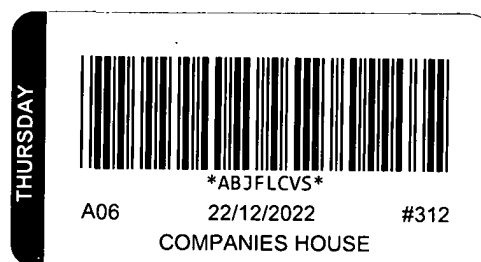


PRESTON HEDGES ACADEMY TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2022



Company Limited by Guarantee
Registration Number: 08282041
(England & Wales)

CONTENTS

	Page
Reference and Administrative Details	3
Trustees' Report	4
Governance Statement	12
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18
Independent Reporting Accountant's Report on Regularity	22
Statement of Financial Activities	24
Balance Sheet	25
Statement of Cash Flows	26
Notes to the Financial Statements	27

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	Dr P Walters Mrs Y Gill Mr C Gyles Mr N Prescott Mr S Saunders
Governors	Mr L Gentry Mrs R Hickford (Resigned as Chair 6 December 2022) Mr P Watson CEO Dr J Murray Mr D Hughes Mrs S Smith Mrs W Pearmain (Resigned May 2022) Mr C Dillow Mr M Brinkley (Appointed Chair 7 December 2022) Mr P Dawes Mr D Nyamatore Mrs S Balakrishan (Appointed 20 September 2022) Mrs L White
Chief Executive Officer	Mr P Watson, CEO
Executive Leadership Team	Mrs L Kerrison, Finance Director Mrs C Stewart, Principal Mrs T Coles, Principal Mrs C Cassidy, Principal Mrs H Rodgers, Principal
Senior Leadership Team	Mrs L Kerrison, Finance Director Mrs C Stewart, Principal Mrs T Coles, Principal
Principal and Registered Office	Preston Hedges Academy Trust Wootton Hope Drive Wootton Fields Northampton NN4 6BU
Company name	Preston Hedges Academy Trust
Company Registration Number	08282041
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds Bank plc Northampton
Solicitors	Winkworth Sherwood Minerva House 5 Montague Close London SE1 9BB

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year from 1 September 2021 to 31 August 2022. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management**Constitution**

The Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The Trustees of Preston Hedges Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Preston Hedges Academy Trust and was approved as an Academy Sponsor in August 2016. As of 1 September 2022, the Trust is made up of five schools with Holne Chase Primary School joining the Trust on 1 December 2020 and Buckton Fields Primary school, which opened on 1 September 2021.

The principal activity of the Trust is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, managing, and developing schools offering a broad curriculum.

Details of the Trustees who served during the year are included in the reference and administrative details in the Governance Statement.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice, the charitable company has insurance in place to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on charitable company business.

Method of recruitment and appointment or election of Trustees

As determined by the Articles of Association any new Trustees must only be appointed if agreed by the Trust Board.

During this period, no new Trustees were appointed to the Trust Board.

Policies and procedures adopted for the induction and training of Trustees

The Trust Board has a Trustee induction programme for all new Trustees. Every new Trustee is provided with a mentor who supports their induction to the Trust. The mentor who supports their induction provides copies of Trust policies, procedures, minutes, accounts, budgets, plans and any other documents needed to undertake their role of Trustee effectively. The Trust annually reviews the skills and training requirements of Trustees and seeks to provide guidance and training appropriate to ensuring effective discharge of statutory duties and for effective governance in driving the strategic direction and leadership of the Trust (and its schools).

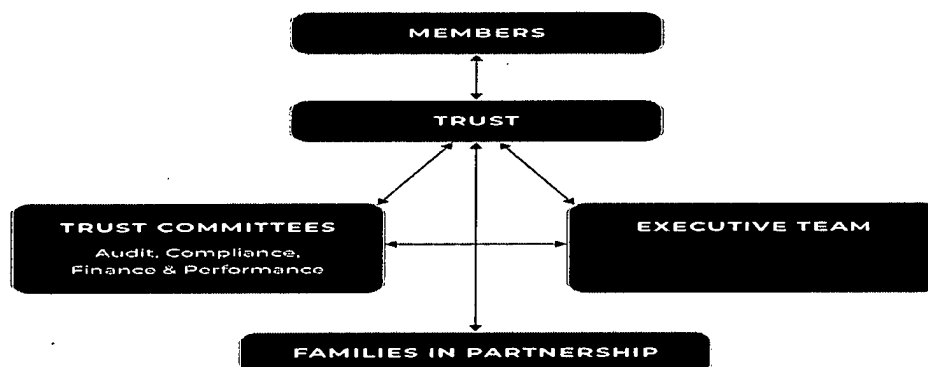
Organisational structure

The Trust has adopted a scheme of delegation which identifies the level of autonomy for the CEO, the Senior Leadership Team, Executive Team, and the Trust Committees. In May 2022 we introduced Families in Partnership groups to provide local governance. Otherwise, decision making of the Trust Board is as contained in the funding agreement including the Articles and Memorandum of Association.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Organisational structure (cont'd)

Our Structure is as follows:

**Members**

Independent Members x5

Senior Leadership Team

CEO
Finance Director
Executive Principals x2

Trust Board

Trustees appointed x11 (including CEO)
Company Secretary

Executive Leadership Team

CEO
Finance Director
School Principals x3
Executive Principals x2

Trust Committees

Audit & Risk, Compliance, Finance & Performance. All of which have a Chair and appropriate Trustees with support from our senior school leaders as required.

Families in Partnership

Families in Partnership comprise of a Principal, 2 x Trustees, up to 3 appointed or elected parents and appropriate community representatives.

LAB's (Local Advisory Boards) were disbanded in April 2022, and Families in Partnership launched September 2022. The primary focus of the Families in Partnership model is to improve the way the Trust communicates and engages with our school communities. We want parents, carers and members of the local community to be at the heart of the Trust.

Each school will have its own Families in Partnership group made up of the Trustees, the school Principal, elected parents, nominated parents and members of the local community. The elected parent representatives will attend three meetings a year where they will receive updates on developments at the Trust and priorities of the school while having the opportunity to provide feedback and ask any questions.

Elected parents will be asked to attend where possible key school events, such as Sports Days and Parents' Evenings. As well as elected parents, members will also include figures from the local community and invited parents who may have skills and experience which could benefit the school and wider Trust.

- The meetings will be open for all parents to attend as and when they wish.
- There will be three meetings a year, one every beginning of term from September 2022.

Our Purpose

We want every child to have an outstanding education and the best possible start in life. This is achieved by engaging each of them in the Trust's ethos of Fun, Creativity and Achievement:

FUN creating happy confident learners.

CREATIVITY providing exceptional curriculum experiences that sparks curiosity, imagination and encourages life-long learning.

ACHIEVEMENT Fulfilling every child's potential with the highest academic outcomes and preparing them as confident, tolerant and compassionate citizens in a global environment.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**Our Vision**

Our vision is formed from our four strategic pillars;

Growth

- To improve the educational standards across Northamptonshire and Milton Keynes by growing the number of schools within the Trust.
- Create a family of highly effective schools that collaborate, support, challenge and innovate.

People

- To put our staff at the heart of what we do by creating a culture where people make the difference and matter most.
- Ensure our teams are provided with the absolute best opportunities and experiences to develop and learn, through exceptional CPD.
- To make sure that well-being is central to what we do.

Educational Excellence

- To be a high performing Trust, comparable to other Outstanding Trusts nationwide.
- Delivering top quintile pupil outcomes and Ofsted ratings of Good or Outstanding.
- For each of our schools to be distinct to its context, supporting their community and making a positive difference locally.

Operational Excellence

- To be a model of best practice and operational excellence across all aspects of our Trust.

Growth Strategy

During 2021/22 the Preston Hedges Trust agreed its growth strategy for 2021-26. Three types of school were identified within the plan which are as follows:

Singel Academy Trusts (SAT's) - We would like two SAT's (Single Academy Trusts) to join our trust for September 2023. One in Northampton and one in Milton Keynes to develop our "Southern Hub" and add capacity to the Trust.

Brokered Schools - Using our expertise, we are keen to provide exceptional educational experiences for more children. We would like two schools in receipt of an academy order to join our Trust. (2023-2024)

Free School - Having successfully opened two free schools, we intend to bid to open the free school in 2026 in Upton Northampton. The school will be less than a mile from Pineham Barns Primary School.

The central capacity and structure to fulfil the growth plan will be reviewed ahead of our growth by the Chief Operating Officer, who we anticipate will take up post on 1 January 2023.

Governance

The Trust will be implementing a new local governance structure following a review of our current LAB (Local Advisory Model). A Families in Partnership as its local governance model from September 2021.

The primary focus of the Families in Partnership model is to improve the way the Trust communicates and engages with our school communities. We want parents, carers and members of the local community to be at the heart of our Trust.

Each school will have its own Families in Partnership group made up of the Trustees, the school Principal, elected parents, nominated parents and members of the local community. The elected parent representatives will attend three meetings a year where they will receive updates on developments at the Trust and priorities of the school while having the opportunity to provide feedback and ask any questions. As well as elected parents, members will also include figures from the local community and invited parents, who may have skills and experience which could benefit the school and wider Trust.

The NGA (National Governance Association) conducted an external review of Governance in 2021/22 and found the following key finding:

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**Governance (cont'd)**

The Preston Hedges Academy Trust board is carrying out its three core functions and has strong processes in place which supports this work. The Trust has recently undergone a significant restructure to ensure that governance is fit for a growing multi academy trust, moving away from a maintained school governance approach.

The Trustees understand their roles and responsibilities but would benefit from some further training on their specific trustee and charity accountabilities. Trustees also need to be aware of becoming too operational in some elements of their work.

The new structure for governance at Preston Hedges Academy Trust, once fully populated, embedded and supported by a dedicated governance professional, will have the capacity to develop in line with its vision and strategy for the coming years.

The Trust intend to recruit a Governance Professional in 2022/23.

Finance

Key financial information is provided to key stakeholders through the Central team led by the Finance Director;

- Finance committee ensures Central team is functioning effectively, meeting essential deadlines and has performance management in place
- Ensure consistent financial reporting to the Trust Board and Finance Committee
- Trust Board ensures financial strategy in place to address the following: Curriculum Led Financial Planning utilising key performance indicators, benchmarks, and centralisation of resources where appropriate.
- All financial policies are updated, reviewed and in place.

Senior Leadership Team

The Senior Leadership Team utilise Trust resources to ensure sustained success for the Preston Hedges Academy Trust Schools through collaboration, support and challenge in partnership with the Executive Team.

Pineham Barns Primary School was inspected in January 2022 and was Good in all areas with one area being identified as Outstanding.

Parklands Primary School and Preston Hedges Primary School are due to be inspected in 2022/23. Our expectation is that Preston Hedges will be Outstanding and Parklands Good. These outcomes are key to our growth strategy.

Another key aim of the Senior Leadership Team is to improve provision at Holne Chase Primary School so it is a securely good school.

Linked to this our priorities at present are:

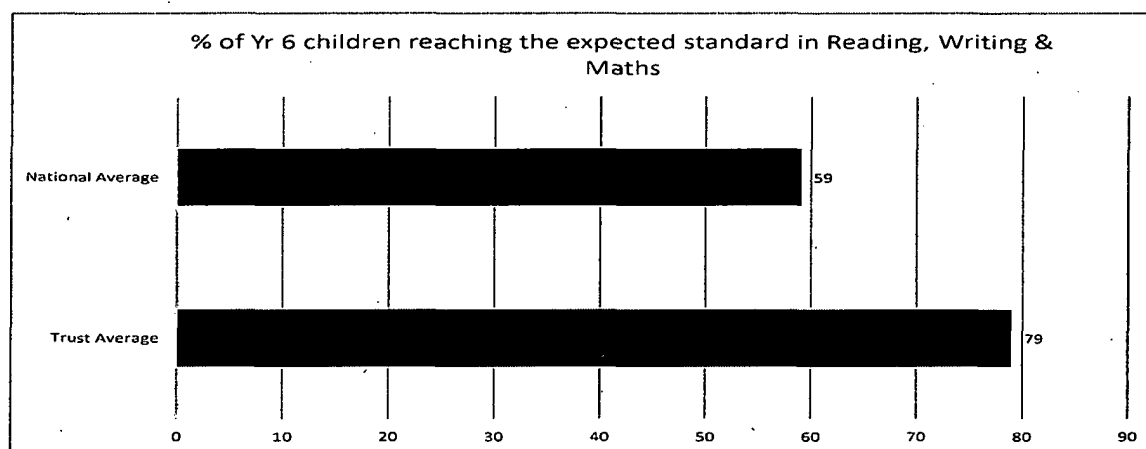
- To support leaders at Holne Chase focus on improving teachers' subject and pedagogical content knowledge to enhance the teaching of the curriculum and have a clear and ambitious vision which ensures work across the curriculum is consistently of a high quality.
- The Trust approach to English (Reading, Writing & SPAG) at Holne Chase is implemented creating a rigorous and sequential approach to all aspects of the curriculum.

All Trust data targets are achieved with a particular focus on:

- KS1 outcomes at Holne Chase. Ensuring that they are in line with national averages as are outcomes for Writing in all year groups.
- Senior Leaders are also supporting the new Principal of Buckton Fields Primary School to ensure the school is on track for Outstanding at its first Ofsted in 2024/25.

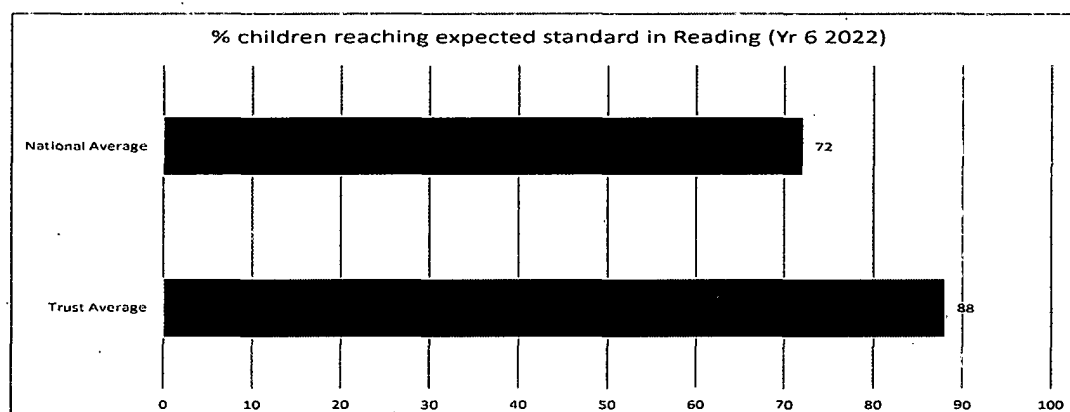
TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**Pupil Outcomes**

As ever the Trust has ensured the Executive Team have been focused on maintaining the high academic performance of the Trust. Outcomes in 2022-23 were exceptionally strong and typically well



The table shows the percentage of pupils reaching age the expected standard in Reading, Writing and Maths in Year 6 in 2022. This is particularly impressive given a national decline in this measure following the pandemic.

This is underlined in the table below showing the high performance of the school sin Reading at age related in Year 6.



This pattern of high achievement is reflected in the Year R (Good Level of Development), Year 1 Phonics Screening and Year 2 outcomes.

Compliance

Through the Trust risk management procedures, and risk register it has considered its principle risks and areas of uncertainty and planned mitigating action wherever possible.

The Risk Register shows one ongoing significant Operational risk to Preston Hedges Academy Trust, relating to risks associated to the ongoing quality of service. This risk specifically relates to Holne Chase Primary School, our first school in Milton Keynes. The Trust Board has mitigated this risk by leveraging additional support and expertise from leaders within the organisation. The appointment of a new Principal to the school for September 2022 mitigates this risk.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

The Trust Board and our committees continue to:

- Review the Highest Risk Matrix of the Risk Register at each meeting ensuring it is fully updated.
- Ensure the Audit & Risk Committee review the register at each meeting to ensure no ongoing non-compliance
- Ensure all significant non-compliance reported to the Board

Public Benefit

The Academy Trust Trustees have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising their powers or duties. The trust has admitted students in accordance with its admissions policy for the benefit of the public.

Achievements and performance

The Academy Trust and Trustees have successfully ensured that all our schools continue to perform well. Our external advisor and Ofsted inspector shares this view.

Our Trust Central team has continued to develop and grow further in 2021/22 to a team of six, providing Financial and HR support to all our schools and insight to our Trustees and school leaders.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 Accounting Policies.

Key performance indicators

We use several financial key performance indicators (KPI's) as part of curriculum led financial planning to monitor our financial success and progress improvement against target. The following KPI's have been applied to financial reporting and business monitoring.

Performance Indicator	MAT Average	PHP	PKL	HCP	BFP	PBP
Primary Pupil Numbers	1,405	418	409	240	47	291
Staff % of Expenditure	71.40%	76.60%	67.90%	69.10%	66.30%	72.60%
Teaching Staff Salary per	£2,186	£2,292	£1,974	£2,094	£3,959	£2,119
Education Support Staff	£744	£677	£621	£920	£1,135	£804
Premises Costs per Pupil	£380	£337	£135	£492	£1,785	£572
Curriculum Costs per Pupil	£263	£241	£201	£337	£717	£232

Review of activities

Typically, the Trust pays for analysis, which enables it to compare its performance against that of the top quintile (20%) of schools in England. On the majority of these, the trust performance is better than that achieved by the top quintile.

Factors relevant to achieve objectives

The key factor relevant to the Trust achieving the stated objectives relates to its growth and the expansion of the Trust. Particularly, as the Trust prepares for further growth between 2021-26 and its aspiration to grow to ten schools. The Trust must ensure it sustains sufficient capacity to fulfil its objectives and growth plans.

Financial Review

The majority of the Trust income is received from 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 ESFA during the year ended 31 August 2022 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust receives grants for Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset Fund is reduced by depreciation charges on the assets acquired using these funds.

During the year ended 31 August 2022, the total expenditure (excluding depreciation charges and FRS 102 pension cost adjustments) of £6,986,000 (2021: £5,954,000) was covered by the recurrent grant funding from the ESFA, together with other incoming resources provided by Trust business activity (wraparound care, lettings and deployment).

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

The net book value of fixed assets at 31 August 2022 is £13,068,000 (2021: £9,882,000). The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

The balance of total funds held at 31 August 2022 was £13,881,000 (2021: £8,392,000) that comprised the following:

	2022 £'000	2021 £'000
Restricted Pension Reserve deficit	(524)	(2,770)
Restricted Fixed Asset Fund	12,929	9,924
Restricted Funds	1,043	821
Unrestricted Funds	433	417

Financial risk management objectives and policies

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust and are satisfied that systems and procedures are in place to mitigate its exposure to major risks.

- 1 Financial Risk - relating to financial stability. We have a reserves policy in place to ensure we remain financially viable. Financial policies and control procedures ensure that our financial data is timely, accurate and meaningful. The Trust uses the PS Financial system to meet its current and future business needs. The pension deficit is a risk to the academy and continually monitored to ensure the deficit and repayments are manageable.
- 2 Staffing – The Trust is currently reviewing the operational staff structure to meet the requirements of the Trust Growth Strategy, which will be implemented in full during 2022/23.
- 3 Building - The Trust has a Business Continuity Plan that puts in place measures, in the event of unforeseeable circumstances.

Reserves policy

Our Trust Reserves Policy is to hold 8% of the General Annual Grant (GAG) to cover capital works, legal fees and Trust Strategic development. Where a School is holding reserves that are more than 8% and/or the prudent level of reserves for the risks associated with the school, then a plan to use the reserves for the best interest of its children must be formed. Where reserves reach 12% of GAG without additional requirements the Trustees will consider transferring funds from the School to other areas in need across the Trust.

The Trust holds central reserves of £859,000 made up of restricted funds to reflect the 7% top slice, and additional recharges to support the Central function (including staff and Trust expenditure) during financial year 2021/22. The Schools hold £617,000, which is currently being utilised for educational purposes within the 3 Year Budget Plan. The Trust hold total reserves of £1,476,000 made up of restricted and unrestricted funds.

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 27. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to the scheme benefits.

Investment policy and performance

The Trust has an investment policy in place. Surplus funds are securely invested on a short-term rolling period. The Finance Committee regularly review the policy and the funds that are invested.

Principal funding

Our principal funding is received through the ESFA General Annual Grant (GAG). We receive additional funding streams throughout the year which are variable.

Our structure for governance is three tiered. This consists of the Trust Board, the Trust Committees and Local Advisory Boards.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**Fundraising**

Our approach to fundraising is to enable voluntary groups known as "Friends" of each School to raise funds. This practice does not involve the Friends working with our commercial partners.

Every Friends meeting is attended by a Senior Leader within the Trust to ensure any practice is in line with recognised standards. The Finance Director monitors any fundraising ideas through their reports to the Trust Board.

During 2021/22 there were no complaints made about any aspects of our fundraising practices. The Trust ensures the attendance of a Senior Leader at all meetings and fundraising activities. The Trust through regular evaluation ensures that all practices offer protection to the public, including vulnerable people and groups.

Plans for future periods**Future developments**

During this period of substantial change and growth, a key priority is to ensure stability and a consistency of approach.

As the Trust moves into 2022/23, a key priority will also to be ensure that its governance structures remain highly effective and able to support the growth and main developments during 2022/23. To support this growth the Trust will be appointing a COO to lead the operational activities of the Trust.

Pay policy for key management personnel

The Trust has its own separate teaching pay policy which includes an appraisal policy.

It is reviewed annually by the Trust Board. The Trust Board has identified appropriate leadership pay spines for all its Senior Leadership Team and they are reviewed annually.

An external advisor provides support to this process to ensure it is sufficiently robust.

Trade union facility time

Preston Hedges Academy Trust did not have a union official for the financial year 2021/22, during which we have had growth from an average of 97 FTE to 98 FTE Teaching and Educational Support Staff and 28 FTE to 30 Administration and Support Staff. Our Trust has been proactive in engaging with the Trade Unions during the 2021/22 period and encourage union visits to our employees to discuss membership and the role of union official. We offer full support to employees who may wish to take on the role of union official and actively promote Trade Union relationships.

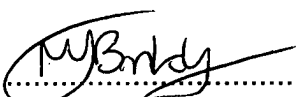
Auditor

In so far as the trustees are aware:

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

The auditor, UHY Hacker Young (Birmingham) LLP, has indicated its willingness to continue in office. The designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

The Trustees' report was approved by order of the Board of Trustees Annual General Meeting, as the company directors and members, on 8 December 2022 and signed on its behalf by:



M Brinkley
Chair of Trust

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Scope of Responsibility**

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

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

Governance

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

Trustees	Meetings attended	Out of a possible
Mrs M Brinkley, Chair	6	6
Mr L Gentry	4	6
Mrs S Smith	6	6
Mr D Hughes	6	6
Dr J Murray	4	6
Mrs W Pearmain (resigned 04/2022)	-	-
Mr J Ricketts (Resigned 09/2021)	-	-
Mr C Dillow	4	6
Mr M Brinkley	6	6
Mr P Dawes	6	6
Mr D Nyamatore	5	6
Mrs L White	6	6
Mr P Watson, CEO	6	6

Conflicts of Interest

All trustees have to complete the register of business interests annually and are asked at each meeting to declare any changes. This information allows the Academy Trust to see where any potential conflicts of interest might occur and act accordingly. Academy Trusts must describe the processes they have in place to manage conflicts of interest, including (but not limited to) maintaining an up-to-date and complete register of interests, and how the information on this register is used in the day-to-day management and governance of the academy trust.

Board of Trustees

There have been no changes to the composition of our Trust Board.

Mr John Ricketts resigned from the Trust Board in September 2021 and Mrs Wendy Pearmain resigned from the Trust Board in April 2022.

We have established Families in Partnership groups as our local governance model to improve the way the Trust communicates and interacts with its communities.

The objectives of the Trust Board are outlined in this report. The coverage of its work focussed on its four strategic pillars of Trust Growth, People, Educational Excellence and Operational Excellence.

The Trust Board commissioned the NGA (National Governance Association) to conduct an external review of Governance in 2022/23. This reflected positively on the work of the Trust.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Board of Trustees (cont'd)**

The Finance Committee is a sub-committee of the Main Board of Trustees. They met 3 times during the year. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Mrs M Brinkley	3	3
Mr D Hughes	3	3
Mrs L Kerrison (co-opted member)	3	3
Mr J Ricketts (resigned September 2021)	-	-
Mr P Dawes	3	3
Mr M Brinkley	3	3
Mr P Watson	3	3

The Audit and Risk Committee is a sub-committee of the Main Board of Trustees. They met 3 times during the year. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Mrs M Brinkley	3	3
Mr D Hughes	3	3
Mrs L Kerrison (invitee)	3	3
Mrs W Pearmain (resigned April 2022)	-	-
Mr D Nyamatore	3	3
Mr P Watson (invitee)	3	3

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate.

The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Official tender of good/services under a single contract for the Trust, as opposed to procuring individually for each school. Thereby reducing per pupil costs and ensuring quality, efficiency and deliverability are consistent across the Trust, for the below:
 - Trust Risk Management Software
 - Trust Marketing & Comms development
 - Trust ICT Support Services

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Preston Hedges Academy Trust for the year September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Internal Scrutiny**

Preston Hedges Academy Trust, has a programme of internal scrutiny to provide independent assurance to the Board of Trustees that its financial and non-financial controls and risk management procedures are operating effectively.

The Board of Trustees uses the guidance provided by the Academy Trust Handbook (ATH) with a focus on:

- evaluating the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are effective and efficient, and checking whether agreed controls and procedures have been followed.
- offering advice and insight to the board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management's responsibility for the day to day running of the trust.
- ensuring all categories of risk are adequately identified, reported, and managed.

The Trust Board has conformed to effective internal scrutiny through:

- appointment of an audit and risk committee to review and scrutinise governance, risk, and internal control processes
- appointment of a responsible officer, with appropriate qualifications and experience in risk management and compliance, who has performed internal control checks bi-annually under the direction of the audit and risk committee, with formal approval from the Trust Board
- appointment of an internal scrutineer, with significant high-level experience in financial controls and compliance, who has reviewed key areas as directed by the audit and risk committee, with formal approval from the Trust Board, based on our risk register, external audit findings report, external bought-in services and responsible officer reports.

The Trust Board are satisfied that the audit and risk committee and internal scrutineer will provide appropriate feedback and recommendations based on the findings of the internal scrutiny report, and the Trust Board will act upon these within the risk register and committee objectives, to continually improve governance, risk and control arrangements.

Capacity to Handle Risk

The Trust Board 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 Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, which has been in place for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board, and discussed within each Trust Committee.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Board of Trustees 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 via the risk register.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**The Risk and Control Framework (cont'd)**

The Trust Board has considered the requirement for internal scrutiny during 2021/2022 and has reviewed its internal controls as part of this. The Trust Board has appointed an audit and risk committee to oversee internal controls and ensure internal scrutiny is performed and reviewed on a regular basis. As part of the internal scrutiny in 2021/2022, the Trust Board were content that Mr D Nyamatore (Chair of Audit and Risk Committee) continued as responsible Officer (RO), to perform internal control checks, and Mr D Hughes (Chair of Finance Committee) continued as our Internal Scrutineer.

The Responsible Officer role includes providing advice on financial matters and performing a range of checks on the Trust financial systems. On a semi-annual basis, the RO reports to the Board of Trustees through the Audit and Risk committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

The Internal Scrutineer reviews all internal controls checks carried out and makes recommendations to the Board of Trustees, through the Audit and Risk committee, on further actions that should be carried out to ensure our Trust is compliant with our internal controls and scrutiny. The work undertaken during the internal scrutiny included:

- evaluating the ICT Equipment Security
- evaluated the Business Continuity Plan Review
- reviewed the Trust's Capital Expenditure Plans and purchases and compared them to the Fixed Asset Register.

Review of Effectiveness

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

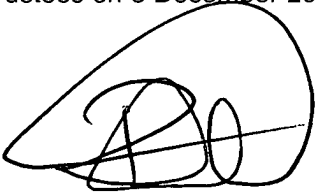
- the work of the Finance Director
- the work of the External Auditor
- the work of the Responsible Officer
- the work of the Internal Scrutineer
- the schools resource management self-assessment process
- the work of the Audit and Risk Committee within the Trust who have responsibility for the development and maintenance of the internal control framework.
- correspondence from ESFA.

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

Approved by order of the members of the Board of Trustees on 8 December 2022 and signed on its behalf by:



.....
M Brinkley
Chair of Trustees
8 December 2022



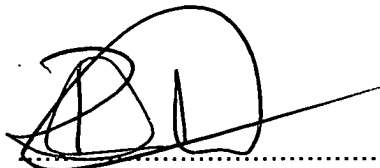
.....
P Watson
Accounting Officer
8 December 2022

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2022

As accounting officer of Preston Hedges Academy Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2021.

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

A handwritten signature in black ink, appearing to be 'P Watson', is written over a horizontal dotted line.

P Watson
Accounting Officer

8 December 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who act as trustees of Preston Hedges Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued 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 trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 8 December 2022 and signed on its behalf by:


.....
M Brinkley
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRESTON HEDGES ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2022**Opinion**

We have audited the financial statements of Preston Hedges Academy Trust (the charitable company) for the year ended 31 August 2022 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statement, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Preston Hedges Academy Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022

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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Preston Hedges Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRESTON HEDGES ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report (incorporating the Strategic Report, and the Trustees Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Preston Hedges Academy Trust and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Preston Hedges Academy Trust, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Charities SORP 2019 and Academies Accounts Direction 2021 and 2022. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the Preston Hedges Academy Trust's net income for the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRESTON HEDGES ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Education and Skills Funding Agency review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRESTON HEDGES ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Use of our report**

This report is made solely to the Preston Hedges Academy Trust'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 Preston Hedges Academy Trust'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 Preston Hedges Academy Trust's and the Preston Hedges Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Malcolm Winston****Senior Statutory Auditor****UHY Hacker Young (Birmingham) LLP, Statutory Auditor****9-11 Vittoria Street****Birmingham****B1 3ND****8 December 2022**

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO PRESTON HEDGES ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 21 July 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2021 to 2022 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Academy Trust during the period 1 September 2021 to 31 August 2022 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 the Preston Hedges Academy Trust and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Preston Hedges Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Preston Hedges Academy Trust funding agreement with the Secretary of State for Education dated 27 July 2012, and the Academy Trust Handbook extant from 1 September 2021 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON
REGULARITY TO PRESTON HEDGES ACADEMY TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**

Approach (con't)

Summary of the work undertaken was as follows:

- Analytical review of the Academy Trust's general activities are within the Academy Trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy Trust on financial statements and on regularity;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy Trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the Academy Trust's charitable objectives.

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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

8 December 2022

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022
(Including Income and Expenditure Account)

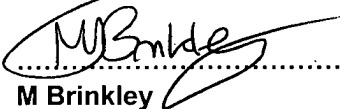
		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2022	2021
		£'000	£'000	Asset Funds £'000	£'000	£'000
Income from:						
Donations and capital grants	3	19	-	144	163	117
Transfer from local authority on conversion	3 & 29	-	-	2,230	2,230	(226)
Charitable activities:						
- Funding for the Academy Trust's educational operations	4	-	7,085	-	7,085	6,139
Other trading activities	5	372	-	-	372	184
Investment income	6	-	-	-	-	-
Total		391	7,085	2,374	9,850	6,214
Expenditure on:						
Raising funds	7	217	-	-	217	133
Charitable activities:						
- Academy Trust's educational operations	7	-	7,457	422	7,879	6,536
Total	7	217	7,457	422	8,096	6,669
Net income/(expenditure)		174	(372)	1,952	1,754	(455)
Transfers between funds	16	(158)	(94)	252	-	-
Other recognised gains and losses						
Gain on property revaluation	13	-	-	801	801	-
Actuarial gain/(loss) on defined benefit pension schemes	27	-	2,934	-	2,934	(455)
Net movement in funds		16	2,468	3,005	5,489	(910)
Reconciliation of funds						
Total funds brought forward	27	417	(1,949)	9,924	8,392	9,302
Total funds carried forward	27	433	519	12,929	13,881	8,392

All of the Academy Trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	13	<u>13,068</u>	<u>9,882</u>
		<u>13,068</u>	<u>9,882</u>
Current assets			
Debtors	14	273	246
Cash at bank and in hand		<u>2,087</u>	<u>1,749</u>
		<u>2,360</u>	<u>1,995</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(1,023)</u>	<u>(715)</u>
		<u>(1,023)</u>	<u>(715)</u>
Net current assets		1,337	1,280
Total assets less current liabilities		<u>14,405</u>	<u>11,162</u>
Defined benefit pension scheme liability		(524)	(2,770)
Total Net Assets		<u>13,881</u>	<u>8,392</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	12,929	9,924
- Restricted income fund	16	1,043	821
- Pension reserve	16	<u>(524)</u>	<u>(2,770)</u>
Total restricted funds		<u>13,448</u>	<u>7,975</u>
Unrestricted income fund	16	<u>433</u>	<u>417</u>
Total unrestricted funds		<u>433</u>	<u>417</u>
Total Funds	16	<u>13,881</u>	<u>8,392</u>

The financial statements on pages 24 to 47 were approved by the trustees and authorised for issue on 8 December 2022 and signed on their behalf by:



M Brinkley
 Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	771	705
Cash flows from investing activities	21	(433)	(186)
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>338</u>	<u>519</u>
 Cash and cash equivalents at 1 September	23	 1,749	 1,230
Cash and cash equivalents at 31 August	23	<u><u>2,087</u></u>	<u><u>1,749</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022**1 Statement of Accounting Policies**

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Preston Hedges Academy Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants**

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

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

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

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

- **Donated goods, facilities and services**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

- **Donated goods, facilities and services (cont'd)**

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

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing **£500** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation Policy

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Leasehold buildings	50 years
Furniture and fixtures	10 years
Computer equipment and software	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Operating leases**

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

Parklands Primary School has assets under Private Finance Initiative (PFI) contracts.

The Transfer Agreement does not transfer the ownership of the new school built by the Contractor until the end of the Project Agreement. Whilst the PFI Agreement remains between the Local Authority and the Contractor, the Trust makes an Academy Contribution to the unitary charge via the Schools Agreement to cover the services element of the charge. The Directors have considered the risks and rewards associated with the agreement and consider that these represent operating lease arrangements, as risks and rewards associated with the PFI buildings are not transferred to the Trust until the end of the contract. Accordingly, the Academy contributions are recognised as operating charges in the Statement of Financial Activities on a straight line basis over the life of the contract.

At the end of the PFI contract, the risks and rewards will transfer to the Charitable Company, at which point the buildings will be capitalised.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 instrument, and are measured at amortised cost as detailed in note 15. 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.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is a multi employer scheme with no underlying assets to assign between employers. Consequently the TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a multi funded employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income / (expenditure) operating surplus are the current service costs and the costs of the scheme introductions, benefit changes, settlements and curtailments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Pensions Benefits (Cont'd)**

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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 2022. 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.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022 (See note 16).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Devolved formula capital grant	-	31	31	31
Free school capital grant	-	-	-	18
ESFA Capital grant	-	113	113	40
Transfer from local authority on conversion: (note 29)				
- Land and buildings	-	2,230	2,230	-
- Revenue funds	-	-	-	245
- LGPS pension deficit transferred	-	-	-	(471)
Donations	19	-	19	28
	<u>19</u>	<u>2,374</u>	<u>2,393</u>	<u>(109)</u>

The income from donations and capital grants was £2,393,000 (2021 : £109,000 deficit) of which £19,000 (2021 : £258,000) was unrestricted, £Nil (2021 : £471,000 deficit) restricted and £2,374,000 (2021 : £104,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	6,166	6,166	4,918
Other DfE/ESFA grants				
Pupil Premium	-	191	191	159
Rates relief grant	-	23	23	25
PE and Sports grant	-	67	67	65
UIFSM grant	-	224	224	207
Sponsor capacity grant	-	1	1	66
Pre-opening grant - revenue	-	-	-	90
Post-opening grant - revenue	-	92	92	-
Pupil development grant	-	72	72	117
Early Years Framework	-	7	7	-
National Tutoring Programme	-	7	7	-
Supplementary grant	-	70	70	-
Teachers pay grant	-	-	-	55
Teachers pension grant	-	-	-	153
	<u>-</u>	<u>6,920</u>	<u>6,920</u>	<u>5,855</u>
Other Government grants				
Special educational needs grant	-	23	23	40
LA Pupil premium	-	13	13	36
Other LA grants	-	101	101	83
	<u>-</u>	<u>137</u>	<u>137</u>	<u>159</u>
COVID-19 DfE/ESFA additional funding				
Catch up premium	-	-	-	99
Recovery Premium	-	19	19	-
NQT COVID-19 support	-	9	9	-
	<u>-</u>	<u>28</u>	<u>28</u>	<u>99</u>
COVID-19 Non DfE/ESFA additional funding				
Other COVID-19 funding	-	-	-	26
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
Other income from the academy trust's educational operations				
Pupil catering	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>7,085</u>	<u>7,085</u>	<u>6,139</u>

The income from Funding for the Academy Trust's Educational Operations was £7,085,000 (2021 : £6,139,000) of which £Nil (2021 : £Nil) was unrestricted and £7,085,000 (2021 : £6,139,000) restricted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

5 OTHER TRADING ACTIVITIES	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Hire of facilities	35	-	35	10
Trips, music and studio club income	337	-	337	174
	<u>372</u>	<u>-</u>	<u>372</u>	<u>184</u>

The income from other trading activities was £372,000 (2021 : £184,000) of which £372,000 (2021 : £184,000) was unrestricted, £Nil (2021 :£Nil) restricted.

6 INVESTMENT INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Bank interest received	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The income from the Academy Trusts's investment income was unrestricted.

7 EXPENDITURE	Non Pay Expenditure			Total 2022 £'000	Total 2021 £'000
	Staff Costs £'000	Premises £'000	Other Costs £'000		
Expenditure on raising funds					
- Allocated support costs	179	-	38	217	133
Academy's educational operations					
- Direct costs	4,293	-	411	4,704	4,266
- Allocated support costs	1,537	938	700	3,175	2,270
	<u>5,830</u>	<u>938</u>	<u>1,111</u>	<u>7,879</u>	<u>6,536</u>
	<u>6,009</u>	<u>938</u>	<u>1,149</u>	<u>8,096</u>	<u>6,669</u>

The expenditure was £8,096,000 (2021 : £6,669,000) of which £217,000 (2021 : £133,000) was unrestricted, £7,457,000 (2021 : £6,205,000) restricted and £422,000 (2021 : £331,000) restricted fixed assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

7 EXPENDITURE (cont'd)	Total 2022 £'000	Total 2021 £'000
Net (income)/expenditure for the year includes:		
Operating lease rentals	58	4
PFI charges	112	112
Depreciation	422	326
Loss on disposal of fixed assets	-	5
Fees payable to auditor for:		
- audit	14	12
- other services	6	2
	<u>14</u>	<u>12</u>

8 CHARITABLE ACTIVITIES	Total 2022 £'000	Total 2021 £'000
Direct costs - educational operations	4,704	4,266
Support costs - educational operations	3,175	2,270
	<u>7,879</u>	<u>6,536</u>

Analysis of Direct Costs

Teaching and educational support staff costs	4,293	4,014
Technology costs	20	12
Educational supplies	245	120
Staff development	35	45
Other direct costs	111	75
	<u>4,704</u>	<u>4,266</u>

Analysis of Support Costs

Support staff costs	1,537	915
Depreciation	422	326
Premises	486	434
Insurance	30	30
Technology	140	131
Catering	241	214
Legal costs - conversion	35	6
Legal costs - other	25	34
Governance	138	54
Other support costs	121	126
	<u>3,175</u>	<u>2,270</u>

9 STAFF COSTS	Total 2022 £'000	Total 2021 £'000
a Staff costs during the year were:		
Wages and salaries	3,982	3,600
Social security costs	299	291
Pension costs	1,532	1,109
	<u>5,813</u>	<u>5,000</u>
Agency staff costs	129	16
Apprenticeship Levy	5	-
Staff restructuring costs	62	38
	<u>6,009</u>	<u>5,054</u>

Staff restructuring costs comprise:

Redundancy payments	-	38
Severance payments	62	-
Other restructuring costs	-	-
	<u>62</u>	<u>38</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

9 STAFF COSTS (cont'd)**b Staff severance contractual payments**

The academy trust paid £18,574 (2021: £38,411) severance payments in the year, disclosed in the following bands:

	2022	2021
0 - £25,000	1	3
£25,001 - £50,000	-	-
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000+	-	-

c Special staff severance non contractual payments

Included in staff restructuring costs are special severance payments totalling £43,339 (2021 : £Nil).

d Staff numbers

The average number of persons (including senior management team) employed by the academy during the period ended 31 August 2022 expressed as whole persons was as follows:

	Total 2022 £'000	Total 2021 £'000
Charitable Activities	No	No
Teachers	62	65
Administration and support	132	113
Management	7	4
	201	182

e Higher paid staff

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

	2022 No	2021 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,000 - £90,000	2	-
£90,000 - £100,000	1	1

f Key management personnel

The key management of the Academy Trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £763,451 (2021 : £699,582).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

10 CENTRAL SERVICES

Preston Hedges Academy Trust has provided the following central services to Preston Hedges Primary School, Pineham Barns Primary School, Parklands Primary School, Holne Chase Primary School and Buckton Fields Primary School:

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

All of these service costs were largely covered by centrally held funds and a central team was established in 2018/19, and therefore the trustees deemed it reasonable to request Pineham Barns Primary School and Parklands Primary School to make a contribution due to certain central costs being incurred by the school on behalf of the trust.

The academy trust charges for these services 7% (2021: 7%) top slice of general annual grant income, transfer of GAG reserves and recharges of costs incurred centrally.

The actual amounts charged	2022 £'000	2021 £'000
Pineham Barns Primary School	207	62
Parklands Primary School	249	112
Preston Hedges Primary School	204	110
Holne Chase Primary School	250	60
Buckton Fields Primary School	46	-
	<u>956</u>	<u>344</u>

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive Officer and other staff trustees receive remuneration in respect of their contracts of employment as Chief Executive Officer and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

Mr P Watson, Chief Executive Officer and Headteacher		
Remuneration	£95,000 - £100,000	(2021 : £90,000 - £95,000)
Employers pension contributions	£20,000 - £25,000	(2021 : £20,000 - £25,000)

During the year ended 31 August 2022 P Watson was paid £1,256 (2021: £1,085) in expenses.

Other related party transactions including trustees are set out in

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost of the ESFA's RPA scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

13 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Fixtures £'000	Computer Equipment £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 September 2021	10,314	360	538	-	11,212
Transfer from Local Authority	2,230	-	-	-	2,230
Revaluation	801	-	-	-	801
Additions	125	27	80	345	577
Disposals	-	-	-	-	-
At 31 August 2022	13,470	387	618	345	14,820
Depreciation					
At 1 September 2021	857	144	329	-	1,330
Charged in year	281	35	106	-	422
Disposals	-	-	-	-	-
At 31 August 2022	1,138	179	435	-	1,752
Net book value					
At 31 August 2022	12,332	208	183	345	13,068
At 31 August 2021	9,457	216	209	-	9,882

The leasehold land and buildings were donated to Preston Hedges Academy Trust by Northamptonshire County Council (NCC) on a 125 year lease at a peppercorn rent. On 28 January 2019 an existing use valuation and useful asset life assessment was prepared by Montagu Evans, Chartered Surveyors in accordance with the requirements of the accounting standard FRS 102 for Pineham Barns Primary School that converted in September 2017 the leasehold land and buildings gifted had a depreciated replacement cost value for Pineham Barns Primary School of £6,700,000. On 20 May 2022 the land and buildings of Preston Hedges Primary School was revalued from £3,529,001 to £4,330,000 using depreciated replacement cost by Montagu Evans, Chartered Surveyors in accordance with the requirements of the accounting standard FRS 102, which resulted in a revaluation gain of £800,999.

14 DEBTORS	£'000	£'000
Trade debtors	3	-
VAT recoverable	147	52
Other debtors	9	57
Prepayments and accrued income	114	137
	<u>273</u>	<u>246</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	543	235
Taxation and social security	78	77
Other creditors	119	97
Accruals and deferred income	283	306
	<u>1,023</u>	<u>715</u>

Deferred Income

	2022 £'000	2021 £'000
Deferred income at 1 September 2021	184	248
Resources deferred in the year	134	184
Amounts released from previous years	(184)	(248)
Deferred income at 31 August 2022	<u>134</u>	<u>184</u>

At the balance sheet date the academy was holding funds received in advance for 2022/23 for Environmental Improvement Grant £Nil (2021: £Nil) universal infant free school meals £133,959 (2021: £130,067), rates relief £Nil (2021: £12,395), start up grant £Nil (2021: £40,886), and for sundry items of £418 (2021: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2021 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2022 £'000
General annual grant (GAG) (note i)	814	6,166	(5,843)	(94)	1,043
Rates relief grant (note ii)	-	23	(23)	-	-
Pupil premium grant (note iii)	-	191	(191)	-	-
PE and Sports grant (note iv)	-	67	(67)	-	-
UIFSM grant (note v)	-	224	(224)	-	-
Sponsor capacity grant (note xi)	-	1	(1)	-	-
Post-opening grant (note xvi)	-	92	(92)	-	-
Supplementary grant (note xvii)	-	70	(70)	-	-
Early Years Framework (note xviii)	-	7	(7)	-	-
National Tutoring Programme (note xix)	-	7	(7)	-	-
Pupil development grant (note xiii)	-	72	(72)	-	-
Local Authority pupil premium grant (note iii)	-	13	(13)	-	-
Special educational needs grant (note xix)	-	23	(23)	-	-
Pupil Growth funding (note xx)	-	54	(54)	-	-
Other government grants (note xx)	7	47	(54)	-	-
Other COVID-19 funding (note xv)	-	28	(28)	-	-
	821	7,085	(6,769)	(94)	1,043
Restricted fixed asset funds					
Fixed assets donation (LA) (note vii)	9,649	-	(276)	801	10,174
Fixed assets donation (ESFA)	13	2,230	(50)	-	2,193
Capital expenditure from GAG (note viii)	139	-	(43)	94	190
Capital expenditure from unrestricted funds	-	-	-	158	158
DFE/ESFA capital grants (note ix)	123	144	(53)	-	214
	9,924	2,374	(422)	1,053	12,929
Restricted pension scheme liability					
Pension reserve (note x)	(2,770)	-	(688)	2,934	(524)
	(2,770)	-	(688)	2,934	(524)
Total restricted funds	7,975	9,459	(7,879)	3,893	13,448
Unrestricted funds					
Unrestricted funds	198	391	(217)	(16)	356
LA prior year surplus	219	-	-	(142)	77
Total unrestricted funds	417	391	(217)	(158)	433
Total funds	8,392	9,850	(8,096)	3,735	13,881

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

16 FUNDS (cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2022. (see note 2)
- ii) Income from the Rates Relief grant, directly offsets the rates charges by the local borough council.
- iii) Pupil Premium grant has been used to support children from low income families placed at the school.
- iv) Income offsets spend on various educational activities and resources relating directly to PE and sports.
- v) UIFSM grant is utilised directly to offset school catering costs
- vi) Income offsets teacher salary costs.
- vii) Land and buildings were gifted to the Academy Trust upon conversion from Northamptonshire County
- viii) The gross transfer from the restricted general fund to the restricted fixed asset fund of £94,000 (2021 : £92,000) represents the total capital expenditure from GAG during the year.
- ix) Restricted fixed assets were funded by government grants, a transfer from General Annual Grant (GAG) and by WCC donating Academy land and buildings on a 125 year lease at a pepper corn rent.
- x) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 27).
- xi) Pre-opening Grant is utilised on the various cost associated with opening a new academy trust school i.e. legal fees, ICT Licences, uniform, websites and promotional activities etc.
- xii) EIG grant predominantly offsets capital and programmed R&M project works.
- xiii) Funds the project works and management involved in opening a new school, this is varied spend and can span several areas but is predominantly offset against leadership and finance staffing resources.
- xiv) Catch up premium is spent predominantly on Teaching resources and ICT equipment/Licences to support those children for who the grant was intended.
- xv) Other covid grants are mainly utilised against equipment and cleaning/hygiene costs associated with Covid-19, as well as teaching resources to assist with pupil catch up.
- xvi) Post-opening grant is utilised to reflect the additional costs in establishing a new publicly-funded school which cannot be met through the general annual grant (GAG)
- xvii) Supplementary grant is utilised to provide support for the costs of the Health and Social Care Levy and wider costs.
- xviii) The National Tutoring Programme grant provides funding to spend on targeted academic support, delivered by trained and experienced tutors and mentors.
- xix) The Early Careers Framework funding is designed to help early career teachers (ECTs) succeed at the start of their teaching careers.
- xx) Other grants are grants received from the local authority for special educational needs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General annual grant (GAG) (note i)	594	4,918	(4,632)	(66)	814
Rates relief grant (note ii)	-	25	(25)	-	-
Pupil premium grant (note iv)	5	159	(164)	-	-
PE and Sports grant	-	65	(65)	-	-
UIFSM grant (note v)	-	207	(207)	-	-
Teachers pay grant (note vi)	-	55	(55)	-	-
Teachers pension grant (note vi)	-	153	(153)	-	-
Sponsor capacity grant (note xi)	-	66	(66)	-	-
Conversion grant (note xi)	-	90	(55)	(35)	-
EIG grant (note xii)	-	-	(5)	5	-
Pupil development grant (note xiii)	-	117	(117)	-	-
Catch up premium (note xiv)	-	99	(99)	-	-
Local Authority pupil premium grant (note ii)	-	36	(36)	-	-
Other government grants	-	123	(116)	-	7
Other COVID-19 funding (note xv)	-	26	(26)	-	-
	599	6,139	(5,821)	(96)	821
Restricted fixed asset funds					
Fixed assets donation (LA) (note vii)	9,930	-	(281)	-	9,649
Fixed assets donation (ESFA)		15	(2)	-	13
Capital expenditure from GAG (note viii)	78	-	(31)	92	139
DFE/ESFA capital grants (note ix)	21	89	(17)	30	123
	10,029	104	(331)	122	9,924
Restricted pension scheme liability					
Pension reserve	(1,460)	(471)	(384)	(455)	(2,770)
	(1,460)	(471)	(384)	(455)	(2,770)
Total restricted funds	9,168	5,772	(6,536)	(429)	7,975
Unrestricted funds					
Unrestricted funds	134	197	(133)	-	198
LA prior year surplus	-	245	-	(26)	219
	134	442	(133)	(26)	417
Total funds	9,302	6,214	(6,669)	(455)	8,392

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

16 FUNDS (cont'd)

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2022 were allocated as follows:

	Total 2022 £'000	Total 2021 £'000
Central Services	859	448
Preston Hedges Primary School	159	170
Pineham Barns Primary School	155	168
Parklands Primary School	174	198
Holne Chase Primary School	83	254
Buckton Fields Primary School	46	-
Total before fixed assets and pension reserve	1,476	1,238
Restricted fixed assets fund	12,929	9,924
Pension reserve	(524)	(2,770)
Total	12,405	7,154
	13,881	8,392

TOTAL COST ANALYSIS BY ACADEMY

Expenditure incurred by each academy during the year was as

Academies	Teaching & Educational Support Staff Costs £'000	Other Support Staff £'000	Educational Supplies £'000	Other Costs (exc Depn) Total £'000	Total 2022 £'000	Total 2021 £'000
Central Services	135	249	28	206	618	555
Preston Hedges	1,244	498	108	194	2,044	1,866
Pineham Barns	919	273	75	212	1,479	1,157
Parklands	1,075	287	81	355	1,798	1,791
Holne Chase	717	269	80	195	1,261	974
Buckton Fields	203	140	39	92	474	-
Academy Trust	4,293	1,716	411	1,254	7,674	6,343

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2022 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	13,068	13,068
Current assets	433	-	2,066	(139)	2,360
Current liabilities	-	-	(1,023)	-	(1,023)
Pension scheme liability	-	(524)	-	-	(524)
	433	(524)	1,043	12,929	13,881

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	9,882	9,882
Current assets	417	-	1,536	42	1,995
Current liabilities	-	-	(715)	-	(715)
Pension scheme liability	-	(2,770)	-	-	(2,770)
	417	(2,770)	821	9,924	8,392

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

18 CAPITAL COMMITMENTS

	2022 £'000	2021 £'000
Contracted for, but not provided in the financial statements	21	Nil
Authorised by trustees, but not yet contracted	21	Nil

19 LONG TERM COMMITMENTS INCLUDING OPERATING LEASES**a) Operating leases**

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £'000	2021 £'000
Amounts due within one year	58	2
Amounts due between one and five years	101	1
Amounts due after five years	-	-
	<u>159</u>	<u>3</u>

b) Private Finance Initiative (PFI)

At 31 August 2022 the total of the Academy Trust's future minimum payments under other contractual commitments was:

	2022 £'000	2021 £'000
Amounts due within one year	112	112
Amounts due between one and five years	449	449
Amounts due after five years	1,123	1,235
	<u>1,684</u>	<u>1,796</u>

The academy trust occupies premises which are subject to a private finance initiative (PFI) contract. The trust itself is not party to this service concession contract, however the academy trust has entered into a supporting agreement towards the costs of the local authority. The above relates to commitments to operating payments including costs for catering, cleaning, utilities, and other ancillary services.

20 RECONCILIATION OF NET INCOME/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £'000	2021 £'000
Net income/(deficit) for the reporting period (as per the statement of financial activities)	1,754	(455)
Adjusted for:		
Depreciation (note 13)	422	326
Loss on disposal of fixed assets (note 13)	-	5
Fixed Assets donation	(2,230)	-
LGPS pension deficit transfer (note 29)	-	471
Capital grants from DfE and other capital income	(144)	(104)
Interest receivable	-	-
Defined benefit pension scheme cost less contributions payable (note 27)	639	352
Defined benefit pension scheme finance cost (note 27)	49	32
Increase in debtors	(27)	(118)
Increase in creditors	308	196
Net cash provided by operating activities	<u>771</u>	<u>705</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2022 £'000	2021 £'000
Interest received	-	-
Purchase of tangible fixed assets	(577)	(290)
Capital grants from DfE/ESFA	144	104
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(433)	(186)

22 CASH FLOWS FROM FINANCING ACTIVITIES

	2022 £'000	2021 £'000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by financing activities	-	-

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug £'000	At 31 Aug £'000
Cash in hand and at bank	2,087	1,749
Total cash and cash equivalents	2,087	1,749

24 ANALYSIS OF CHANGES IN NET DEBT

	At 31 Aug 2021 £'000	Cash Flows £'000	At 31 Aug 2022 £'000
Cash at bank	1,749	338	2,087
	1,749	338	2,087

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS

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

The total pension cost to the Academy during the year ended 31 August 2022 was £1,532,000 (2021 : £1,109,000) of which £550,000 (2021 : £496,000) relates to the TPS and £982,000 (2021 : £613,000) relates to LGPS.

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 of the LGPS to the period ended 31 March 2019.

Contributions amounting to £92,626 were payable to the schemes at 31 August 2022 (2021: £94,242) and are included within other creditors.

**Teachers' Pension Scheme
Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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.

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% administration levy)
- 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. 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 employers pension costs paid to TPS in the period amounted to £550,000 (2021 : £496,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2022 was £379,000 (2021: £296,000) of which employers contributions totalled £294,000 (2021: £229,000) and employees contributions totalled £85,000 (2021: £67,000). The agreed employers contributions for future years are 18.5% (2021: 18.5%) for Preston Hedges Primary School, 18.3% (2021 : 18.3%) for Pineham Barns Primary School, 21.6% (2021: 21.6%) for Parklands Primary School 22.0% (2021: 22.0%) for Holne Chase Primary School and 22.0% (2021: 22.0%) for Buckton Fields Primary School. The agreed contributions for employees are between 5.5% and 7.5% (2021: 5.5% and 7.5%) 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2022	At 31 August 2021
	% per annum	% per annum
Discount rate	4.3%	1.7%
Salary increases	3.6%	3.5%
Pension increase	3.0%	2.9%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2022	At 31 August 2021
	Approx £'000	Approx £'000
Discount rate reduced by 0.1% per annum	89	144
Assumed pension increased by 0.1% per annum	87	136
Assumed salary growth increased by 0.1% per annum	4	6

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

	2022 years	2021 years
Longevity at age 65 retiring today		
- Men	21.7	21.7
- Women	24.1	24.3
Longevity at age 65 retiring in 20 years		
- Men	22.8	22.8
- Women	25.8	26.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Local Government Pension Scheme (Cont'd)

	Fair value at 31 Aug 2022 £'000	Fair value at 31 Aug 2021 £'000
The Academy's share of the assets in the scheme were:		
Equity instruments	1,855	1,685
Debt instruments	473	538
Property	374	283
Cash	35	26
Other	57	82
Total market value of assets	2,794	2,614

Present value of scheme liabilities

- Funded	(2,794)	(2,614)
- Unfunded	(524)	(2,770)
Total liabilities	(3,318)	(5,384)
Deficit in the scheme	(524)	(2,770)

The actual return on the scheme assets in the year was a deficit of £180,000 (2021 : £382,000 surplus).

Amounts recognised in the Statement of Financial Activities

	2022 £'000	2021 £'000
Current service cost	933	581
Interest cost	95	65
Interest income	(46)	(33)
Total amount recognised in the SOFA	982	613

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2022	2021
	£'000	£'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2021	2,770	1,460
Transferred in at admission date	-	471
Movement in year:		
- Employer service cost (net of employee contributions)	933	581
- Past service cost	-	-
- Employer contributions	(294)	(229)
- Expected return on scheme assets	(46)	(33)
- Interest cost	95	65
- Actuarial (gains)/losses	(2,934)	455
Deficit in the scheme at 31 August 2022	524	2,770

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

	2022	2021
	£'000	£'000
Scheme liabilities at 1 September 2021	5,384	3,010
Transferred scheme liabilities at admission date	-	874
Current service cost	933	581
Past service cost	-	-
Interest cost	95	65
Contributions by scheme participants	85	67
Benefits paid	(19)	(17)
Actuarial (gains)/losses	(3,160)	804
Scheme liabilities at 31 August 2022	3,318	5,384

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

	2022	2021
	£'000	£'000
Fair value of scheme assets at 1 September 2021	2,614	1,550
Transferred fair value of scheme assets at admission date	-	403
Expected return on scheme assets	46	33
Actuarial (losses)/gains	(226)	349
Contributions by employer	294	229
Benefits paid	(19)	(17)
Contributions by scheme participants	85	67
Fair value of scheme assets at 31 August 2022	2,794	2,614

The estimated value of employers contributions for the year ended 31 August 2023 is £298,000 (2022 : £246,000).

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. During the year ended 31 August 2022 there were no such transactions.

In entering into the transactions the trust has complied with the requirements of the Academy Trust Handbook 2021.

No related party transactions took place in the period of account, other than certain trustee's remuneration and expenses already disclosed in note 11.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

29 CONVERSION TO AN ACADEMY TRUST

Buckton Fields Primary School

On 1 September 2021 Buckton Fields Primary School, converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Preston Hedges Academy Trust from Northamptonshire County Council for nil consideration.

A valuation of the leasehold land and buildings has not yet been determined in accordance with FRS102, but will be obtained during 2022/23.

The transfer will be accounted for as a combination that is in substance a gift. The land and buildings transferred will be valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain/(loss) in the Statement of Financial Activities as donations transferred from local authority on conversion.

Holne Chase Primary School

On 1 December 2020 Holne Chase Primary School converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Preston Hedges academy Trust from Northamptonshire County Council for nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain/(loss) in the Statement of Financial Activities as donations transferred from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted	Restricted	Restricted	Total
	Funds	General	Fixed	Funds
	£'000	Funds	Asset	£'000
	£'000	£'000	Funds	£'000
Leasehold land and buildings	-	-	2,230	2,230
Budget surplus on LA funds	245	-	-	245
LGPS pension deficit	-	(471)	-	(471)
Net assets/(liabilities)	245	(471)	2,230	2,004

The above net assets/(liabilities) include £245,000 that were transferred as cash.

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.