	70,130	35,114	99,146	507,674	217,538
Darras Hall Primary School	1,394,888	245,196	68,690	328,511	2,037,285	1,174,959
Heddon on the Wall St Andrew's CoE Primary School	595,980	147,877	36,970	440,965	1,221,792	525,038
Ponteland High School	5,289,747	789,000	323,184	794,253	7,196,184	3,356,492
Ponteland Primary School	1,145,043	202,377	103,460	324,490	1,775,370	948,399
Richard Coates CoE School	1,034,479	257,550	85,364	213,218	1,590,611	1,341,542
Central services	87,107	296,560	1,718	138,841	524,226	188,953
	9,850,528	2,008,690	654,500	2,339,424	14,853,142	7,752,921

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	8,027,813	8,027,813
Current assets	1,121,455	2,412,979	496,768	4,031,202
Creditors falling due within one year	(63,153)	(1,705,179)	(214,262)	(1,982,594)
Creditors falling due after one year	(4,636)	-	-	(4,636)
Defined benefit pension liability	-	(4,370,000)	-	(4,370,000)
Total net assets	1,053,666	(3,662,200)	8,310,319	5,701,785
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	899,182	(2,897,000)	8,275,120	6,277,302

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 2016, and that of the LGPS related to the period ended 31 March 2019.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,272,615 (2019: £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.

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

Total contributions made	2020 £	2019 £
Employer's contributions	462,000	227,000
Employees' contributions	129,000	67,000
Total contributions	591,000	294,000

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.8	3.6
Rate of increase for pensions in payment/inflation	2.3	2.1
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.3	2.1

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

	2020 Years	2019 Years
Retiring today		
- Males	21.8	21.9
- Females	25.0	23.8
Retiring in 20 years		
- Males	23.5	23.6
- Females	26.8	25.7

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

	2020 £	2019 £
Discount rate + 0.1%	7,573,000	5,735,000
Discount rate - 0.1%	7,977,000	5,993,000
Mortality assumption + 1 year	7,495,000	5,664,000
Mortality assumption - 1 year	8,055,000	6,064,000
CPI rate + 0.1%	7,946,000	5,940,000
CPI rate - 0.1%	7,604,000	5,787,000

The Pele Trust (the MAT)'s share of the assets in the scheme

	2020 Fair value £	2019 Fair value £
Equities	1,821,675	1,936,798
Government bonds	81,720	548,710
Corporate bonds	779,745	216,518
Cash	64,695	8,898
Property	313,260	109,742
Other assets	343,905	145,334
Total market value of assets	3,405,000	2,966,000

The actual return on scheme assets was £(129,000) (2019: £280,000).

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	949,000	370,000
Past service cost	-	285,000
Interest income	(62,000)	(40,000)
Interest cost	113,000	66,000
Total operating charge	1,000,000	681,000

Changes in the present value of defined benefit obligations	2020 £	2019 £
At 1 September 2019	5,863,000	-
Obligations acquired on conversion	-	4,241,000
Current service cost	949,000	370,000
Interest cost	113,000	66,000
Employee contributions	129,000	67,000
Actuarial loss	744,000	845,000
Benefits paid	(23,000)	(11,000)
Past service cost	-	285,000
At 31 August 2020	7,775,000	5,863,000

Changes in the fair value of the Pele Trust (the MAT)'s share of scheme assets	2020 £	2019 £
At 1 September 2019	2,966,000	-
Assets acquired on conversion	-	2,403,000
Interest income	62,000	40,000
Actuarial loss/(gain)	(191,000)	240,000
Employer contributions	462,000	227,000
Employee contributions	129,000	67,000
Benefits paid	(23,000)	(11,000)
At 31 August 2020	3,405,000	2,966,000

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

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

	2020 £	2019 £
Net income for the reporting period (as per the statement of financial activities)	359,483	6,882,302
Adjusted for:		
Net surplus on conversion to academy	-	(7,537,701)
Capital grants from DfE and other capital income	(504,768)	(71,841)
Investment income receivable	(1,778)	(497)
Defined benefit pension costs less contributions payable	487,000	428,000
Defined benefit pension scheme finance cost	51,000	26,000
Depreciation of tangible fixed assets	212,681	107,823
(Increase) in stocks	(5,579)	(1,440)
(Increase) in debtors	(192,056)	(441,041)
(Decrease)/increase in creditors	(617,798)	2,605,028
Net cash (used in)/provided by operating activities	(211,815)	1,996,633

23 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	3,189,999	201,087	3,391,086

24 Commitments under operating leases

At 31 August 2020 the total of the Pele Trust (the MAT)'s future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	9,668	19,276
Amounts due in two and five years	11,545	15,451
Amounts due after five years	150,083	150,848
	171,296	185,575

PELE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

25 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.

Healthline Commercials – a company in which H Cape (headteacher and governor) has an interest:

- The academy trust purchased servicing and repairs from Healthline Commercials totalling £725 (2019: £1,092) during the period. There were no outstanding amounts at 31 August 2020 (2019: £nil).
- 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 2019.

26 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.

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust brought forward £2,565 (2019: £nil) undistributed funds from previous years, received £16,465 (2019: £5,571) and disbursed £6,396 (2019: £3,006) from the funds. An amount of £12,634 (2019: £2,565) is included in other creditors relating to undistributed funds that is repayable to ESFA.