

PENK VALLEY ACADEMY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements for
the year ended 31 August 2021



Company Registration Number: 11124272 (England and Wales)

PENK VALLEY ACADEMY TRUST

Contents

| | Page |
|--|-------------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 to 13 |
| Governance Statement | 14 to 19 |
| Statement on Regularity, Propriety and Compliance | 20 |
| Statement of Trustees' Responsibilities | 21 |
| Independent Auditor's Report on the Financial Statements | 22 to 23 |
| Independent Accountant's Report on Regularity | 24 |
| Statement of Financial Activities incorporating Income & Expenditure Account | 25 |
| Statement of Financial Position | 26 |
| Statement of Cash Flows | 27 |
| Notes to the Financial Statements | 28 to 44 |

PENK VALLEY ACADEMY TRUST

Reference and Administrative Details
for the year ended 31 August 2021

| | |
|--|--|
| Members | M Roberts C Shaw C Bolivar J Jeffries |
| Trustees | M Roberts (Chair of Trustees) D Dee P Davenport S Blackburn P Tapp - retired 04/05/2021 C Noak D Shipman C MacColl C Griffiths H Blaikie |
| Senior Leadership Team: | |
| CEO | P Tapp – retired 04/05/2021 |
| Acting CEO | J Ablewhite – 05/05/2021 – 31/08/2021 |
| Headteacher (Wolgarston High School) | J Fairclough |
| Headteacher (Penkridge Middle School) | N Frost |
| Interim Principal (The Rural Enterprise Academy) | A Corrigan |
| Headteacher (Princefield First School) | H Barron |
| Headteacher (Marshbrook First School) | D Spiers |
| Headteacher (St Johns (CE) First School) | E Challiner |
| Headteacher (St Mary & St Chad First School) | S Lamond |
| Chief Finance Officer | J Ablewhite |
| Acting Chief Finance Officer | J Marson – 05/05/2021 – 31/08/2021 |
| Chief Operating Officer | L Metcalfe-Chase |
| Director of Compliance and Communication | M Smith |
| Registered Office | Penk Valley Academy Trust Cannock Road Penkridge Stafford ST19 5RX |
| Academies Operated | Marshbrook First School Princefield First School St John's CE First School St Mary & St Chad CE First School Penkridge Middle School The Rural Enterprise Academy Wolgarston High School |
| Company Registration Number | 11124272 (England and Wales) |
| Auditors | Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE |
| Bankers | Lloyds Bank Plc Queen Square Wolverhampton WV1 1RF |
| Solicitors | Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES |

PENK VALLEY ACADEMY TRUST

Trustees' Report for the year ended 31 August 2021

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2021. The annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

Structure, Governance and Management

Penk Valley Academy Trust (herein "PVAT", "the Trust", "the Academy Trust" or "the Multi Academy Trust") was formed on 1 April 2018. The Trust is formed of five original Academies, Wolgarston High School, Penkridge Middle School, Princefield First School, Marshbrook First School and St John's (CE) First School. All of these schools previously belonged to the Penk Valley Federation which was formed in 2016. Two further schools joined the Academy on 1 August 2019; St Mary and St Chad (CE) First School and The Rural Enterprise Academy.

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Penk Valley Academy Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Penk Valley Academy Trust.

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

Members' Liability

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

Trustees' Indemnities

The Academy Trust provides indemnity insurance to cover the liability of Trustees which by virtue of any rule of law that would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which may be guilty in relation to the Academy Trust.

Principal Activities

The Academy Trust's object is specifically restricted to the following to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing an academy offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Trustees

Members and Trustees are appointed by existing members in accordance with the Trust's Articles of Association. Chairs of each Local Governing Body and all Committees are annually elected to their roles at the first Committee meeting of the academic year.

New Trustees/Committee Members/Local Governing Body members are recruited because of the range of skills and expertise they can bring to help realise PVAT's vision and values for the Trust. They will also enhance the effective strategic leadership and management of the Trust and effectively represent stakeholder interest within the Trust. The tenure of the Trustees is a maximum of four years. A bi-annual skills survey audit is completed to identify any shortfall in the skills matrix and this information will be used to identify training needs and recruit the right skillset when positions become vacant.

As a Trust with two church schools, we also have a duty to ensure sufficient diocesan representation at Governor and Trustee level through the appointment of foundation Governors and Trustees in accordance with our Church Supplemental Funding Agreements.

Policies and Procedures Adopted for the Induction and Training of Trustees

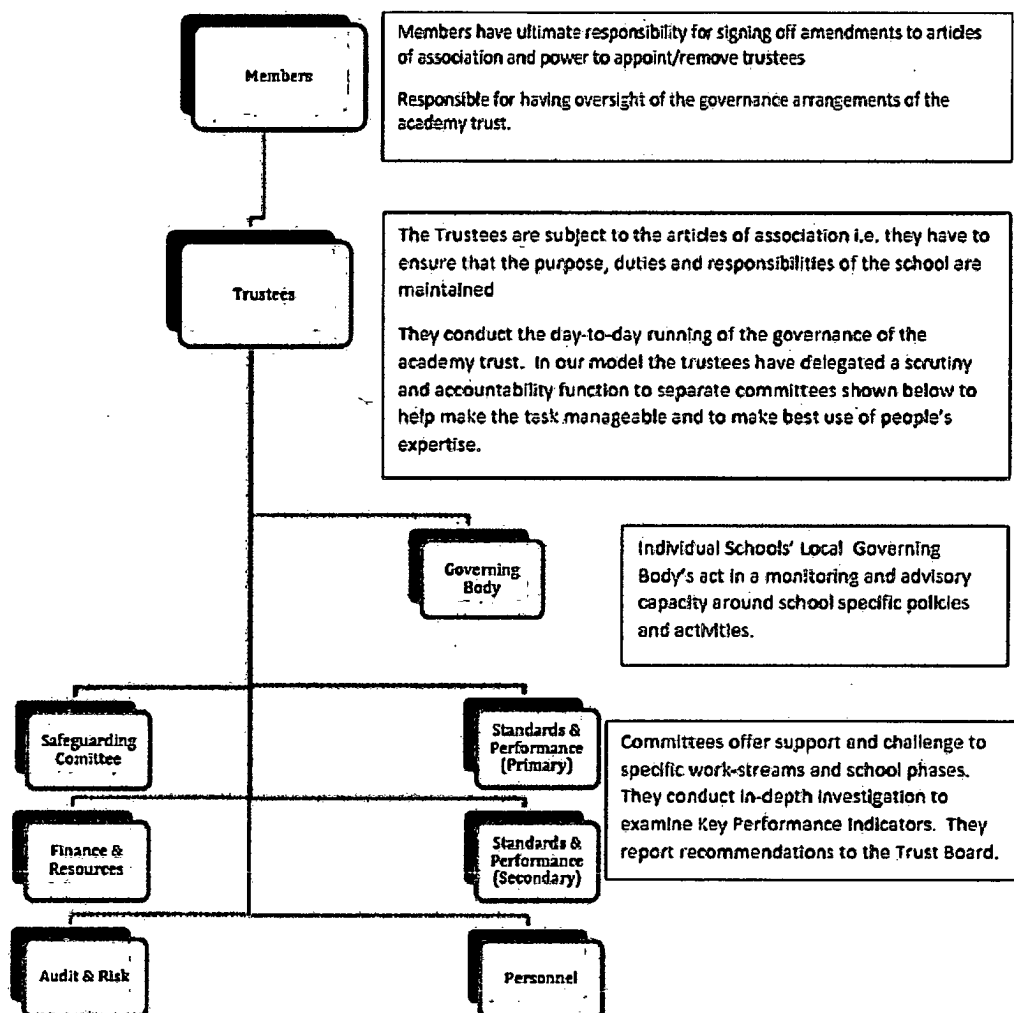
The training and induction provided for each new Trustee will depend on their existing experience. The Trust purchases on line support from "The Key" for all Trustees, Committee and Local Governing Body Committees. An annual review of training requirements will be conducted in the Summer Term to ensure that Trustees are briefed on any changes in practice and/or legislation.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Structure, Governance and Management (continued)

Organisational Structure



Trustees of the Board and Key Management Personnel are responsible for setting general policy, adopting a strategic plan and budget, monitoring each academy by the use of budgets and making major decisions about the direction of the Trust and senior staff appointments. They are also bound by duties and responsibilities as set out in charity law and the duties of a Trustee as set out in company law.

The Chief Executive Officer is accountable for the overall financial viability and sustainability of the Trust and for the development of relationships with key internal and external stakeholders for the benefit of its pupils and wider communities. As the Accounting Officer for PVAT, the Chief Executive has personal responsibility for ensuring value for money, regularity and propriety.

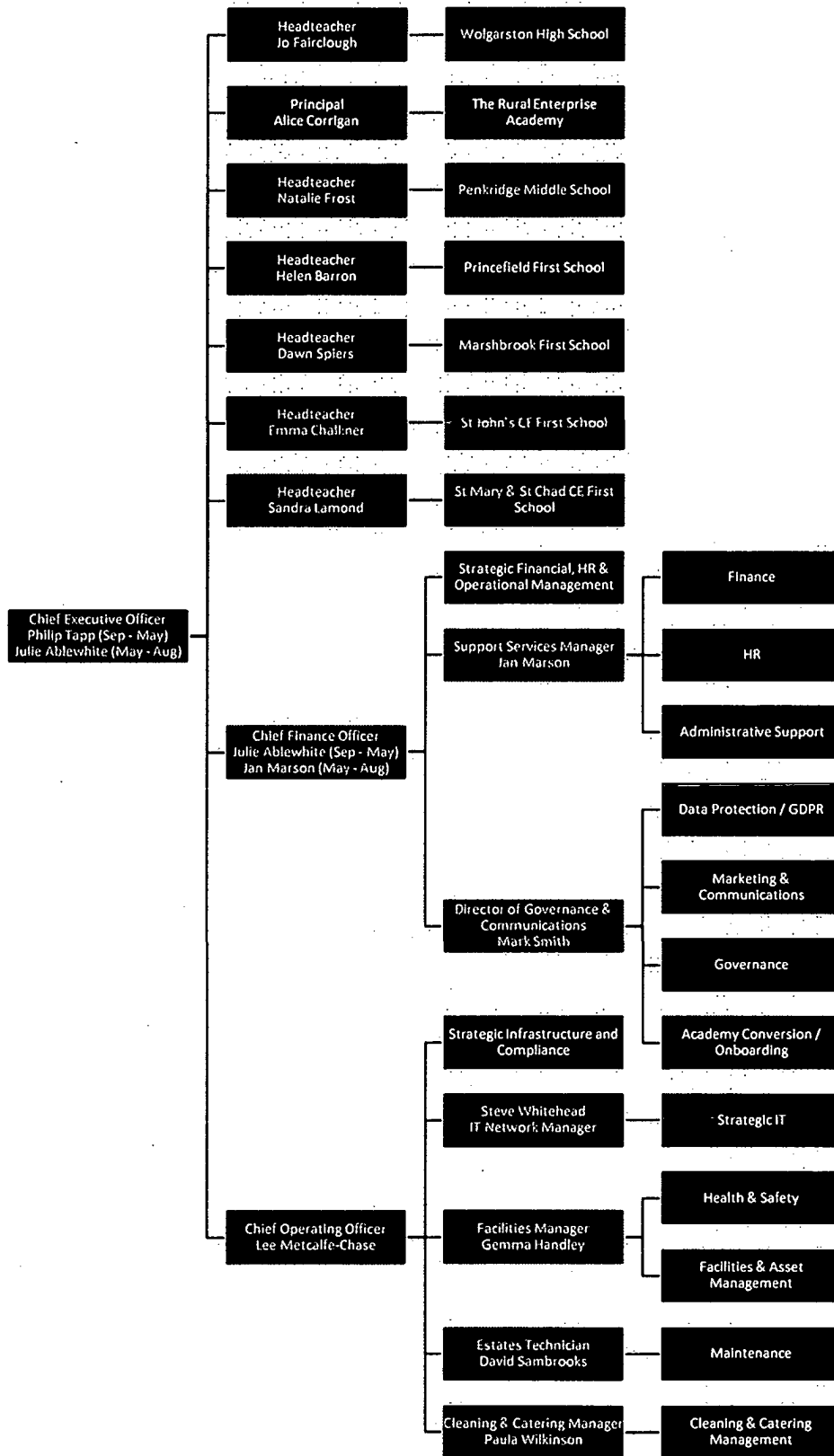
Each school Local Governing Committee has been established to support individual schools with the day to day scrutiny of the school(s) along with a number of other related responsibilities included within the Scheme of Delegation.

The CEO meets with Senior Leadership Team fortnightly as a group, and individually throughout the year and in order to drive PVAT strategy. As a group the Senior Leadership Team are responsible for ensuring that each individual school adopts the PVAT ethos and values, that they support the overall school improvement process within the Trust, that common goals are implemented and that they mitigate risk including financial implications.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Structure, Governance and Management (continued) Penk Valley Academy Trust – Senior Leadership Team



PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Structure, Governance and Management (continued)

Arrangements for setting pay and remuneration of key management personnel

The rules for determining the pay and remuneration of PVAT key management personnel are set out in the Trust Pay Policy which follows closely the stipulations embodied in the School Teachers Pay and Conditions (STPCD) and Green Book documents. The Trustees have established pay ranges for each individual school within the MAT based on the total unit score calculation and remuneration does not exceed the maximum permissible within each school group size.

The remuneration of the CEO/CFO/COO are discussed, reviewed annually and set by the MAT Board. The Trustees have established pay ranges for each individual post, and Benchmarks and parameters or other criteria have been used to set pay. The Pay policy clearly indicates the CEO, CFO and COO remuneration.

Related parties and other connected charities and organisations

Penk Valley Academy Trust is currently working with Endeavour Trust and Codsall High Federation to establish SERA (Staffordshire Education and Research Alliance) - a teacher training alliance, which is now providing Initial Teacher Training with a university provider, training for TAs, NQTs and education research.

Penk Valley Academy Trust is working with South Staffordshire Schools and Staffordshire County Council in establishing a SEND transformation hub. The Penkridge hub includes all our Trust schools.

Trade union facility time

Relevant union officials

| | |
|---|-----|
| Number of employees who were relevant union officials during the year | 1 |
| Full time equivalent employee number | 0.8 |

Percentage of time spent of facility time

| | No of employees |
|-----------|------------------------|
| 0% | 1 |
| 1% - 50% | - |
| 51% - 99% | - |
| 100% | - |

Percentage of pay bill spent on facility time

| | |
|---|-----------|
| Total cost of facility time | £94 |
| Total pay bill | £9,218k |
| Percentage of total pay bill spent on facility time | 0.000001% |

Paid trade union activities

-

Engagement with employees (including disabled persons)

The success of Penk Valley Academy Trust and its ability to fulfil its goals and ambitions depends significantly on the positivity and commitment of the workforce.

- Communication is key and employees are kept informed of performance and strategy via regular staff, departmental and management meetings; Senior Leadership within each School have a close working relationship with the Trust Leadership Team and operate an 'open-door' policy
- Whole staff well-being and engagement surveys which include workload, workplace relationships, training and support are undertaken with results reported back to Leadership and Trustees, which enable the Trust to review and refine its provision
- Penk Valley Academy Trust has a Health and Safety Committee that ensures compliance regarding employee safety and well-being
- Regular correspondence is issued from the HR and Payroll department to all staff regarding remuneration Penk Valley Academy Trust operates an Employee Assistance Programme (EAP) to which employees can self-refer
- A standardised performance management system which ensures all employees have access to support, professional development and career advancement opportunities. Annual targets are set in conjunction with the goals and ambitions of the Trust/School
- Penk Valley Academy Trust has adopted an Equality Policy and a Recruitment and Selection Policy
- The Academy Trust has approved Public Sector Equality Duty Objectives
- New staff members go through an induction process where all relevant policies and procedures are disseminated; staff are aware of who to ask for assistance
- It is anticipated that a staff intranet site will be launched December 2021

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Engagement with employees (including disabled persons) (continued)

The Academy Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's aims is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. Policy and its implementation is reviewed by the Personnel Committee.

In accordance with the Academy Trust's Equality policy and Public Sector Equality Duty Objectives, the Academy Trust has established fair employment practices in recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

Engagement with suppliers, customers and others in a business relationship with the Academy Trust

PVAT recognises that it has a duty to act in a professional and ethical manner with everyone we engage with. As a charitable company, and a public sector body, we are acutely that we have multiple stakeholders. These include:

- Children in our schools
- The parents, carers and families of children in our schools
- The Trust's employees
- The wider communities within which our schools operate
- The Department for Education and its agencies (ESFA, Ofsted)
- Other government departments to whom the electorate and the taxpayer are accountable
- The Members of the Trust
- Commercial and non- commercial partners and suppliers

The Trust is underpinned by the National Standards for Teachers, the National Standards for Headteachers, the Nolan Principles for Public Life and statue, and we will engage with stakeholders using these principles. Should the Trust, or an employee within it, exceed or fall short of these standards, PVAT's Complaints Policy is available for stakeholders to express satisfaction or seek redress. This policy can be viewed on the Trust's website.

Objectives and Activities

a) Objectives and Aims

To provide an excellent broad and balanced curriculum for all learners in MAT academies that ensures each individual achieves stretching personal goals and fulfils their potential. The principal object and activity of the charitable company is the operation of Penk Valley Academy Trust to advance education in the UK for the public benefit. In particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Our Trust Board are focused on raising standards from 2-19 years to ensure that our children have the best possible start in life and enhanced future life chances.

Our overall strategic aims include: -

- Children are well prepared for the next stage of their lives through experience best learning opportunities through exceptional teaching and support, and access to high quality resources and provision in and beyond the classroom.
- Children achieve more and make better progress by attending a PVAT academy than would otherwise be expected. We add value.
- Our academies are full as a result of their popularity, reputation and success.
- Our academies are staffed with high performing professionals, exhibiting passion and taking pride in their work, in a context of effective support and challenge.
- Accommodation and premises are safe, well maintained, and with facilities which are constantly improving
- Infrastructure is both effective and efficient, underpinned by sound financial management practices whereby value for money is always given due regard.
- Management systems are coherent and cohesive.
- We uphold and promote the religious character if our Church Schools.

b) Public Benefit

The Trustees have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support wider educational objectives via a strong community role.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Equality Statement

The Academy Trust seeks to achieve the objectives set down in the Equality Act 2010.

- As part of its accommodation strategy the Trust updates its access audit as required
- The Trust has, in each Academy, an appointed SEND Co-ordinator (or a role with this responsibility contained within it), who provides information, advice and arranges support where necessary for students with disabilities
- Specialist equipment is made available for use by pupils and a range of assistive technology
- The policy for admittance of all pupils is described in the Trust's Admissions Policy. Appeals against a decision not to offer a place are dealt with under the appeals procedure outlined in the admissions policy
- We inform pupils and parents, at the point of transfer to Academies within the MAT, of the Academy's pastoral system and identified staff e.g. House leader, tutor, to whom they can go to if they require support or assistance of any kind

Strategic Report

a) Achievements and Performance

Achievements & performance in the year

All schools in the Trust are currently rated 'Good' by Ofsted. Wolgarston High School, Princefield First School and St John's First School are all likely to be inspected during the 2021/22 academic year.

GCSE, A Level and BTEC results were all impacted by the Covid-19 outbreak, and the government decision to cancel the examinations for a second year. Wolgarston and TREA both implemented thorough and rigorous processes to ensure that the centre assessment grades awarded to students were fair. No systematic issues were raised by examination Boards who moderated this process. In both schools' results were in line with our expectations for these cohorts of students.

Whilst the SATs were also cancelled at both key stages 1 & 2. Internal assessments showed that Penkridge Middle School and the first schools had, at least, maintained previous standards.

During several lockdowns, in addition to providing access to school for key worker and vulnerable children, schools also provided remote learning. Expertise in providing quality remote learning has developed rapidly and all schools were ready to provide immediate work when 'bubbles' had to close. Microsoft Teams was also used by the Trust to enable Trust, local governing Committee and inter-school meetings to take place. Trust Board and Committee meetings have all taken place throughout the pandemic. The Trust's PVAT Covid-19 risk assessment was reviewed regularly in line with local and national circumstances and guidance.

Teachers have had to learn to work differently. With the restrictions on marking and movement around the classroom since September, teachers have been developing ways to give and receive feedback, always ensuring that the inferences about children's learning they are making are valid.

b) Key Performance Indicators

It is the responsibility of the Members and Trustees to have the skills, knowledge and experience to run a Multi Academy Trust. Their duties include ensuring that the Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook.

Governance KPIs

1. All schools to have a full complement for their School Governing Body, with an appropriate set of skills and experiences to undertake defined responsibilities.
2. All Members, Trustees and Directors fully understand their duties as laid out in the Companies Act 2006 and Charity Commission guidance as exemplified in a skills audit.
3. Church schools Local Governing Committees and the Board of Trustees to have a full complement of foundation governors and directors to fulfil the terms of the Church Supplemental Agreement and the Articles of Association.

Finance KPIs

1. Ensure economy, efficiency and effectiveness over the use of Trust funds (value for money).
2. Assurance received that annual financial accounts have been properly prepared and are free of material misstatements.
3. Monthly management accounts are available to all Trustees on a school and Trust level.
4. Accounts are filed with Companies House for public access by 31 December each year and on the Trust website by 31 January of the following year.
5. All statutory returns submitted on time.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

b) Key Performance Indicators (continued)

6. Non traded staffing costs should be capped at 77% of total Trust income (excluding restricted fixed asset funds).
7. % leadership costs within schools are kept below 17%.
8. Alternative sources of funding are pursued, consistent with the Trust's core competencies.
9. Sources of funding are pursued for capital development projects.

Human Resources KPIs.

1. All MAT academies are fully staffed with high calibre staff.
2. Pupil teacher ratios are favourable compared to national levels.
3. Development opportunities are made available to all staff.
4. All teaching and classroom support staff will be appropriately trained.
5. All school and Trust line managers will receive appropriate Management Training.
6. 100% performance management penetration for all staff across all MAT schools.

School Standards KPIs

1. All MAT schools retain or improve their current Ofsted inspection rating.
2. Parent, staff and student survey data illustrates satisfaction.
3. Schools can demonstrate the adding of value to children of all ages, abilities and backgrounds.
4. All schools fully compliant with health and safety, safeguarding, data and other statutory requirements.
5. Our church schools retain or improve their current Statutory Inspection of Anglican and Methodist Schools (SIAMS) inspection rating.

c) Covid-19

Schools and the Trust itself have been adept at responding to the continual challenges created by the Covid outbreak.

Staffing

A key challenge has been managing the impact of staff having to self-isolate. All schools have plans in place and have conducted scenarios to ensure that swift and effective action is taken to manage the impact of the absences, and to keep the schools open for children. There will be an impact on school supply budgets, but at this stage it is expected that the additional staffing costs will be manageable.

Training for staff has been affected, although a combination of online and carefully managed 'in person' training has been taking place, ensuring, for example, that there are sufficient first aiders and that teachers new to the profession receive on-going training and support.

Pupils

All pupils have continued to receive a broad and balanced curriculum. All schools have baselined the pupils to identify any gaps in learning due to the pandemic and are putting in place actions to close any identified gaps. Catch up funding is utilised and the national tutoring programme accessed. Preparing pupils for the summer exams remains a priority due to the work missed during the lock downs and the on-going disruption created by the pandemic.

Parents and carers

Keeping parents informed has been a priority. All schools have communicated regularly with their parents throughout the pandemic and have conducted parent surveys. All major parent events such as open days and open evenings have moved online or are being conducted by phone.

Safeguarding

Safeguarding has been a key priority through the pandemic, with pupils having spent a significant amount of time at home. All schools routinely checked on the welfare of every child in their school at least fortnightly, with more vulnerable children checked more frequently. There have been a very small number of cases where a pupil's mental health has been affected by the uncertainty created by the pandemic, leading to absence. Schools are actively managing this.

Governance

All Trust and local governing Committee meetings have taken place on Teams since March 2020. Recruitment of new Governors and Trustees has been able to continue, using Teams. This has impacted on the ability of Governors to get into the schools and talk to staff and children. We have started to welcome back Governors and Trustees back into school and face to face meetings whilst retaining the option of remote participation.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

c) Covid-19 (continued)

Trust finances have been monitored throughout the pandemic, with the full Trust Board meetings and monthly finance review meetings with the Chair of Trustees continuing to take place.

Trustees planned for the retirement of the CEO (Philip Tapp) in May 2021 and completed the appointment of a new CEO (Brynley Evans) from September 2021.

Other considerations

We are monitoring the ongoing impact of the outbreak on our income streams, such as nursery education, before and after school clubs, transport and catering receipts etc. At present, numbers do not suggest that further action beyond our current plans is required at this point.

Growth relating to encouraging additional schools to join the Trust is currently on hold. This will be able to restart once the pandemic is over. This has become a higher priority given the government's stated ambition that in the long term all schools should be within families or groups of schools i.e. a MAT.

Moving forward

Moving out of the Covid world has its own challenges but also many opportunities. Some of the actions taken during the pandemic can be retained and developed further. Examples include the development of online learning and the staggering of breaks and lunchtimes. Some areas of pedagogy have also developed well (e.g., giving and receiving feedback), and this can continue.

However, there is no doubt that the reduced social contact has had a detrimental effect and providing support for this aspect of pupil development will be a priority for all schools in the Trust.

Going Concern

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

Funds in deficit

Overall, the Trust reported a surplus at 31 August 2021 having started the year with a cumulative £38k deficit. Two of the academies remain in deficit, but the Trust is taking the following action to return to a surplus:

St Mary & St Chad (CE) First School

- Deficit on conversion of £27,520, school revenue balances now stand at £22K deficit.
- The school has a DFC balance of £2K.
- Outstanding loan liabilities amount to £7K. Loan repayments included in future years' budgets, all outstanding loans will be repaid by 2023.
- A full review of staffing costs was conducted during 2021, with a streamline education support staff structure being adopted from 1st September 2021. A balanced budget has been set for 2021/2022. A full review of all other expenditure and income generation will be undertaken during 2021/2022 in order to support long term financial sustainability.

Wolgarston High School

- Deficit on conversion of £432,635 now stands at £128K deficit.
- The school has a DFC balance of £13K.
- In line with accounting practice, £148K has been reclassified into a separate fund relating to the 3G, to support future maintenance.
- The original loan liabilities reduced from £212K to £84K, and loan repayments are included in future years' budgets, these loans will be repaid by 2023.
- A new capital loan was taken out by WHS in 2020/2021 to support the CIF roofing project. This is a 10 year loan for £90K repayment will commence in 2021/2022.
- Budget is now financially sustainable due to growth in pupil numbers.

A balanced budget has been set for Wolgarston High School for 2021/2022. It is projected that the school will be in surplus at the end of this financial year.

Wolgarston High School holds funds as a custodian of £148K relating to the 3G pitch which is the sinking fund for pitch refurbishment, in conjunction with South Staffs District Council.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Financial Review

Most of the Trust's income is obtained from the Education, Skills and 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 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Total expenditure during the financial year 2020/21 was £12.51M and was funded by a combination of revenue grants, capital grants, and self-generated income.

In accordance with the Academies Accounts Direction, the Trust's income and expenditure is reported in the Statement of Financial Activities in three separate fund categories – the unrestricted funds (general revenue funds); the restricted general funds (including the pension deficit funds); and the fixed asset fund.

General funds (revenue funds)

Setting aside the pension fund and the fixed asset fund, the underlying operational position of the Trust's general revenue funds was a surplus of £452K for the year.

At the start of the year, the opening position on the accumulated general funds was a deficit of £38K but at the year end the Trust is now carrying forward a cumulative surplus of £414K. This is represented by a cumulative surplus on unrestricted general funds of £157K and a cumulative surplus on restricted general funds of £295K.

Further details are shown within the notes to the accounts.

Pension deficit fund

The pension deficit reserve relates to the non-teaching staff pension scheme, where, unlike the teachers scheme, separate assets are held to fund future liabilities. 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.

The movement on the pension deficit valuation for the year, as notified by the scheme actuary, was a further increase in the deficit of £2.02M, from £5.17M at the beginning of the year to £7.19M at the end of the year. The movement in the year is principally due to actuarial losses of some £1.39M. Further details are shown in the notes to the accounts.

Whilst the pension deficit valuation is required to be included in the Trust's Balance Sheet by accounting standards, it is largely a technical requirement involving a number of assumptions and estimates that are applied by the scheme actuary and which can, and often do, significantly impact the accounting valuation from one year to the next. It is rather the funding of, and the cash flow impact of, the employer contributions due which is of prime consideration to the Trust, and the Trustees continue to review the contributions due based on the reports received from the scheme's actuary ensuring cash is available to meet the contributions as they fall due.

Fixed assets fund

Capital grant of £974K was received from the DfE group for the year, and a shortfall of £260K on the capital grant obtained as compared to the capital expenditure incurred was met by a transfer from General Annual Grant. Also during the year, capital funds held amounting to £25K which relate to future works to be carried out on the '3G' sports pitch at Wolgarston High School, were transferred to the fixed asset fund.

After charging depreciation for the year of £458K the fixed asset fund balance increased overall by £3.0M from £24.7M at the beginning of the year to £27.7M at the end of the year. This increase is primarily due to the re-valuation of the Land & Buildings which was carried out during the year.

The Trust's fixed assets, comprising principally the value of the land and buildings transferred to the Trust at the time of its academies either converting or joining from other Trusts, were used exclusively for providing education and associated support services to the students of the academy schools within the Trust.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Financial Review (continued)

Reserves Policy

The Trust is developing its reserves policy alongside the budget attaining a cumulative surplus.

The appropriate level of reserves will be determined by the Audit & Risk Committee and will be subject to annual approval by the Trust Board. The Trust aims to maintain an adequate level of uncommitted reserves to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short term borrowing;
- Provide a contingency to cushion the impact of unexpected events, emergencies and in year budget deficits;
- Plan for potential major items of expenditure.

The Trust has set aside £235K in 2020/2021 to support with meeting the overall objectives detailed above.

The Academy Trust will regularly monitor and review the levels of reserves in light of the changing funding and financial climate and other risks such as the potential cash impact on its pension scheme liability.

Investment Policy

The Academy Trust adopted an Investment Policy in January 2021. No investments have been made during this financial period. The policy indicates that:

- Investments may not have a withdrawal period of more than 12 weeks
- A maximum of £750K with any authorised institution by the Bank of England
- 2 authorised signatures are required prior to investment
- A monitoring report will be presented at each Audit & Risk Committee for review.

Principal Risks and Uncertainties

A risk register is maintained at Trust level which is reviewed at least termly by all Trustees but more frequently where necessary. The risk register identified the key risks, and the likelihood of these risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust and its academies.

- Strategic & Reputational
- Operational Risk
- Compliance Risk
- Financial Risk

Throughout the year, the Trust has continued to support schools by re-evaluating the specific Covid Risk Assessment to ensure consistent and appropriate measures were in place to support students and staff being in work by following the Government guidelines. The Risk Assessment was reviewed at every Trust Leadership Meeting.

The Academy has considerable reliance on continued government funding through the EFSA. Since April 2018 the majority of the Academy's revenue was ultimately public funded. There can be no assurance gained that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the Trust is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFSA.
- By ensuring that the Trust delivers good value in the use of public resources.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued) for the year ended 31 August 2021

Principal Risks and Uncertainties (continued)

Financial and risk management objectives and policies

Penk Valley Academy Trust has adopted the statement of recommended practice (SORP) approach to identifying and managing the risks of the Trust. The Trust's exposure to risk is largely bank balances, trade creditors and debtors plus its inherited Local Government Defined Benefits pension scheme deficit for support staff across the Trust. The Academy Trust assesses the risks arising from its operations and examines the likelihood and materiality of each risk. The Trust has operation and strategic risk register which describe the control measures in place to manage or mitigate each risk. The Trust addresses the risk of misappropriation of funds through theft, fraud or other means by engaging positively with accountancy and internal and external auditing services and verification processes and using industry standard, bespoke financial packages and systems designed to mitigate risk.

The MAT strategic risk register presented at the Audit & Risk Committee each term, it is then reviewed the Trust Board Meetings and mitigating actions agreed as required and all changes documented.

The financial statement report and the share of the pension scheme deficit on the Academy's balance sheet is in line with the requirements of FRS 102.

From September 2019, the risk register has been scrutinised by the Local Governing Body of each individual school.

Fundraising

No fundraising was undertaken in the year for the benefit of the Academy Trust.

Streamlined Energy and Carbon Reporting 2020/21

| UK Greenhouse gas emissions and energy use data for the period 1 September 2020 – 31 August 2021 | Current reporting year 2020/21 | Comparison reporting year 2019/20 |
|---|---------------------------------------|--|
| Energy consumption used to calculate emissions (kWh) | 2,268,199 | 2,324,853 |
| Scope 1 - emissions in metric tonnes CO ₂ e | | |
| Gas consumption | 246.92 | 265.7 |
| Kerosene consumption | 30.32 | 22.8 |
| LPG consumption | 0 | 0 |
| Owned transport | 22.95 | 11.88 |
| Total Scope 1 | 290.19 | 300.38 |
| Scope 2 - emissions in metric tonnes CO ₂ e | | |
| Purchased electricity | 156.07 | 147.75 |
| Scope 3 - emissions in metric tonnes CO ₂ e | | |
| Business travel in employee-owned vehicles | 2.67 | 1.61 |
| Total gross emissions in metric tonnes CO ₂ e | 448.93 | 44 |
| Intensity ratio Tonnes CO ₂ e per pupil | 0.24 | 0.28 |

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

The Trust has not embarked on a specific strategy to improve energy efficiency, however, it does have an awareness of the need to reduce its energy use and this is a major consideration when carrying out improvements to school buildings. Examples of this can be evidenced with works such as the replacement of lighting for new energy efficient LED lighting and the replacement/rationalisation of boilers within the schools. A full review of all air conditioning units across the Trust was undertaken in May 2020 with the aim of replacing the kit which has an efficiency rating of below B. Awareness of the need to save energy in the school environment is promoted both from an education and financial perspective.

PENK VALLEY ACADEMY TRUST

Trustees' Report (continued)
for the year ended 31 August 2021

Plans for Future Periods

The Academy Trust aims to improve levels of performance of its pupils at all levels and will continue to ensure that they secure employment or a place in Higher Education once they leave school.

Our five strategic Trust priorities for 2021-22 include: -

1. Establishing a strong, shared culture across the Trust based on an ethos of 'Learning Together' and the core values of:-
 - Collaboration
 - Curiosity
 - Challenge
 - Care
2. Further developing of leadership to plan and secure educational improvements through:
 - Clearly identified priorities
 - Detailed action plans, success criteria and progress milestones
3. Further improvement of curriculum provision and educational standards through a focus on:
 - High quality curriculum planning, teaching and assessment
 - Measures to support disadvantaged and vulnerable pupils
 - Improving training for teachers and other staff
 - Ensuring a rigorous quality assurance system
4. Ensuring excellent central Trust operational support services including HR, IT, premises and finance
5. Further development and growth of the Trust through partnerships with other schools and organisations
 - Developing new and existing partnerships
 - Increasing the number of pupils and/or schools in the Trust

Funds held as Custodian Trustee on behalf of others

Wolgarston High School has an agreement with South Staffordshire District Council to maintain the 3G pitch. Funds held are carried within the fixed asset fund and as at 31 August 2021 were £148,000.

Auditor

In so far as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Haines Watts Birmingham LLP, having indicated their willingness to continue in office and, being eligible, will be proposed for reappointment at the forthcoming AGM.

Approved by order of the members of the Board of Trustees on 22 November 2021 and signed on its behalf by:



M Roberts
Chair of Trustees

PENK VALLEY ACADEMY TRUST

Governance Statement for the year ended 31 August 2021

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Penk Valley 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.

As Trustees, we have reviewed and taken account of the guidance in the DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day to day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Penk Valley Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met three time during the period.

Attendance at Penk Valley Academy Trust Board and are listed below for the period 1 September 2020 – 31 August 2021.

List of Trustees and the Full Trust Board Meetings they have attended:

| Name | Meetings attended | Out of a possible |
|---------------------------------------|--------------------------|--------------------------|
| Mark Roberts | 3 | 3 |
| Simon Blackburn | 3 | 3 |
| David Dee | 3 | 3 |
| Peter Davenport | 3 | 3 |
| Philip Tapp (retired 04/05/21) | 2 | 2 |
| Clare MacColl (appointed 18/09/20) | 3 | 3 |
| David Shipman (appointed 18/09/20) | 3 | 3 |
| Clive Noak | 3 | 3 |
| Helen Blaikie (appointed 12/11/20) | 2 | 3 |

The Board is presented with papers either direct from the Committees or from the Trust Executive Team.

The **Standards and Performance Committee** is a sub-Committee of the main Board of Trustees. Two Committees run with this remit in order to scrutinise Primary and Secondary data. The performance of each school is analysed and priorities and actions determined depending upon what the data shows. This Committee reports direct to the Trust Board with recommendations.

PENK VALLEY ACADEMY TRUST

Governance Statement (continued)
for the year ended 31 August 2021

Governance (continued)

Attendance at the meetings for the period 1 September 2020 – 31 August 2021 is as follows:

Secondary standards

| Name | Meetings Attended | Out of a possible |
|-----------------|--------------------------|--------------------------|
| Mark Roberts | 3 | 3 |
| Simon Blackburn | 2 | 3 |
| Phil Tapp | 2 | 2 |
| David Shipman | 3 | 3 |
| John Groom | 1 | 1 |
| Kevin Maycock | 3 | 3 |

Primary standards

| Name | Meetings Attended | Out of a possible |
|-----------------|--------------------------|--------------------------|
| Peter Davenport | 3 | 3 |
| Simon Blackburn | 3 | 3 |
| Phil Tapp | 2 | 2 |
| Craig Griffiths | 3 | 3 |
| Sally Griffin | 3 | 3 |
| Kevin Maycock | 3 | 3 |

The **Audit & Risk Committee** is a sub-Committee of the main Board of Trustees. The remit of this Committee is to review Trust wide finances, sign off ESFA returns, review the Trust risk register, and receive external audit reports and action plans. This Committee reports direct to the Trust Board with recommendations.

Attendance during the period 1 September 2020 – 31 August 2021 was as follows:

| Name | Meetings Attended | Out of a possible |
|-----------------|--------------------------|--------------------------|
| Mark Roberts | 3 | 3 |
| Peter Davenport | 3 | 3 |
| David Dee | 3 | 3 |
| Helen Blaikie | 1 | 1 |
| Clive Noak | 3 | 3 |
| Dawn Tuck | 3 | 3 |
| Nigel Woodward | 1 | 1 |
| Lesley Hill | 2 | 3 |

The **Finance & Resources Committee** is a sub-Committee of the main Board of Trustees. The performance of each school is analysed and priorities and actions determined depending upon what the data shows. This Committee reports direct to the Trust Board with recommendations.

PENK VALLEY ACADEMY TRUST

Governance Statement (continued)
for the year ended 31 August 2021

Governance (continued)

Attendance during the period 1 September 2020 — 31 August 2021 was as follows:

| Name | Meetings Attended | Out of a possible |
|---------------|--------------------------|--------------------------|
| Mark Roberts | 3 | 3 |
| David Dee | 3 | 3 |
| David Shipman | 3 | 3 |
| Helen Blaikie | 2 | 2 |
| John Groom | 0 | 1 |
| Sharon Mason | 1 | 1 |
| Ian Wood | 2 | 3 |

The **Personnel Committee** is a sub-Committee of the main Board of Trustees. The remit of this Committee is to deal with personnel issues including consider pay progression recommendations for the teaching staff, setting Executive staff pay, dealing with disciplinary issues etc. This Committee reports direct to the Trust Board with recommendations.

Attendance at the meeting for the period 1 September 2020 – 31 August 2021 is as follows:

| Name | Meetings Attended | Out of a possible |
|-----------------|--------------------------|--------------------------|
| David Dee | 2 | 3 |
| Peter Davenport | 3 | 3 |
| Clive Noak | 3 | 3 |

The **Safeguarding Committee** is a sub-Committee of the main Board of Trustees. The remit of this Committee is to ensure that the Trust develops and creates a cohesive ethos which supports Safeguarding and KCSIE. This Committee reports direct to the Trust Board with recommendations.

Attendance at the meeting for the period 1st September 2020 – 31st August 2021 is as follows:

| Name | Meetings Attended | Out of a possible |
|---------------------------------------|--------------------------|--------------------------|
| Mark Roberts | 3 | 3 |
| Clive Noak | 3 | 3 |
| Phil Tapp (retired 4/05/21) | 2 | 2 |
| Clare MacColl (appointed 18/09/20) | 1 | 2 |
| Heidi Bayliss | 0 | 3 |
| Debbie Wynn-Jones | 1 | 3 |

PENK VALLEY ACADEMY TRUST

Governance Statement (continued) for the year ended 31 August 2021

Governance (continued)

Committee Members

| Name | Role | Appt Date | Committees Sept 2020 – Aug 2021 |
|-------------------|------------------------|------------|---------------------------------------|
| John Groom | | 22/12/2017 | 6,7 |
| Debbie Wynn-Jones | | 22/12/2017 | 5 |
| Sharon Mason | | 22/12/2017 | 6 |
| Sally Griffin | | 22/12/2017 | 3 |
| Dawn Tuck | | 22/12/2017 | 2 |
| Heidi Bayliss | | 22/12/2017 | 5 |
| William Ashelford | | 22/12/2017 | |
| Craig Griffiths | | 15/07/2019 | |
| Lesley Hill | | 30/01/2019 | 2 |
| Kevin Maycock | LGC Chair WHS & PMS | 01/08/2019 | 3, 7 |
| Ian Wood | LGC Chair SMSC | 01/08/2019 | 6 |
| Nigel Woodward | | 01/08/2019 | 2 |
| Steve Burnham | LGC Chair MFS | 01/04/2018 | |
| Lee Metcalf-Chase | LGC Chair PFS | 25/02/2021 | |
| Amanda Welsh | LGC Chair SJFS | 21/10/2020 | |
| Kirk Hookham | LGC Chair TREA | 01/08/2019 | |

Key to Committees

- 1 Trustee Board
- 2 Audit & Risk
- 3 Standards & Performance (Primary)
- 4 Personnel
- 5 Safeguarding
- 6 Finance & Resources
- 7 Standards & Performance (Secondary)

Value for Money

As Accounting Officer, the CEO 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 the 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:

- A full review of the outsourced IT support within the Trust, leading to building in house capability and skillset.
- A review and trial of classroom IT solutions to support curriculum delivery. Leading to the phasing out of interactive whiteboards and projectors where they are not required. A new solution has been adopted following a trial in year which has saved money and removed future hardware compatibility issues.
- A full review of all Service Level Agreements (SLA's) purchased and reduced the value of external SLA's.
- A full review of Attend EDC support contract to ensure it meets the needs of all schools individual requirements.
- Negotiated with South Staffordshire College regarding landlord responsibilities to ensure a better co-ordinated approach to premise related issues at The Rural Enterprise Academy.
- Sharing training events (and costs) to support the delivery of Visible Learning across the Trust.

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.

PENK VALLEY ACADEMY TRUST

Governance Statement (continued) for the year ended 31 August 2021

The Purpose of the System of Internal Control (continued)

The system of internal control is based on an on-going process designed to identify and prioritise the risk to achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and manage them efficiently and economically.

The system of internal control has been in place for Penk Valley Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

An internal review was conducted by Mazars LLP in March 2021 and the report was presented to the Audit & Risk Committee in May 2021. A further report was conducted by Mazars LLP in June 2021 and a verbal update was given at the end this was presented to the Audit & Risk Committee in October 2021.

Capacity to Handle Risks

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and monthly financial reports being reviewed by the Board of Trustees.
- Regular reviews by the Audit & Risk Committees 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.
- A risk register is presented at the Audit & Risk Committee meetings, with discussion being held on any area where the grading has reduced. From September 2019, individual school risk registers go to the local governing body for each school.

The Board of Trustees has decided:

- to employ Mazars LLP as internal auditor
- to ensure that an internal programme of work is agreed by the Audit & Risk Committee

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

| Area of review | March 2021 | June 2021 |
|--|------------|-----------|
| Review of salary journals | Yes | |
| Review of journals | Yes | Yes |
| Review of bank reconciliation | | Yes |
| Review of debtors and debt collection | | Yes |
| Review of creditor payments to ensure appropriate procurement regulations followed (3 quotes etc.) | Yes | |
| Review of related party payments | Yes | |
| Review that recommendations of audit reports are implemented | Yes | |
| Review of expense claim payments to staff | Yes | |
| Review of procurement cards authorisation and associated spend | | Yes |
| FMGS review | | Yes |
| Investment procedure & policy* | Yes | Yes |
| Review of petty cash procedures | | Yes |

PENK VALLEY ACADEMY TRUST

Governance Statement (continued)
for the year ended 31 August 2021

The Risk and Control Framework (continued)

The internal programme of work was agreed by the Audit & Risk Committee on 20 January 2021.

On a semi-annual basis, the internal auditor reports to the Board of Trustees through the Audit & Risk Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities and reports are presented to the Audit & Risk Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

An action plan is presented to each of the Audit & Risk Committee meetings during 2020/21 detailing management response, timescale and who is responsible for completing the tasks on all outstanding findings.

Review of Effectiveness

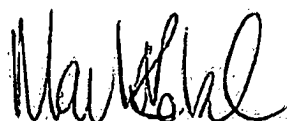
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control.

During the period in question the review has been informed by:

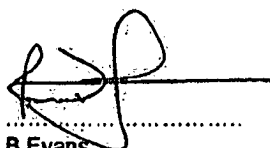
- Mazars LLP Audit March 2021 - (Presented at Audit & Risk 19 May 2021 Appendix 6)
- Mazars LLP Audit May 2021 - (To be presented at Audit & Risk October 2021)
- FMGS review – October 2020 (Presented at Finance & Resources 11 November 2020 Appendix 6)
- Self-evaluation of financial process review — School Resource Management Self-Assessment Checklist (Presented Finance & Resources Committees March 2021 Appendix 4 and May 2021 Appendix 4)
- SMRA update - (Presented to Audit & Risk 20 /01/2021 – Appendix 2 and 7)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Standards and Performance Committee and the Audit and Risk Committees and a plan to address weaknesses highlighted in any report has been produced this ensures continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 22 November 2021 and signed on its behalf by:



M Roberts
Chair of Trustees



B Evans
Accounting Officer

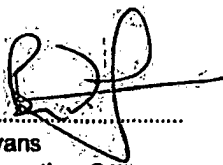
PENK VALLEY ACADEMY TRUST

Statement of Regularity, Propriety and Compliance
for the year ended 31 August 2021

As Accounting Officer of Penk Valley Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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 Academies Financial Handbook 2020.

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



.....
B Evans
Accounting Officer

PENK VALLEY ACADEMY TRUST

Statement of Trustees' Responsibilities
for the year ended 31 August 2021

The Trustees (who act as Governors of Penk Valley Academy Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 2020 to 2021;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

Approved by order of the Board of Trustees on 22 November 2021 and signed on its behalf by:



M Roberts
Chair of Trustees

Report of the Independent Auditors to the Members of
Penk Valley Academy Trust

Opinion

We have audited the financial statements of Penk Valley Academy Trust (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

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 Auditors' 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 statements 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 charitable company'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 Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Report of the Trustees.

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.

Report of the Independent Auditors to the Members of
Penk Valley Academy Trust

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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:

We obtained an understanding of the legal and regulatory framework applicable to both the charitable company itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Trustees and other management. The most significant were identified as the Companies Act 2006, the Charities Act 2011, the Charities SORP (FRS102) and the Accounts Direction and Academies Financial Handbook issued by the ESFA.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

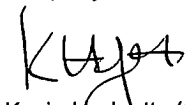
- making enquires of management and Trustees as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Use of our report

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



Kevin Hodgetts (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

17 December 2021

Independent Reporting Accountant's Assurance Report on Regularity to
Penk Valley Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penk Valley Academy Trust during the period 1 September 2020 to 31 August 2021 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 Penk Valley Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Penk Valley Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Penk Valley Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Penk Valley Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Penk Valley Academy Trust's funding agreement with the Secretary of State for Education dated 31 July 2019 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 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 charitable company's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the academy trust's activities;
- A review of governance procedures;
- A review of financial budgeting and monitoring procedures;
- A review of related/ connected party transactions in accordance with internal processes and the Academies Financial Handbook;
- A review and sample testing of internal financial controls; and
- A review and sample testing of procurement procedures.

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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts Birmingham LLP
Reporting Accountant
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

17 December 2021

PENK VALLEY ACADEMY TRUST

Statement of Financial Activities
For the year ended 31 August 2021

| | | Unrestricted | Restricted | Restricted | Total funds | Total funds |
|---|------|--------------|----------------|---------------|---------------|----------------|
| | | funds | funds | fixed asset | 2020/21 | 2019/20 |
| | Note | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and endowments from | | | | | | |
| Donations and capital grants | 2 | 41 | - | 974 | 1,015 | 119 |
| Charitable activities | | | | | | |
| Funding for the academy trust's educational operations | 3 | 193 | 11,545 | - | 11,738 | 10,862 |
| Other trading activities | 4 | 357 | - | - | 357 | 427 |
| Investment income | | - | - | - | - | 1 |
| Total income | | <u>591</u> | <u>11,545</u> | <u>974</u> | <u>13,110</u> | <u>11,409</u> |
| Expenditure on | | | | | | |
| Raising funds | 5 | - | - | - | - | - |
| Charitable activities | | | | | | |
| Academy trust educational operations | 5 | 434 | 11,616 | 458 | 12,508 | 11,989 |
| Other expenditure | | | | | | |
| Total expenditure | | <u>434</u> | <u>11,616</u> | <u>458</u> | <u>12,508</u> | <u>11,989</u> |
| Net income/(expenditure) | | 157 | (71) | 516 | 602 | (580) |
| Transfers between funds | | - | (260) | 260 | - | - |
| Other recognised gains / (losses): | | | | | | |
| Revaluation of fixed assets | | - | - | 2,224 | 2,224 | - |
| Actuarial (losses) / gains on defined benefit pension schemes | | - | (1,397) | - | (1,397) | (671) |
| Net movement in funds | | 157 | (1,728) | 3,000 | 1,429 | (1,251) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | <u>-</u> | <u>(5,208)</u> | <u>24,705</u> | <u>19,497</u> | <u>20,748</u> |
| Total funds carried forward | | <u>157</u> | <u>(6,936)</u> | <u>27,705</u> | <u>20,926</u> | <u>19,497</u> |

The notes form part of these financial statements.

PENK VALLEY ACADEMY TRUST

Balance Sheet
For the year ended 31 August 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible fixed assets | 12 | 27,273 | 24,481 |
| Current assets | | | |
| Debtors | 13 | 244 | 239 |
| Cash at bank | | 1,606 | 904 |
| | | <u>1,850</u> | <u>1,143</u> |
| Creditors | | | |
| Amounts falling due within one year | 14 | (898) | (819) |
| | | <u>952</u> | <u>324</u> |
| Net current assets | | | |
| | | <u>28,225</u> | <u>24,805</u> |
| Total assets less current liabilities | | | |
| Creditors: amounts falling due after more than one year | 15 | (106) | (138) |
| | | <u>28,119</u> | <u>24,667</u> |
| Net assets excluding pension liability | | | |
| Pension liability | 20 | (7,193) | (5,170) |
| | | <u>20,926</u> | <u>19,497</u> |
| Total Net assets | | | |
| | | <u>20,926</u> | <u>19,497</u> |
| Funds | | | |
| Unrestricted funds: | | | |
| General fund | 19 | 157 | - |
| Restricted funds: | | | |
| General restricted funds | 19 | 257 | (38) |
| Restricted fixed asset funds | 19 | 27,705 | 24,705 |
| Pension reserve | 19 | (7,193) | (5,170) |
| | | <u>20,926</u> | <u>19,497</u> |
| Total funds carried forward | | | |
| | | <u>20,926</u> | <u>19,497</u> |

The financial statements were approved by the Board of Trustees on 22 November 2021 and were signed on its behalf:



M Roberts
Chair of Trustees

Company Registration Number - 11124272

The notes form part of these financial statements.

PENK VALLEY ACADEMY TRUST

Statement of Cash Flows
For the year ended 31 August 2021

| | | 2021 | 2020 |
|---|-------------|--------------|--------------|
| | Note | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 23 | 837 | 567 |
| | | <hr/> | <hr/> |
| Net cash provided by (used in) operating activities | | 837 | 567 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (1,029) | (453) |
| Capital grants from DfE/ESFA | | 974 | 129 |
| | | <hr/> | <hr/> |
| Net cash provided by (used in) Investing activities | | (55) | (324) |
| | | <hr/> | <hr/> |
| Cash flows from financing activities | | | |
| New loans | | 106 | - |
| Repayments of borrowing | | (186) | (169) |
| | | <hr/> | <hr/> |
| Net cash provided by (used in) financing activities | | (80) | (169) |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the reporting period | | 702 | 74 |
| Cash and cash equivalents at the beginning of the reporting period | | 904 | 830 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the reporting period | 23 | 1,606 | 904 |
| | | <hr/> | <hr/> |

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements **For the year ended 31 August 2021**

1 Accounting policies

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

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2020 to 2021 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 academy trust to continue as a going concern. The trustees make this assessment in respect of a period of 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 income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

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'.

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.

Raising funds

Raising funds 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

Costs of charitable activities are 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.

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements **For the year ended 31 August 2021**

1 Accounting policies

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

| | |
|--------------------------|------------------------------|
| Long leasehold buildings | - 2% straight line method |
| Long leasehold land | - over the life of the lease |
| Furniture and equipment | - 25% straight line method |
| Computer equipment | - 33% straight line method |

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Financial instruments

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

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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.

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.

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.

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements **For the year ended 31 August 2021**

1 Accounting policies

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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 20, will impact upon 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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted | Restricted | 2021 | 2020 |
|--|--------------|------------|--------------|------------|
| | funds | funds | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Donations and contributions from other organisations | 41 | - | 41 | 1 |
| Transfer from local authority on conversion | - | - | - | (11) |
| Transfer of existing academy | - | - | - | - |
| Capital grants | - | 974 | 974 | 129 |
| | <u>41</u> | <u>974</u> | <u>1,015</u> | <u>119</u> |

PENK VALLEY ACADEMY TRUST

**Notes to the Financial Statements
For the year ended 31 August 2021**

3 Funding for the academy's educational operations

| | Unrestricted | Restricted | 2021 | 2020 |
|---|--------------|------------|--------|--------|
| | funds | funds | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| DfE/ ESFA grants | | | | |
| General annual grant | - | 9,225 | 9,225 | 8,613 |
| Other DfE/ESFA grants | | | | |
| UIFSM | - | 125 | 125 | 135 |
| Pupil Premium | - | 431 | 431 | 291 |
| Teachers pay grant | - | 121 | 121 | 120 |
| Teachers pension grant | - | 342 | 342 | 339 |
| Others | - | 188 | 188 | 176 |
| | - | 10,432 | 10,432 | 9,674 |
| Other Government grants | | | | |
| Local authority grants | - | 43 | 43 | - |
| Special educational projects | - | 301 | 301 | 148 |
| Nursery funding | - | 340 | 340 | 300 |
| | - | 684 | 684 | 448 |
| COVID-19 additional funding (DfE/ESFA) | | | | |
| Catch up premium | - | 149 | 149 | - |
| Other DfE/ESFA COVID-19 funding | - | 116 | 116 | 135 |
| COVID-19 additional funding (non-DfE/ESFA) | | | | |
| Coronavirus Job Retention Scheme Grant | - | 29 | 29 | 76 |
| Other income from the academy trust's educational operations | 193 | 135 | 328 | 529 |
| | 193 | 11,545 | 11,738 | 10,862 |

The academy received £149k of funding for catch-up premium and costs incurred in respect of this funding totalled £149k.

The Trust furloughed some of its Catering, Mini-Bus route drivers and Extended School Support staff under the government's CJRS. The funding received of £29k relates to staff costs in respect of 27 staff (on average between December and March) which are included within note 8.

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals, Pupil Premium, Teachers pay and Teachers pension grants are no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified on the same basis.

4 Income from trading activities

| | Unrestricted | Restricted | 2021 | 2020 |
|--|--------------|------------|-------|-------|
| | funds | funds | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Hire of facilities | 4 | - | 4 | 7 |
| Other income | 219 | - | 219 | 268 |
| Parental contribution to Nursery/ B&A school clubs | 134 | - | 134 | 152 |
| | 357 | - | 357 | 427 |

5 Expenditure

| | Staff costs | Premises | Other costs | 2021 | 2020 |
|--|-------------|----------|-------------|--------|--------|
| | £'000 | £'000 | £'000 | Total | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Raising funds | | | | | |
| Academy's educational operations: | | | | | |
| Direct costs | 7,663 | - | 947 | 8,610 | 8,547 |
| Allocated support costs | 2,337 | 726 | 835 | 3,898 | 3,442 |
| | 10,000 | 726 | 1,782 | 12,508 | 11,989 |

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

5 Expenditure - continued

Net income/(expenditure) is stated after charging/(crediting):

| | 2021 | 2020 |
|---|-----------|-----------|
| | £'000 | £'000 |
| Auditors' remuneration | 16 | 15 |
| Auditors' remuneration for non audit work | 8 | 7 |
| Depreciation - owned assets | 458 | 456 |
| Operating lease rentals | 42 | 42 |
| | <u>42</u> | <u>42</u> |

Included within expenditure are the following transactions:

| | Total £ |
|---------------------|---------|
| Unrecoverable debts | 245 |

6 Charitable activities - academy's educational operations

| | Unrestricted | Restricted | 2021 | 2020 |
|---------------|--------------|---------------|---------------|---------------|
| | funds | funds | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Direct costs | - | 8,610 | 8,610 | 8,547 |
| Support costs | 434 | 3,464 | 3,898 | 2,972 |
| | <u>434</u> | <u>12,074</u> | <u>12,508</u> | <u>11,519</u> |

| | 2021 | 2020 |
|----------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Analysis of support costs | | |
| Support staff costs | 2,337 | 2,030 |
| Depreciation | 62 | 65 |
| Technology costs | 251 | 126 |
| Telephone and broadband | 9 | 37 |
| Premises costs | 253 | 239 |
| Cleaning | 44 | 29 |
| Rent & rates | 49 | 53 |
| Energy costs | 195 | 192 |
| Insurance | 40 | 38 |
| Security and transport | 145 | 63 |
| Catering | 189 | 264 |
| Non-educational consultancy | 44 | 36 |
| Other support costs | 165 | 91 |
| Legal and professional fees | 74 | 142 |
| Governance costs | 41 | 37 |
| | <u>3,898</u> | <u>3,442</u> |

PENK VALLEY ACADEMY TRUST

**Notes to the Financial Statements
For the year ended 31 August 2021**

7 Trustees' remuneration and benefits

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

| | | 2021 | 2020 |
|----------------------------------|--------------------|-------|-------|
| | | £'000 | £'000 |
| P Tapp (CEO/ Accounting Officer) | Remuneration | 45-50 | 75-80 |
| | Employer's pension | 5-10 | 15-20 |

During the year ended 31 August 2021 no Trustee expenses have been incurred (2020: £Nil)

8 Staff costs

| | 2021 | 2020 |
|--|---------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 6,967 | 6,508 |
| Social security costs | 627 | 648 |
| Operating costs of defined benefit pension schemes | 2,259 | 1,923 |
| | 9,853 | 9,079 |
| Agency staff costs | 139 | 167 |
| Staff restructuring costs | 8 | 5 |
| | 10,000 | 9,251 |
| Staff restructuring costs comprise: | | |
| Redundancy payments | 8 | 5 |
| | 8 | 5 |

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

| | 2021 | 2021 | 2020 | 2020 |
|------------|------------|------------|------------|------------|
| | Average | FTE | Average | FTE |
| Teachers | 105 | 90 | 109 | 90 |
| Admin | 287 | 110 | 265 | 98 |
| Management | 21 | 20 | 21 | 20 |
| | 413 | 220 | 395 | 208 |

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

| | 2021 | 2020 |
|-------------------|------|------|
| | No. | No. |
| £60-001 - £70,000 | 3 | 4 |
| £70-001 - £80,000 | 3 | 2 |
| £80-001 - £90,000 | - | - |

Key management personnel

The key management personnel of the Trust is the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £919,050 (2020: £872,662).

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

9 Trustees' and officers' insurance

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

10 Comparatives for the statement of financial activities 31 August 2020

| | Unrestricted funds £'000 | Restricted funds £'000 | Restricted fixed asset funds £'000 | Total funds £'000 |
|--|--------------------------------|------------------------------|---|-------------------------|
| Income and endowments from | | | | |
| Donations and capital grants | (10) | - | 129 | 119 |
| Charitable activities | | | | |
| Funding for the academy trust's educational operations | 797 | 10,065 | - | 10,862 |
| Other trading activities | 427 | - | - | 427 |
| Investment income | 1 | - | - | 1 |
| Total income | <u>1,215</u> | <u>10,065</u> | <u>129</u> | <u>11,409</u> |
| Expenditure on | | | | |
| Raising funds | - | - | - | - |
| Charitable activities | | | | |
| Academy trust educational operations | 836 | 10,697 | 456 | 11,989 |
| Other expenditure | | | | |
| Total expenditure | <u>836</u> | <u>10,697</u> | <u>456</u> | <u>11,989</u> |
| Net income/(expenditure) | 379 | (632) | (327) | (580) |
| Transfers between funds | (542) | 432 | 110 | - |
| Other recognised gains (losses)/ gains: | | | | |
| Actuarial (losses) / gains on defined benefit pension schemes | - | (671) | - | (671) |
| Net movement in funds | <u>(163)</u> | <u>(871)</u> | <u>(217)</u> | <u>(1,251)</u> |
| Reconciliation of funds | | | | |
| Total funds brought forward | <u>163</u> | <u>(4,337)</u> | <u>24,922</u> | <u>20,748</u> |
| Total funds carried forward | <u>-</u> | <u>(5,208)</u> | <u>24,705</u> | <u>19,497</u> |

Certain items have of income and expenditure have been recategorised within the 2020-21 accounts to align to the classifications in the ESFA's new standardised chart of accounts. The comparative income and expenditure has also been reclassified in order to present on a consistent basis.

PENK VALLEY ACADEMY TRUST

**Notes to the Financial Statements
For the year ended 31 August 2021**

11 Central services

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

- | | |
|--|--|
| * PVAT Strategy leadership and policy setting | * Premises compliance duty scheduling |
| * Performance management of headteachers | * Health & Safety support and policy development |
| * School Improvement | * Strategic IT Development |
| * Strategic Financial Management and Financial Returns | * Management of cleaning and catering services |
| * Human Resources | * Grounds management |
| * Premises/ Facilities Strategic Management | * Marketing |
| * Asset Registers | * Academy Conversion Project Management |
| * CIF Funding applications | |

The trust charges for these services on a flat 5% (2020: 5%) of total income.

The actual amounts charged during the year were as follows:

| | 2021 | 2020 |
|--------------------------------|------------|------------|
| | Total | Total |
| | funds | funds |
| | £'000 | £'000 |
| Wolgarston High School | 227 | 209 |
| Penkridge Middle School | 123 | 117 |
| Marshbrook First School | 49 | 44 |
| Princefield First School | 58 | 57 |
| St John's First School | 24 | 22 |
| The Rural Enterprise Academy | 60 | 52 |
| St Mary & St Chad First School | 46 | 44 |
| | 587 | 545 |

12 Tangible fixed assets

| | Long term leasehold | Assets under construction | Furniture and equipment | Computer equipment | Total |
|--------------------------|------------------------|---------------------------------|-------------------------------|-----------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At the 1 September 2020 | 25,014 | 8 | 124 | 79 | 25,225 |
| Additions | 75 | 941 | - | 13 | 1,029 |
| Transfer | - | (8) | 8 | - | - |
| Revaluation | 1,539 | - | - | - | 1,539 |
| At 31 August 2021 | 26,628 | 941 | 132 | 92 | 27,793 |
| Depreciation | | | | | |
| At the 1 September 2020 | 648 | - | 40 | 56 | 744 |
| Charge for the year | 402 | - | 32 | 24 | 458 |
| Revaluation | (682) | - | - | - | (682) |
| At 31 August 2021 | 368 | - | 72 | 80 | 520 |
| NBV | | | | | |
| At 31 August 2021 | 26,260 | 941 | 60 | 12 | 27,273 |
| At 31 August 2020 | 24,366 | 8 | 84 | 23 | 24,481 |

Long leasehold land and buildings were revalued during the year by Eddisons using the depreciated replacement cost method. The valuation has been adopted as at 31 August 2021 and resulted in an uplift of £2,221,000 which has been added to the fixed asset fund.

The land and buildings of St Mary and St Chad First School and St John's First School (other than the playing fields) are not recognised as assets in the trust's balance sheet as they are occupied under the Church Supplemental Agreement and the trust does not ultimately control the premises.

Included in the cost of long term leasehold is long leasehold land valued at £4,860,856 which is depreciated over the period of the lease.

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

13 Debtors

| | 2021 | 2020 |
|--------------------------------|------------|------------|
| | Total | Total |
| | funds | funds |
| | £'000 | £'000 |
| Trade debtors | 50 | 7 |
| Prepayments and accrued income | 102 | 173 |
| VAT recoverable | 92 | 59 |
| | <u>244</u> | <u>239</u> |

14 Creditors: falling due within one year

| | 2021 | 2020 |
|------------------------------------|------------|------------|
| | Total | Total |
| | funds | funds |
| | £'000 | £'000 |
| Trade creditors | 319 | 106 |
| Loans | 138 | 186 |
| Other taxation and social security | 143 | 136 |
| Other creditors | 247 | 195 |
| Accruals and deferred income | 51 | 196 |
| | <u>898</u> | <u>819</u> |

| | 2021 | 2020 |
|--|-----------|------------|
| | £'000 | £'000 |
| Deferred income | | |
| At 1 September | 126 | 84 |
| Resources deferred | 35 | 126 |
| Amounts released from previous periods | (126) | (84) |
| | <u>35</u> | <u>126</u> |

At the balance sheet date the academy trust was holding funds received in advance for school trips and for our 2020-2021 bus service.

15 Creditors: falling due after more than one year

| | 2021 | 2020 |
|-------|------------|------------|
| | Total | Total |
| | funds | funds |
| | £'000 | £'000 |
| Loans | 106 | 138 |
| | <u>106</u> | <u>138</u> |

Included within creditors is a Salix loan of £40,000 from the Education and Skills Funding Agency which is provided on the following terms:

| | | | |
|------------------------|------------|------------------------|----------|
| Loan duration (years): | 8 | Interest rate (p.a): | 0% |
| First repayment date: | 01/10/2015 | Annual loan repayment: | £13,209 |
| Last repayment date: | 01/04/2023 | Total loan repayment: | £105,670 |

Included within creditors is a CIF works loan of £87,608 from the Education and Skills Funding Agency which is provided on the following terms:

| | | | |
|------------------------|------------|------------------------|---------|
| Loan duration (years): | 10 | Interest rate (p.a): | 1.95% |
| First repayment date: | 01/09/2021 | Annual loan repayment: | £9,728 |
| Last repayment date: | 01/08/2031 | Total loan repayment: | £97,276 |

Also included within other creditors are local authority loans relating to the deficit and loans which were transferred on conversion into the academy trust.

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

15 Creditors: falling due after more than one year (continued)

Included within creditors is a Salix loan of £13,410 from the Education and Skills Funding Agency which is provided on the following terms:

| | | | |
|------------------------|------------|------------------------|---------|
| Loan duration (years): | 5 | Interest rate (p.a): | 0% |
| First repayment date: | 01/09/2021 | Annual loan repayment: | £2,682 |
| Last repayment date: | 31/03/2026 | Total loan repayment: | £13,410 |

16 Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2021 | 2020 |
|----------------------------|----------|----------|
| | Total | Total |
| | funds | funds |
| | £'000 | £'000 |
| Within one year | 39 | 18 |
| Between one and five years | 46 | 37 |
| | <hr/> 85 | <hr/> 55 |

17 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.

18 Analysis of net assets between funds

| | Unrestricted | Restricted | Restricted | Total |
|-------------------------|--------------|---------------|--------------|--------------|
| | fund | fund | fixed assets | funds |
| | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | - | - | 27,273 | 27,273 |
| Current assets | 271 | 1,017 | 562 | 1,850 |
| Current liabilities | (114) | (760) | (24) | (898) |
| Non-current liabilities | - | - | (106) | (106) |
| Pension liability | - | (7,193) | - | (7,193) |
| | <hr/> 157 | <hr/> (6,936) | <hr/> 27,705 | <hr/> 20,926 |

| | Unrestricted | Restricted | Restricted | Total |
|-------------------------|--------------|---------------|--------------|--------------|
| | fund | fund | fixed assets | funds |
| | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | - | - | 24,481 | 24,481 |
| Current assets | 128 | 752 | 263 | 1,143 |
| Current liabilities | (16) | (790) | (13) | (819) |
| Non-current liabilities | (112) | - | (26) | (138) |
| Pension liability | - | (5,170) | - | (5,170) |
| | <hr/> - | <hr/> (5,208) | <hr/> 24,705 | <hr/> 19,497 |

PENK VALLEY ACADEMY TRUST

**Notes to the Financial Statements
For the year ended 31 August 2021**

19 Movement in funds

| | Balance at 1 September 2020 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, losses and Transfers £'000 | Balance at 31 August 2021 £'000 |
|--|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (38) | 9,225 | (8,670) | (260) | 257 |
| UIFSM | - | 125 | (125) | - | - |
| Pupil Premium | - | 431 | (431) | - | - |
| Teachers pay grant | - | 121 | (121) | - | - |
| Teachers pension grant | - | 342 | (342) | - | - |
| Other grants | - | 188 | (188) | - | - |
| Other Government grants | - | 684 | (684) | - | - |
| Other DfE/ESFA COVID-19 funding | - | 265 | (265) | - | - |
| Coronavirus Job Retention Scheme Grant | - | 29 | (29) | - | - |
| Other income | - | 135 | (135) | - | - |
| | (38) | 11,545 | (10,990) | (260) | 257 |
| Restricted pension fund | (5,170) | - | (626) | (1,397) | (7,193) |
| | (5,208) | 11,545 | (11,616) | (1,657) | (6,936) |
| Restricted fixed asset funds | | | | | |
| Fixed asset fund | 24,705 | 974 | (458) | 2,484 | 27,705 |
| | 24,705 | 974 | (458) | 2,484 | 27,705 |
| Total restricted funds | 19,497 | 12,519 | (12,074) | 827 | 20,769 |
| Unrestricted funds | - | 591 | (434) | - | 157 |
| Total funds | 19,497 | 13,110 | (12,508) | 827 | 20,926 |

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

General Annual Grant (GAG): must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.

Other Restricted General Funds: include payments made towards Academy trips.

The Pension Fund: is the (deficit)/ surplus in the Local Government Pension Scheme.

Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation. It also includes the monies from the 3G Pitch Fund which have been set aside to support the replacement of 3G carpet and is funded by South Staffordshire District Council.

Unrestricted Funds: are all those income and expenses for general use in the Academy.

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

19 Movement in funds - continued

| | Balance at 1 September 2019 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, losses and Transfers £'000 | Balance at 31 August 2020 £'000 |
|-------------------------------------|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (349) | 8,613 | (8,834) | 532 | (38) |
| Pupil premium | - | 291 | (291) | - | - |
| Other DfE group grants | - | 94 | (94) | - | - |
| Other restricted income | - | 831 | (831) | - | - |
| 3G Pitch | 75 | 25 | - | (100) | - |
| Coronavirus exceptional costs grant | - | 135 | (135) | - | - |
| Coronavirus JRS grant | - | 76 | (76) | - | - |
| | (274) | 10,065 | (10,261) | 432 | (38) |
| Restricted pension fund | (4,063) | - | (436) | (671) | (5,170) |
| | (4,337) | 10,065 | (10,697) | (239) | (5,208) |
| Restricted fixed asset funds | | | | | |
| Fixed asset fund | 24,922 | 129 | (456) | 110 | 24,705 |
| | 24,922 | 129 | (456) | 110 | 24,705 |
| Total restricted funds | 20,585 | 10,194 | (11,153) | (129) | 19,497 |
| Unrestricted funds | 163 | 1,215 | (836) | (542) | - |
| Total funds | 20,748 | 11,409 | (11,989) | (671) | 19,497 |

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

19 Movement in funds - continued

Analysis by Fund balance

Fund balances at 31 August 2021 were allocated as follows:

| | 2021 | 2020 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Wolgarston High School | (128) | (385) |
| Marshbrook First School | 126 | 126 |
| Penkridge Middle School | 130 | 59 |
| Princefield First School | 30 | 30 |
| St John's First School | 11 | (6) |
| The Rural Enterprise Academy | 229 | 153 |
| St Mary & St Chad First School | (22) | (22) |
| MAT central services | 38 | 7 |
| | <hr/> | <hr/> |
| Total before fixed assets and pension reserve | 414 | (38) |
| Restricted fixed asset fund | 27,705 | 24,705 |
| Pension reserve | (7,193) | (5,170) |
| | <hr/> | <hr/> |
| Total | 20,926 | 19,497 |
| | <hr/> | <hr/> |

The Trust is taking the following action to return those academies in deficit to a surplus:

St Mary & St Chad (CE) First School

- Deficit on conversion of £27,520 (not including pension deficit), now stands at £22K.
- The school has a DFC balance of £2K.
- Outstanding loan liabilities amount to £7K. Loan repayments included in future years' budgets, all outstanding loans will be repaid by 2023.
- A full review of staffing costs was conducted during 2021, with a streamline education support staff structure being adopted from 1st September 2021. A balanced budget has been set for 2021/2022. A full review of all other expenditure and income generation will be undertaken during 2021/2022 in order to support long term financial sustainability.

Wolgarston High School

- Deficit on conversion of £432,635 now stands at £128K deficit.
- The school has a DFC balance of £13K.
- In line with accounting practice, £148K has now been removed from this budget to a separate fund relating to 3G.
- The original loan liabilities reduced from £212K to £84K, and loan repayments are included in future years' budgets, these loans will be repaid by 2023.
- A new capital loan was taken out by WHS in 2020/2021 to support the CIF roofing project. This is a 10 year loan for £90K repayment will commence in 2021/2022
- Budget is now financially sustainable due to growth in pupil numbers.

Analysis of academies by cost

| | Teaching and educational support staff costs | Other support staff costs | Educational supplies | Other costs (excluding depreciation) | Total |
|--------------------------------|---|--|---------------------------------|---|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Wolgarston High School | 2,847 | 513 | 170 | 719 | 4,249 |
| Marshbrook First School | 541 | 216 | 33 | 133 | 923 |
| Penkridge Middle School | 1,682 | 271 | 57 | 253 | 2,263 |
| Princefield First School | 770 | 187 | 17 | 169 | 1,143 |
| St John's First School | 347 | 45 | 10 | 54 | 456 |
| Central services | 289 | 847 | 27 | (41) | 1,122 |
| The Rural Enterprise Academy | 606 | 104 | 73 | 265 | 1,048 |
| St Mary & St Chad First School | 581 | 154 | 11 | 100 | 846 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 7,663 | 2,337 | 398 | 1,652 | 12,050 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

20 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. Both are Multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £180,134 were payable to the schemes at 31 August 2021 (2020: £168,369) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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. 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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation 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 pension costs paid to TPS in the period amounted to £1,071,943 (2020: £1,033,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2021 was £698,000 (2020: £591,000), of which employer's contributions totalled £568,000 (2020: £476,000), and employees' contributions totalled £130,000 (2020: £115,000). The agreed contribution rates for future years are 25.2% for employers and a range of 5.5% to 9.9% for employees.

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

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

20 Pension and similar obligations - continued

The amounts recognised in the Balance Sheet are as follows:

| | Defined benefit pension plans | |
|-------------------------------------|--------------------------------------|----------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Present value of obligations | (12,600) | (9,063) |
| Fair value of plan assets | 5,407 | 3,893 |
| | (7,193) | (5,170) |

The amounts recognised in the statement of financial activities are as follows:

| | Defined benefit pension plans | |
|---|--------------------------------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Current service costs | 1,103 | 831 |
| Net interest from net defined benefit asset/liability | 92 | 81 |
| | 1,195 | 912 |
| Actual return on plan assets | 216 | 156 |

Changes in the present value of the defined benefit obligation are as follows:

| | Defined benefit pension plans | |
|--|--------------------------------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Defined benefit obligation - brought forward | 9,063 | 7,320 |
| Current service cost | 1,103 | 831 |
| Contributions by scheme participants | 130 | 115 |
| Interest cost | 164 | 148 |
| Actuarial losses(gains) | 2,185 | 680 |
| Benefits paid | (45) | (31) |
| | 12,600 | 9,063 |

Changes in the fair value of the Academy's share of scheme assets are as follows:

| | Defined benefit pension plans | |
|---|--------------------------------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Fair value of scheme assets - brought forward | 3,893 | 3,257 |
| Interest income | 72 | 67 |
| Actuarial gains | 788 | 9 |
| Employer contributions | 569 | 476 |
| Employee contributions | 130 | 115 |
| Benefits paid | (45) | (31) |
| | 5,407 | 3,893 |

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

20 Pension and similar obligations - continued

The amounts recognised in other recognised gains and losses are as follows:

| | Defined benefit pension plans | |
|---------------------------|-------------------------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Actuarial (losses)/ gains | (1,397) | (671) |
| | <u>(1,397)</u> | <u>(671)</u> |

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | Defined benefit pension plans | |
|------------------|-------------------------------|------|
| | 2021 | 2020 |
| Equities | 71% | 68% |
| Government bonds | 19% | 20% |
| Property | 7% | 8% |
| Cash/liquidity | 3% | 4% |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2021 | 2020 |
|--------------------------------|------|------|
| Discount rate | 1.7% | 1.7% |
| Future salary increases | 3.3% | 2.6% |
| Future pension increases (CPI) | 2.9% | 2.2% |

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

| | At 31 August 2021 | At 31 August 2020 |
|-----------------------------|----------------------|----------------------|
| Retiring today | | |
| Males | 21.4 | 21.2 |
| Females | 24.0 | 23.6 |
| Retiring in 20 years | | |
| Males | 22.5 | 22.1 |
| Females | 25.7 | 25.0 |

Sensitivity analysis as at 31 August 2021

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are as follows:

| | 2021 | 2020 |
|-----------------------------|-------|-------|
| | £'000 | £'000 |
| Discount rate +0.5% | 1,640 | 1,234 |
| Salary increase rate +0.5% | 100 | 86 |
| Pension increase rate +0.5% | 1,515 | 1,130 |

PENK VALLEY ACADEMY TRUST

Notes to the Financial Statements
For the year ended 31 August 2021

21 Related party disclosures

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, transactions may take place with organisations in which the trust has an interest.

All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

H Wright, a child of D Dee, a trustee, is employed by the academy trust as a teacher. H Wright is paid within normal pay scales for her role and received no special treatment as a result of her relationship with a trustee.

There were no other related party transactions for the year ended 31 August 2021 other than certain Trustees' remuneration and expenses already disclosed in note 7.

22 Capital commitments

| 2021 | 2020 |
|--|-------|
| £'000 | £'000 |
| Contracted for, but not provided in the financial statements | 941 |
| | 661 |

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

| | 2021 | 2020 |
|---|-------|-------|
| | £'000 | £'000 |
| Net income for the reporting period (as per the Statement of Financial Activities): | 602 | (580) |
| Adjustments for: | | |
| Depreciation charge | 458 | 456 |
| Capital grants from DfE/ESFA | (974) | (129) |
| Decrease/(increase) in debtors | (5) | 320 |
| Increase/(decrease) in creditors | 130 | 64 |
| Defined benefit pension scheme cost less contributions payable | 534 | 355 |
| Defined benefit pension scheme finance cost | 92 | 81 |
| Net cash (used in)/provided by operations | 837 | 567 |

24 Analysis of changes in net funds

| | At 1/9/20 | Cash flow | Non cash changes | At 31/8/21 |
|--|-----------|-----------|------------------|------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 904 | 702 | - | 1,606 |
| | 430 | 702 | - | 1,606 |
| Loans falling due within one year | 186 | (48) | - | 138 |
| Loans falling due after more than one year | 138 | (32) | - | 106 |
| | 754 | 622 | - | 1,850 |