

Petchey Academy

Annual Report and Consolidated Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
05342164 (England and Wales)



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Reference and administrative information

Members

Andrew Billington
Peter Blackwell
Dorothy Dalton
Ray Davies
Rosslyn Hudson
Gemma Juma
Trudy Kilcullen MBE
Pat Langford (Retired August 2019)
Ron Mills
Joanne Shand (appointed December 2019)
Dr Marie Stewart MBE
Yinka Tomori
Peter Venn (Resigned 16 November 2020)

Trustees

Dorothy Dalton (Chair)
Safa Amirbayat (appointed April 2020)
Peter Blackwell
Clare Borrill (appointed September 2019)
Anne Canning (resigned September 2019)
Olayinka Carroll (appointed December 2019)
Sarah Cenci (resigned August 2020)
Ray Davies
Angela Donnelly (appointed May 2019)
Rose Ferguson (resigned August 2020)
Annie Gammon (appointed September 2019)
Rosslyn Hudson
Gemma Juma
Jack Newnham (appointed July 2020)
Joanne Shand
Dr Marie Stewart MBE
Mark Sun (resigned December 2019)
Eleanor Sutton (resigned October 2019)
Yinka Tomori
Lisa Waterman (resigned September 2019)
Timothy Wooldridge (resigned July 2020)
Peter Young (appointed April 2020)

Reference and administrative information

Senior Leadership Team

Headteacher	Clare Borrill (appointed January 2020)
Interim Headteacher	Clare Borrill (appointed September 2019)
Director of Strategy & Operations	Sharon Palma (Resigned August 2020)
Deputy Headteachers	Judith Blunden Paddy O'Brien Richard Vaughan (Appointed September 2020)

Registered address

Petchey Academy
Shacklewell Lane
London
E8 2EY

Company registration number

05342164 (England and Wales)

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

HSBC Bank Plc
34 Broad Walk
Harlow
CM20 1JA

Barclays Bank Plc
Basildon
Leicester
LE87 2BB

Governors' report Year to 31 August 2020

The governors of Petchey Academy ('the Academy') present their annual report together with the consolidated financial statements and the auditor's reports of the charitable company for the year from 1 September 2019 to 31 August 2020. The annual report serves the purpose of a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 36 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later (Charities' SORP 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Petchey Academy is a company limited by guarantee and an exempt charity as defined by the Academies Act 2010 and listed in Schedule 3 of Charities Act 2011. The charitable company's articles of association are the primary governing documents of Petchey Academy.

The governors act as the trustees for the purposes of charity law and are also the directors of the charitable company for the purposes of company law. The structure, governance and management of the Petchey Academy are laid out in the agreement signed on 17 May 2005 with the Department for Education.

Petac Limited, a wholly owned subsidiary of Petchey Academy was incorporated on 16 March 2018 and is consolidated within these financial statements.

Members' liability

Each member of the Academy undertakes to contribute to the assets of the Academy 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.

Governors' indemnities

The Academy has purchased trustee indemnity insurance, the level of cover is £2 million.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The governors are directors of the Academy for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2020 and served throughout the year except where shown.

Governor	Appointed/Resigned
Dorothy Dalton (Chair)	Appointed Jan 2014 (September 2014 as Chair)
Peter Blackwell	Appointed September 2018
Clare Borrill (Interim Headteacher)	Appointed September 2019
Anne Canning	Resigned September 2019
Olayinka Carrol	Appointed December 2019
Sarah Cenci	Elected July 2014 Resigned August 2020
Olivia Cole	Resigned August 2019
Ray Davies	Appointed December 2016
Ms Angela Donnelly	Appointed May 2019
Rose Ferguson	Elected Nov 2009 Resigned August 2020
Annie Gammon	Appointed September 2019
Rosslyn Hudson	Appointed July 2012
Gemma Juma	Appointed December 2017
Jack Newnham	Appointed July 2020
Joanne Shand	Appointed January 2018
Dr Marie Stewart MBE	Appointed December 2010
Mark Sun	Appointed December 2015, Resigned December 2019
Eleanor Sutton	Appointed September 2018, Resigned October 2019
Yinka Tomori	Appointed December 2016
Lisa Waterman	Appointed December 2014, Resigned September 2019
Timothy Wooldridge	Appointed July 2016, Resigned July 2020

Method of recruitment and appointment or election of governors

Governors are recruited and appointed in accordance with the articles of association. Sponsor governors are appointed by the Jack Petchey Foundation. The Headteacher is an ex-officio governor. All other governor positions are filled following a skills, experience and diversity audit and an open recruitment process apart from parent governors who are elected by parents/carers.

Policies and procedures adopted for the induction and training of governors

Induction and training procedures for governors are in place and include a session on the Petchey Governor Handbook including the role of link governors and discussion on big issues facing the Academy. All governors are annually given the opportunity for external training. A designated governor training day is identified each year that focuses on strategic issues and other key topics. Training sessions are held whenever possible before board meetings.

Governors' report Year to 31 August 2020

Organisational structure

The Petchey Academy has a comprehensive suite of policies that outline the principles by which the Academy is managed. These policies are published on the Academy intranet. Approval of key policies by governors occurs in committee or board meetings at defined intervals or their review has been delegated formally to the Academy Headteacher.

The staffing structure of the Academy is reviewed and approved annually by governors along with budgets for the future year. The organisational chart is available and visible on the staff intranet (the eXchange).

The Headteacher, the Deputy Headteachers and the Head of Finance and Business are responsible for the authorisation of spending within agreed budgets as summarised in the Scheme of Financial delegation approved by the Board. Some spending control is devolved to budget holders in line with the Academy's Scheme of Financial Delegation. The Headteacher is responsible for the appointment of staff at The Petchey Academy. The Headteacher is also the Accounting Officer.

In summary, the management of the Petchey Academy is through the Board of Governors. This Board is supported by three committees: The Finance & General Purposes Committee, the Audit, Risk & Compliance Committee, and The Quality of Education and Wellbeing Committee. The Finance & General Purposes Committee is supported by a separate Pay and Performance Review Committee.

In addition the Chair and Headteacher meet on a monthly basis.

Arrangements for setting pay and remuneration of key management personnel

The Pay and Performance Review Committee is delegated the task of scrutinising pay scales, remuneration packages, employee benefits and performance awards. Changes to overall pay scales and to remuneration are probed by the Finance & General Purposes Committee before going to the Board of Governors for approval as part of the budgeting process. Teachers salaries are now in line with National Pay Scales.

On behalf of the Governing Body the Headteacher's Pay and Performance Committee undertakes the Headteacher's annual performance appraisal and determines annual salary in accordance with the academy's pay policy, approved by the Governing Body. The pay of the Strategic Leadership Group (Deputy Headteachers) is reviewed annually by the Pay and Performance Review Committee on the basis of recommendations from the Headteacher in accordance with the Academy's Pay Policy and with due consideration to the School Teachers Pay and Conditions Document.

Connected organisations, including related party relationships

Petchey Academy is not part of a formal network or federation of schools. The Jack Petchey Foundation sponsors the Petchey Academy and at the Academy's founding donated £2,000,000 towards the building and establishing the Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships (continued)

The Foundation donates additional funds to the Academy each year (up to a maximum of £150,000 with a potential additional £5,000 match funding) towards one off activities that increase the quality of the student experience and that sit outside of, but complement, the key day to day teaching and learning activities of the Academy. This funding is based on a standard bid system that competes with other equally deserving youth organisations in London and the South East.

Petac Limited, incorporated on 16 March 2018, is a wholly owned subsidiary of Petchey Academy. The main activity of Petac Limited is lettings of premises and facilities.

OBJECTIVES AND ACTIVITIES

The Company's objects are specifically restricted to the following:

- a. 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 a school offering a broad curriculum with a strong emphasis on but in no way limited to, health, care and medical sciences
- b. to promote for the benefit of the inhabitants of the areas in which the Academy is situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The objectives and activities of Petchey Academy are outlined in the Funding Agreement. In summary they are:

- ◆ To manage a state funded secondary school to accommodate up to 1,200 young people in the London Borough of Hackney;
- ◆ To develop the specialism of the Academy - Health, Care & Medical Sciences; and
- ◆ To provide a wide range of extra-curricular activities and out of school hours clubs and programmes.

The Petchey Academy is committed to their vision of supporting and inspiring every child and raising their levels of progress and attainment.

To address the decline in academy outcomes, a Rapid Improvement Plan for 2019 – 2022 was devised and implemented in September 2019 by the Interim, now permanent Headteacher.

OBJECTIVES AND ACTIVITIES (continued)

The Academy Rapid Improvement Plan has three main strategic goals:

- ♦ Secure Strong positive Personal & Academic Progress
- ♦ Develop Inspiring and Effective Teaching
- ♦ Establish a Curriculum that meets Pupils' Needs

The four identified priorities are:

- 1) Strategic Direction: Sharpening Leadership and Management
- 2) Intent: Inspiring Curriculum Provision
- 3) Implementation: Improving Teaching and Learning
- 4) Impact on Outcomes: improving Engagement and Ethos

Each of these priorities has 6 key focus areas and progress indicators and an action plan.

Objectives, strategies and activities are set out in the Improvement Plan for the academy, having been determined in the context of a decline in outcomes over the past 4 years. In 2019-2020 these included the following:

- ♦ Establish rigorous procedures for monitoring the effectiveness of all aspects of the Academy
- ♦ Implement a new coherent and clear organisational structure that provides clear lines of accountability.
- ♦ Implement rigorous performance management procedures.
- ♦ Plan a broad-based, high quality curriculum in line with the Ofsted framework for implementation September 2020.
- ♦ Develop and secure strong strategic leadership of a coherent personal development curriculum that encompasses critical aspects of PSHCE, SMSC, resilience, character and British Values
- ♦ Provide a budget to support the purchase or development of high quality learning resources
- ♦ Implement a strategic plan to develop classroom practice through a programme of externally led CPD for all staff.
- ♦ Establish effective procedures for communicating with parents about students progress and achievement.
- ♦ Establish effective partnerships with parents, the community & other external agencies including the Local Authority

OBJECTIVES AND ACTIVITIES (continued)

Public benefit

In setting the Academy's objectives and planning its activities, the Board of Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The Academy provides a comprehensive programme of activities and learning opportunities for the community and encourages engagement from students with local charities, volunteer organisations and our partner, Bloomberg. Some of these activities have been adversely affected by restrictions due to the Covid-19 pandemic.

Equality and diversity

The Academy is aware of its obligations under the Equality Act 2010 and complies with non discrimination provisions. Where relevant, policies include reference to the importance of avoiding discrimination and other prohibited conduct.

As set out in the DfE guidance on the Equality Act, the academy aims to advance equality of opportunity by:

- ◆ Removing or minimising disadvantages suffered by people that are connected to a particular characteristic they have (e.g. pupils with disabilities, or gay pupils who are being subjected to homophobic bullying)
- ◆ Encouraging people who have a particular characteristic to participate fully in any activities (e.g. encouraging all pupils to be involved in the full range of Academy clubs and enrichment activities)

The Academy ensures it has due regard to equality considerations whenever significant decisions are made. The Academy will consider the impact of significant decisions on particular groups.

STRATEGIC REPORT

Achievements and performance

Review of activities

The Academy remained a popular school in the borough of Hackney. This bears testament to the Academy's unique ethos to enhance both student achievement and engagement and the Academy's reputation as a community school of choice.

In June 2018, Ofsted carried out a short inspection visit and the Academy continues to be judged 'good'.

In September 2019 we admitted the largest year 12 cohort in the history of the 6th form with a high calibre of students. The academy enrolled 82 internal students and 32 external students. The academy has managed to maintain a broad and engaging offer in a challenging financial climate with STEM subjects, Economics and the Social Sciences remaining popular choices. Improved outcomes in GCSE English Literature have resulted in a larger class in 2019 -2020.

STRATEGIC REPORT (continued)

Outcomes during Covid-19

In the summer term 2020, as a result of Covid-19 and the cancellation of all external exams, schools were asked to provide a grade for each student in each subject and a rank order for each subject, in guidance published by Ofqual. These Centre Assessed Grades or CAGs were generated and moderated during the CV-19 closure. Whilst the process for doing this was as robust and consistent as possible, they were not 'real' exam results generated under the same conditions as 2018 or 2019 .

GCSE and Vocational Courses

The Centre Assessed Grades showed improvement in the Average Point Score (APS) in every subject except PE and Economics, compared with 2019.

Post 16

Centre assessed grades (CAGs) in 2020 appear to show improvements across all Key Performance Indicators, but comparisons and a three-year trend cannot be analysed as it would be comparing teacher assessed grades (this year) with previous years' examination results.

Despite the difficulties surrounding the exam results day, we are extremely proud of the destinations our post 16 students secured, with two students securing places to study medicine (one at Queen Mary and one at UCL); 41% of students securing places at Russell Group universities; and 33% of students studying a specialism.

Provision of Education During the Covid 19 Closure

In March 2020, the academy partially closed to all but the most vulnerable students and the children of key workers. The academy was able to provide onsite provision for the small number of students who required it. Best practice from across the borough of Hackney and in line with the DFE guidance was considered in June when we implemented a phased re-opening opening to our students in Year 12 and Year 10.

The academy continued to provide excellent online safeguarding provision during the lockdown period with clear procedures and process in place for escalation to external services when needed.

Going concern

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

Key financial performance indicators

Key financial performance indicators in the Academy centre around good budget management at a cost centre level and ensuring project delivery, at both a subject area level and at a whole Academy level, is always on time and within budget.

Governors' report Year to 31 August 2020

STRATEGIC REPORT (continued)

Key financial performance indicators (continued)

The academy continually monitors staffing costs and has implemented curriculum led financial planning to ensure that costs as a % of income are maintained at an affordable level.

The academy actively manages the energy costs associated with running the building and during 2020/21 will be undertaking a review which it is hoped will reduce energy consumption substantially.

Working capital management is reviewed monthly to ensure, where possible, payments are within agreed terms and conditions and cash balances are reviewed regularly to ensure sufficient funds are available.

All Academy staff are encouraged to seek additional and external funding to support programmes and initiatives that they run.

Financial review

Financial report for the year

The Group's total income for the year ended 31 August 2020 amounted to £9,995,000 (2019 – £10,040,000) of which £8,443,000 (2019 – £8,194,000) related to the ESFA revenue grant.

Expenditure totalled £10,974,000 (2019 – £10,958,000) and, aside from £24,000 (2019 – £31,000) spent on raising funds, has been purely spent on the Academy's educational operations.

The Academy made an in year deficit of £436,000 (2019 – £553,000) this excludes movements on the pension reserve.

The Academy held fund balances of £26,539,000 at 31 August 2020 (2019 – £27,618,000) which includes unrestricted funds of £2,408,000 (2019 – £2,339,000).

The results for the year are shown on page 27.

The Academy operated within the agreed budget during the year. Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants.

Budget management and capital project management in the year resulted in no overall overspends. Working capital positions remained strong each month, however, good practice was maintained ensuring creditors were paid in a timely fashion and (unless in dispute) within the agreed 30 days payment terms.

Financial and risk management objectives and policies

Given the nature of the mainly cash 'financial instruments' that the Academy deals with, financial risk is low, however, the governors have asked that a proportion of the Academy's long term surpluses or cash reserves is spread over more than one bank and that large banks that are deemed financially secure should be the investment vehicles of choice.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

The governors and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in the policy. This requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

When considering an appropriate level of reserves, governors have considered:

- ◆ The risk of unforeseen emergency or other unexpected need for funds;
- ◆ Covering unforeseen day to day operational costs, for example employing temporary staff to cover a long term sick absence;
- ◆ A fall in the source of income – either as a result of Government policy or self-generated funds; This has become a higher risk as a result of the impact of the covid-19 virus.
- ◆ Planned commitments that cannot be met by future income alone, for example – capital expenditure;
- ◆ The need to fund potential deficits in a cash budget; and
- ◆ Working capital requirements.

The financial risks identified determine the amount of reserves the Academy targets to hold. The vast majority of costs incurred by the Academy are funded through government grants (either revenue or capital). Although, there are limits on the amount of General Annual Grant (GAG) funds that can be carried forward.

The governors have decided that the appropriate level of free reserves should be between £1.25m and £1.5m based on analysis of the points above and the likelihood that they may occur and the amount of funding that would be required if they did.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £2,407,000 (2019 – £2,339,000). The surplus over and above the appropriate level agreed by governors is held for the longer term investment in the Academy.

Investment policy

The Academy recognises the need to obtain best value from all of the assets that it holds, including any cash balances that it may periodically hold. This policy sets out how those balances will be invested in order to achieve best value whilst also ensuring sufficient cash flow to enable the Academy to manage its day to day accounts.

STRATEGIC REPORT (continued)

Financial review (continued)

Investment policy (continued)

The Academy will not place cash assets in stocks and shares or other such investment schemes. Cash assets will only be invested in interest bearing accounts available through its normal banks. Cash flow and investments shall be managed by the Finance Director using the following principles:

- ◆ Deposit and/or transfer all funds and receipts in to the Academy's Deposit Account bearing an interest rate;
- ◆ Regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met (payroll and creditor payment runs) and then transfer appropriate funds to the current account to meet forthcoming commitments;
- ◆ The Academy will always seek to avoid its current account going overdrawn;
- ◆ Where long term surpluses can be identified, these may be invested in other banking products such as fixed term notice accounts, only to 90% of the long term surplus, to allow for any contingency; and
- ◆ Periodically (at least annually) review interest rates and compare with other investment opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

The continuing success of the academy is dependent on attracting applicants in sufficient numbers by further improving its reputation and securing good outcomes and educational standards. To mitigate this risk, Governors ensure that student outcomes and standards are rigorously monitored and reviewed.

In addition the Academy faces uncertainty around funding per student from the ESFA and its long-term implications, together with the need to ensure a consistent number of students on roll, in line with staffing and curriculum led financial planning.

To mitigate any drop in funding the key challenges are: to ensure student numbers increase in the 6th Form; to improve parental engagement and communication to ensure that we do not lose 'good' students, midyear; and ensure the curriculum is cost effective, and provides value for money; and to keep the costs of maintaining a "State of the Art" building within agreed budgets. Further mitigation of this risk will be to review our admissions criteria for 2022.

Safeguarding and Child protection

The Governing Body continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Staffing

The success of the academy is reliant on the recruitment and retention of quality leadership and staff. To mitigate staffing risks, the Governing Body reviews and monitors policies and procedures to ensure continued development and training of staff, including the newly introduced electronic performance management system. The Governing Body receive regular reports on staffing, including recruitment and retention.

The academy is working to a strict curriculum and staffing analysis to ensure that we do not have a surplus number of teachers on the payroll. In 2019 we reduced our staffing significantly to meet the needs of our curriculum and will continue to work towards staffing a curriculum designed for 180 students on roll, in each year group.

FUNDRAISING

The academy has previously achieved substantial self generated income through lettings of its facilities and sports club and through its trading subsidiary, Petac Ltd. Closure of the facilities due to covid- 19 impacted greatly on this income for the period to August 2020, reducing overall income for the year by £144,000.

During closure this was mitigated by cost savings, mainly due to reduced energy costs for running the building as well as credits received and savings as a result of not running the Summer exams.

However the ongoing situation means that there is a risk of a substantial loss of this income in future periods. The academy has previously recognised that this income must not be relied on for core operations and has been working towards a sustainable budget excluding self generated income, providing for any surplus income be committed to future capital expenditure.

In the short term however, any deficit in self generated income in the coming year may necessitate access to free reserves to support budgeted capital plans.

PLANS FOR THE FUTURE

In 2020-2021 the Academy will:

- ◆ Continue to improve and develop teaching and learning to improve the educational outcomes for all students;
- ◆ Strive to attract and retain high quality teachers and support staff in order to achieve its objectives;
- ◆ Review the longer term position of The Petchey Academy as a standalone academy;
- ◆ Consider strategic capital expenditure to support the growing sixth form provision;
- ◆ Continue to build on an improving reputation in the local area.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy is not currently a custodian of assets held on behalf of any other organisation.

Governors' report Year to 31 August 2020

AUDITOR

In so far as the governors are aware:

- ♦ there is no relevant audit information of which the Academy's auditor is unaware; and
- ♦ the governors 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.

Governors' report, incorporating a strategic report, approved by order of the members of the Governing Body and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Dorothy Dalton', with a large, stylized initial 'D'.

Dorothy Dalton

Chair of Governors

Date: 15th Dec 2020

Governance statement 31 August 2020

Scope of responsibility

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

The Governing Body have delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

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

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The Governing body has formally met seven times during the year. Management accounts are shared with the Chair of the Finance & General Purposes Committee each month on behalf of the Chair and other trustees. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
C Borrill	7	7
O Carrol	6	6
S Cenci	7	7
D Dalton (Chair)	7	7
R Davies	6	7
R Ferguson	7	7
A Gammon	6	7
R Hudson	6	7
G Juma	7	7
J Shand	5	7
M Stewart	7	7
M Sun	1	2
Y Tomori	6	7
T Wooldridge	6	7
E Sutton	0	1
P Blackwell	6	7
A Donnelly	6	7
P Young	3	4
S Amirbayat	4	4
J Newnham	1	1

Governance (continued)

Governance reviews

The Governing Body of the Academy carried out a formal and systematic Governance review in March 2019. As a result changes were made to some of the processes of governance including the appointment of a Professional Clerk to support the Board.

Normally the governance of the Petchey Academy is reviewed further by each governor and each member of the executive management team having intensive one-to-one discussions with the Chair of governors at which they consider how the governance of the Academy can be strengthened and improved. As a result various changes are usually made to the systems, processes and practices under-pinning governance. As a result of Covid-19 restrictions these one-to-ones were unable to go ahead but the Vice Chair led an internal Board Effectiveness Review.

The Vice Chair of governors carries out a formal annual review of the performance of the Chair of governors and reports back to the Board. All governors and members of the executive management team are involved in this review.

The Board and each Board committee plan their work in advance for each academic year. Each committee reflects on its effectiveness and reports back to the Board. Governors and members of the executive management group attend a tailored training day in May which includes strategic issues, self-evaluation, organisational performance and sessions on developing technical skills. As a result of Covid-19 restrictions this training had to be postponed.

Succession planning for key governors and staff at the Academy, both for predicted departures and for unexpected absences, is carried out on an annual basis. An annual skills, experience and diversity review is carried out and gaps identified. Open recruitment of governors and non-governor members of Board committees follows. Each successful candidate goes through a full programme of interviews, vetting through confidential references, eligibility screening and induction.

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to monitor and provide strategic insight to the management of the Academy's finances, estate management and HR functions. During the year, committee membership remained consistent.

Any governor who is not on the Committee is welcome to attend the Finance and General Purposes Committee

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
C Borrill	2	3
R Davies	3	3
O Carrol	2	3
J Shand	2	3
Y Tomori	3	3
L Waterman (non-governor member)	1	3
M Ayoola (non-governor member)	1	3

Governance (continued)

Governance reviews (continued)

The Audit, Risk & Compliance Committee was established in March 2013. Its purpose is to ensure financial practice is in line with the latest guidance from the Department for Education as published in The Academies Financial Handbook, review risks and systems of financial control and to advise on the appointment and the terms of engagement with the external auditors. It also considers non-financial risks including Health & Safety.

Governor	Meetings attended	Out of a possible
R Davies	2	2
M Sun	0	1
Y Tomori	2	2
O Carrol	1	2
G Juma	2	2

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body 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 Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

Internal Scrutiny Services are currently carried out by the internal scrutiny team at Buzzacotts, the academy's auditor. In line with the newly revised FRC Ethical Standard and the Academies Financial Handbook, the academy has tendered for these services to be carried out by a different audit firm from January 2021

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

- ♦ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;

The risk and control framework (continued)

- ◆ regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

Review of value for money

During the academy closure period due to covid-19m the academy continued to ensure suppliers were paid according to terms in compliance with the principals of PPN02/20 and PPN 04/20. The academy does not contract externally for catering, facilities or cleaning services and for other supplies, business continuity was maintained wherever possible.

The academy did not furlough any staff during the closure period.

The academy provided support to all students eligible for free school meals through utilising the National free school meals voucher scheme.

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during the academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy has delivered and improved value for money during the year by:

- ◆ Ensuring that over the period the Academy operated within agreed budgets;
- ◆ Continuing to review its staff structures and using curriculum planning to ensure that resources are deployed efficiently and effectively. All members of staff within the Academy have a clear understanding of their areas of responsibility and accountability through strong performance management processes;
- ◆ Reviewing efficiencies across all areas and ensuring value for money on all contracts.
- ◆ Maximising out of hours use of the academy for the benefit of the local community, generating additional income to support the academy budget, albeit at a reduced level as a result of covid-19.

Review of effectiveness

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

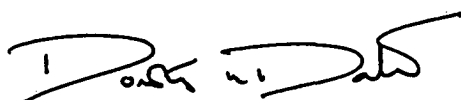
- ◆ the additional internal assurance work performed termly by the external auditors;

Review of effectiveness (continued)

- ♦ the work of the external auditor on the financial statement and regularity audit;
- ♦ the financial management and governance self-assessment process; and
- ♦ the work of the Strategic Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance & General Purposes Committee of the implications of her review of the system of internal control and a plan to address any recommendations given and to ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by:



Chair of Governors Dorothy Dalton



Headteacher/Accounting Officer Clare Borrill

Date: 15th Dec 2020

Statement on regularity, propriety and compliance 31 August 2020

As Accounting Officer of the Petchey Academy, I have considered my responsibility to notify the Academy Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2019.

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



Clare Borrill

Headteacher/Accounting Officer

Date: 1st December 2020

Statement of governors' responsibilities 31 August 2020

The Governors (who act as trustees of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law, the governors 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 Academy and of its income and expenditure for that period. In preparing these financial statements, the governors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

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

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

Approved by order of the members of the Board of governors on [15/12/2020.] and signed on its behalf by:



Dorothy Dalton

Chair of Governors

Independent auditor's report 31 August 2020

Independent auditor's report on the financial statements to the members of Petchey Academy

Opinion

We have audited the financial statements of Petchey Academy (the 'charitable company') for the year ended 31 August 2020 which comprise the consolidated statement of financial activities, the group and parent balance sheets, the consolidated statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and charitable company's affairs as at 31 August 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information (covers the reference and administrative details, the report of the governors and strategic report and the governance statement)

The governors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 governors' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the governors' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report including the strategic report.

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

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

Independent auditor's report 31 August 2020

Responsibilities for the financial statements

As explained more fully in the governors' responsibilities statement, the governors (who are also the directors 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 governors 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 governors 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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

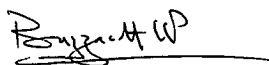
Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

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



Avnish Savjani (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

15 December 2020

Independent reporting accountant's report 31 August 2020

Independent reporting accountant's assurance report on regularity to Petchey Academy and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Petchey Academy during the period from 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of Petchey Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Petchey Academy's funding agreement with the Secretary of State for Education dated 17 May 2005 and the Academies Financial Handbook 2019, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent reporting accountant's report 31 August 2020

Approach (continued)

The work undertaken to draw to our conclusion includes:

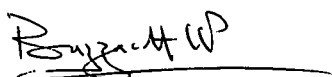
- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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



Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

15 December 2020

Consolidated statement of financial activities (including income and expenditure account)
Year to 31 August 2020

	Notes	Unrestricted general fund £'000	Restricted funds		2020 Total funds £'000	2019 Total funds £'000
			General £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	2	—	68	32	100	240
Other trading activities	3	409	—	—	409	667
Investments	4	20	—	—	20	29
Charitable activities						
· Funding for the Academy's educational operations	5	10	9,456	—	9,466	9,104
Total income		439	9,524	32	9,995	10,040
Expenditure on:						
Raising Funds	6	24	—	—	24	31
Charitable activities						
· Academy's educational operations	6	346	9,773	831	10,950	10,927
Total expenditure		370	9,773	831	10,974	10,958
Net income (expenditure) before transfers		69	(249)	(799)	(979)	(918)
Transfers between funds	16	—	(244)	244	—	—
Net income (expenditure)		69	(493)	(555)	(979)	(918)
Other recognised gains and losses						
Actuarial loss on defined benefit pension scheme	20	—	(100)	—	(100)	(1,401)
Net movement in funds		69	(593)	(555)	(1,079)	(2,319)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		2,339	(2,231)	27,510	27,618	29,937
Total fund balances carried forward at 31 August 2020		2,408	(2,824)	26,955	26,539	27,618

All of the Academy's activities derived from continuing operations during the above two financial periods.

The Academy has no recognised gains or losses other than those shown above.

Balance sheets 31 August 2020

	Notes	2020 Group £'000	2019 Group £'000	2020 Trust £'000	2019 Trust £'000
Fixed assets					
Tangible fixed assets	13	26,955	27,510	26,955	27,510
Current assets					
Debtors	14	563	495	564	482
Cash at bank and in hand		3,982	4,031	3,960	3,949
		4,545	4,526	4,544	4,431
Liabilities					
Creditors: amounts falling due within one year	15	(1,560)	(1,661)	(1,559)	(1,682)
Net current assets		2,985	2,865	2,985	2,749
Total assets less current liabilities		29,940	30,375	29,940	30,259
Pension scheme liability	20	(3,401)	(2,757)	(3,401)	(2,757)
Total net assets		26,539	27,618	26,539	27,502
Funds of the Academy					
Restricted income funds					
. Fixed assets fund	16	26,955	27,510	26,955	27,510
. General fund	16	577	526	577	526
. Pension reserve	16	(3,401)	(2,757)	(3,401)	(2,757)
Unrestricted funds					
. General fund	16	2,408	2,223	2,408	2,223
Funds retained within subsidiary		—	116	—	—
Total funds		26,539	27,618	26,539	27,502

The financial statements on page 27 to 53 were approved by the Governors, authorised for issue and are signed on their behalf by:



Dorothy Dalton

Chair of Governors

Date: 15th Dec 2020

Petchey Academy

Company Limited by Guarantee

Registration Number: 05342164 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash provided by operating activities	A	168	(27)
Cash flows from investing activities	B	(217)	1,026
Change in cash and cash equivalents in the year		(49)	999
Cash and cash equivalents at 1 September 2019		4,031	3,032
Cash and cash equivalents at 31 August 2020	C	3,982	4,031

A Reconciliation of expenditure to net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the year (as per the statement of financial activities)	(979)	(918)
Adjusted for:		
Depreciation (note 14)	831	809
Capital grants from DfE and other capital income	(32)	(116)
Gain on disposal of fixed assets	(7)	—
Interest receivable (note 4)	(20)	(29)
Defined benefit pension scheme cost less contributions payable (note 20)	487	358
Defined benefit pension scheme finance cost (note 20)	57	31
(Increase) decrease in debtors	(68)	94
Decrease in creditors	(101)	(256)
Net cash provided by (used in) operating activities	168	(27)

B Cash flows from investing activities

	2020 £'000	2019 £'000
Dividends, interest and rents from investments	20	29
Proceeds from sale of tangible fixed assets	7	—
Purchase of tangible fixed assets	(276)	(119)
Proceeds from short term deposits	—	1,000
Capital grants from DfE/ESFA	23	85
Capital funding received from sponsors and others	9	31
Net cash (used in) provided by investing activities	(217)	1,026

C Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	3,982	4,031
Total cash and cash equivalents	3,982	4,031

Consolidated statement of cash flows Year to 31 August 2020

D Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash	4,031	(49)	3,982
Total	4,031	(49)	3,982

Principal accounting policies 31 August 2020

Statement of 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 preparation

The financial statements of the Academy have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities' SORP 2015), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Petchey Academy meets the definition of a public benefit entity under FRS 102.

Basis of Consolidation

The consolidated statement of financial activities and group balance sheet include the financial results of the Academy for the year ended 31 August 2020 and its trading subsidiary, Petac Limited, for the period to 31 August 2020.

No separate statement of financial activities has been presented for Petchey Academy alone, as permitted by Section 4 of the Companies Act 2006.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy'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 when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

Income (continued)

Grants (continued)

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

Sponsorship income

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

Donations

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

Other income

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

Expenditure

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

Expenditure on raising funds

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

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Principal accounting policies 31 August 2020

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 at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

- ◆ Leasehold buildings 2% per annum
- ◆ Fixtures, fittings, equipment and vehicles 25% per annum

Depreciation is charged from the month of acquisition.

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.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Accounts with a maturity of more than three months from the date of acquisition are included as short term deposits.

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 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.

Leased assets

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

Principal accounting policies 31 August 2020

Investments

The Academy's shareholding in the wholly owned subsidiary, Petac Limited, is included in the balance sheet at the cost of the share capital less any impairment. There is no readily available market value and the cost of the valuation exceeds the benefit derived.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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

Principal accounting policies 31 August 2020

Pensions benefits (continued)

method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Hackney Council (via the Hackney Learning Trust).

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Academy 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.

Principal accounting policies 31 August 2020

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability; and
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

Notes to the Financial Statements Year to 31 August 2020

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% (2019 – 12%) of GAG could be carried forward, of which up to 2% (2019 – 2%) could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2020.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
The Jack Petchey Foundation	—	68	68	111
Other donations	—	—	—	13
Capital grants	—	32	32	116
		100	100	240

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<i>The Jack Petchey Foundation</i>	—	111	111
<i>Other donations</i>	—	13	13
<i>Capital grants</i>	—	116	116
	—	240	240

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Meals income	170	—	170	235
School visits income	15	—	15	49
Hire of facilities/lettings income	167	—	167	324
Miscellaneous income	57	—	57	59
	409	—	409	667

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<i>Meals income</i>	235	—	235
<i>School visits income</i>	49	—	49
<i>Hire of facilities/lettings income</i>	324	—	324
<i>Miscellaneous income</i>	59	—	59
	667	—	667

Notes to the Financial Statements Year to 31 August 2020

4 Investments

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Interest receivable	20	—	20	29

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Interest receivable	29	—	29

5 Funding for Academy's educational operations

	Unrestricted general funds £'000	Restricted general funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE/ESFA revenue grant				
. General Annual Grant (GAG) (note 1)	—	8,443	8,443	8,194
. Other DfE/ESFA grants	—	679	679	654
	—	9,122	9,122	8,848
Other Government grants				
. Local Authority grants	—	334	334	256
	—	334	334	256
Exceptional government funding				
Coronavirus exceptional support	10	—	10	—
	10	—	10	—
	10	9,456	9,466	9,104

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

- ♦ The funding received for coronavirus exceptional support covers £9,572 of free school meal voucher costs. These costs are included in Note 6 below.

Notes to the Financial Statements Year to 31 August 2020

5 Funding for Academy's educational operations (continued)

	Unrestricted general funds £'000	Restricted general funds £'000	2019 Total funds £'000
<i>DfE/ESFA revenue grant</i>			
· General Annual Grant (GAG) (note 1)	—	8,194	8,194
· Other DfE/ESFA grants	—	654	654
	<u>—</u>	<u>8,848</u>	<u>8,848</u>
<i>Other Government grants</i>			
· Local Authority grants	—	256	256
	<u>—</u>	<u>256</u>	<u>256</u>
	<u>—</u>	<u>9,104</u>	<u>9,104</u>

6 Expenditure

	Non pay expenditure			2020 Total funds £'000	2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Expenditure on raising funds:					
Direct costs	18	—	6	24	31
Charitable activities:					
· Academy's educational operations					
.. Direct costs	6,197	831	476	7,504	7,537
.. Allocated support costs	2,247	624	576	3,447	3,390
	<u>8,462</u>	<u>1,455</u>	<u>1,058</u>	<u>10,975</u>	<u>10,958</u>

	Non pay expenditure			2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000	
Expenditure on raising funds:				
Direct costs	23	—	8	31
Charitable activities:				
· Academy's educational operations				
.. Direct costs	6,209	809	519	7,537
.. Allocated support costs	2,082	600	708	3,390
	<u>8,314</u>	<u>1,409</u>	<u>1,235</u>	<u>10,958</u>

Notes to the Financial Statements Year to 31 August 2020

6 Expenditure (continued)

	2020 Total funds £'000	2019 Total funds £'000
Net expenditure for the year includes:		
Operating leases	10	9
(Gain)/Loss on disposal of fixed assets	(7)	
Fees payable to auditor		
Statutory audit current year	14	16
Other services	4	7

Charitable activities - Academy's educational operations

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	7,504	7,537
Support costs	3,447	3,390
	10,951	10,927

	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	2,247	2,082
Technology costs	119	104
Premises costs	624	600
Legal costs – other	2	6
Other support costs	408	526
Governance costs (note 7)	47	77
Corporation Tax	—	(5)
Total support costs	3,447	3,390

7 Governance costs

	2020 Total funds £'000	2019 Total funds £'000
Governing body expenses	—	2
Professional fees	29	58
Audit fees	18	17
	47	77

Notes to the Financial Statements Year to 31 August 2020

8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted funds		2019 Total funds £'000
		General £'000	Fixed assets fund £'000	
Income from:				
Donations and capital grants	—	124	116	240
Other trading activities	667	—	—	667
Investments	29	—	—	29
Charitable activities				
· Funding for the Academy's educational operations	—	9,104	—	9,104
Total income	696	9,228	116	10,040
Expenditure on:				
Raising Funds	31	—	—	31
Charitable activities				
· Academy's educational operations	481	9,637	809	10,927
Total expenditure	512	9,637	809	10,958
Net income (expenditure) before transfers	184	(409)	(693)	(918)
Transfers between funds	—	(3)	3	—
Net income (expenditure)	184	(412)	(690)	(918)
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	—	(1,401)	—	(1,401)
Net movement in funds	184	(1,813)	(690)	(2,319)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2018	2,155	(418)	28,200	29,937
Total fund balances carried forward at 31 August 2019	2,339	(2,231)	27,510	27,618

Notes to the Financial Statements Year to 31 August 2020

9 Staff

(a) Staff costs

Staff costs during the year were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	5,975	6,098
Social security costs	635	657
Pension costs	1,605	1,205
	8,215	7,960
Agency costs	247	305
Staff restructuring costs	—	49
	8,462	8,314

Pension costs include a charge of £544,000 (2019 – £358,000) in respect of the LGPS.

Staff restructuring costs comprise	2020 £'000	2019 £'000
Severance payments	—	49
	—	49

(b) Staff severance payments

During the year, no non-contractual severance payments were made. (2019 – one non-contractual severance payment of £49,000 was made to 1 member of staff.)

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the year expressed as average head count was as follows:

Charitable activities	2020 No.	2019 No.
Teachers (including Educational Support)	116	118
Administration and support	48	47
Management	12	12
	176	177

(d) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2020 No.	2019 No.
£60,001 - £70,000	5	4
£70,001 - £80,000	1	3
£80,001 - £90,000	2	1
£105,001 - £110,000	1	—
£260,001 - £270,000	—	1

Notes to the Financial Statements Year to 31 August 2020

9 Staff (continued)

(d) Higher paid staff (continued)

During the year ended 31 August 2020 pension contributions for those staff in the Teachers' Pension Scheme amounted to £97,453 (2019 – £91,627). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £34,611 (2019 – £21,083).

(e) Key management personnel

The key management personnel of the Academy comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the Academy was £465,070 (2019 – £802,431).

10 Governors' remuneration and expenses

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2020 £	2019 £
C Borrill, Headteacher		
. Remuneration	£105,000-£110,000	n/a
. Employers pension contributions	£20,000-£25,000	n/a
O Cole, Principal		
. Remuneration	n/a	£130,000-£135,000
. Contractual Severance Pay	n/a	£85,000-£90,000
. Non contractual Severance Pay	n/a	£45,000-£50,000
. Employer's pension contributions	n/a	£20,000-£25,000
R Ferguson, Staff Governor		
. Remuneration	£40,000-£45,000	£35,000-£40,000
. Employer's pension contributions	£5,000-£10,000	£5,000-£10,000
S Cenci, Staff Governor		
. Remuneration	£50,000-£55,000	£45,000-£50,000
. Employer's pension contributions	£10,000-£15,000	£5,000-£10,000

During the year ended 31 August 2020, travel and subsistence expenses totalling £14 were reimbursed to one trustees (2019 – £203 to two trustees).

Other related party transactions involving the trustees are set out in note 21.

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2m on any one claim. The cost of the cover was £108 (2019 – £94).

Notes to the Financial Statements Year to 31 August 2020

12 Wholly owned trading subsidiary

The Academy owns 100% of the issued ordinary share capital of Petac Limited, a company incorporated in England. The principal activity of the subsidiary is the hire of facilities. The company was incorporated on 16 March 2018 and commenced trading on 1 June 2018. A summary of the results of the year and position at the year end of Petac Limited, which have been included in these consolidated financial statements, is shown below:

	Year ended 31 August 2020 £'000	1 June 2018 to 31 August 2019 £'000
Turnover	42	118
Cost of sales	(18)	(2)
Gross profit	24	95
Administration costs	(6)	(8)
Profit on ordinary activities	18	87
Gift aid distribution	(133)	—
Retained in subsidiary	—	87
Balance sheet:		
Assets	24	126
Liabilities	(24)	(10)
	—	116
Represented by :		
Profit and loss account	—	116
Shareholders' funds	—	116

Notes to the Financial Statements Year to 31 August 2020

13 Tangible fixed assets

Group and Trust	Leasehold buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost/valuation					
At 1 September 2019	35,522	659	1,931	55	38,167
Additions	—	176	100	—	276
Disposals	—	—	(28)	(3)	(31)
At 31 August 2020	35,522	835	2,003	52	38,412
Depreciation					
At 1 September 2019	8,206	640	1,756	55	10,657
Charge in year	712	40	79	—	831
Disposals	—	—	(28)	(3)	(31)
At 31 August 2020	8,918	680	1,807	52	11,457
Net book value					
At 31 August 2020	26,604	155	196	—	26,955
At 31 August 2019	27,316	19	175	—	27,510

For the purposes of these financial statements, the land is deemed to have no commercial value.

14 Debtors

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Trade debtors	12	61	12	42
Other debtors	350	296	352	302
Amounts due from subsidiary undertakings	—	—	19	—
Prepayments and accrued income	201	138	201	138
	563	495	584	482

15 Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Trade creditors	293	184	293	184
Other taxation and social security	160	164	160	164
ESFA creditor: abatement of GAG	340	500	340	500
Other creditors	403	262	402	259
Amounts due to subsidiary (note 13)	—	—	—	24
Accruals and deferred income	364	551	364	551
	1,560	1,661	1,559	1,682

Notes to the Financial Statements Year to 31 August 2020

Deferred income

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Deferred income at 1 September 2019	69	116	69	116
Resources deferred in the year	(69)	(116)	(69)	(116)
Amounts released from previous years	172	69	172	69
Deferred income at 31 August 2020	172	69	172	69

At the balance sheet date, the Academy was holding funds received from Jack Petchey Foundation grants, lettings and trips deferred to the 2020/21 academic year.

16 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	526	8,443	(8,148)	(244)	577
. Other ESFA grants	—	679	(679)	—	—
	526	9,122	(8,827)	(244)	577
. Pension reserve	(2,757)	—	(544)	(100)	(3,401)
	(2,231)	9,122	(9,371)	(344)	(2,824)
Fixed assets fund					
. Fixed asset fund	27,510	32	(831)	244	26,955
Other funds					
. Local authority grants	—	334	(334)	—	—
. Jack Petchey Foundation and other Sponsorship income	—	68	(68)	—	—
	—	402	(402)	—	—
Total restricted funds	25,279	9,556	(10,604)	(100)	24,131
Unrestricted funds					
. Unrestricted funds	2,223	397	(346)	134	2,408
. Petac Ltd	116	42	(24)	(134)	—
Total unrestricted funds	2,339	439	(371)	—	2,408
Total funds	27,618	9,995	(10,974)	(100)	26,539

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

ESFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Note 1 discloses whether the limit was exceeded.

Notes to the Financial Statements Year to 31 August 2020

16 Funds (continued)

Fixed asset fund

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds relates to purchase of capital items using ESFA restricted general funds.

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the pension scheme.

Transfers from the restricted general fund to the restricted fixed assets fund have been made to represent the purchase of fixed assets from restricted general funding.

Comparative information

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	549	8,194	(8,214)	(3)	526
. Other ESFA grants	—	654	(654)	—	—
	549	8,848	(8,868)	(3)	526
. Pension reserve	(967)		(389)	(1,401)	(2,757)
	(418)	8,848	(9,257)	(1,404)	(2,231)
Fixed assets fund					
. Fixed asset fund	28,200	116	(809)	3	27,510
Other funds					
. Local authority grants	—	256	(256)	—	—
. Jack Petchey Foundation and other Sponsorship income	—	124	(124)	—	—
	—	380	(380)	—	—
Total restricted funds	27,782	9,344	(10,446)	(1,401)	25,279
Unrestricted funds					
. Unrestricted funds	2,126	578	(481)	—	2,223
. Petac Ltd	29	118	(31)	—	116
Total unrestricted funds	2,155	696	(512)	—	2,339
Total funds	29,937	10,040	(10,958)	(1,401)	27,618

Notes to the Financial Statements Year to 31 August 2020

17 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2020 £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	—	—	26,955	26,955
Current assets	2,408	2,137	—	4,545
Current liabilities	—	(1,560)	—	(1,560)
Pension scheme liability	—	(3,401)	—	(3,401)
Total net assets	2,408	(2,824)	26,955	26,539

Trust	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2020 £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	—	—	26,955	26,955
Current assets	2,408	2,136	—	4,544
Current liabilities	—	(1,559)	—	(1,559)
Pension scheme liability	—	(3,401)	—	(3,401)
Total net assets	2,408	(2,824)	26,955	26,539

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

Group	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	27,510	27,510
Current assets	2,339	2,187	—	4,526
Current liabilities	—	(1,661)	—	(1,661)
Pension scheme liability	—	(2,757)	—	(2,757)
Total net assets	2,339	(2,231)	27,510	27,618

Trust	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	27,510	27,510
Current assets	2,223	2,208	—	4,431
Current liabilities	—	(1,682)	—	(1,682)
Pension scheme liability	—	(2,757)	—	(2,757)
Total net assets	2,223	(2,231)	27,510	27,502

Notes to the Financial Statements Year to 31 August 2020

18 Financial commitments

Operating leases

At 31 August 2020, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	2020 £'000	2019 £'000
Amounts due within one year	10	12
Amounts due between two and five years inclusive	14	7
	<u>24</u>	<u>19</u>

19 Members' Liability

Each member of the Academy undertakes to contribute to the assets of the Academy 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.

20 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £135,070 were payable to the schemes at 31 August 2020 (2019 – £nil) and are included within creditors.

Teachers' Pension Scheme

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 every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

Notes to the Financial Statements Year to 31 August 2020

20 Pension and similar obligations (continued)

- ♦ 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; and
- ♦ 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 employer's pension costs paid to TPS in the period amounted to £733,258 (2019 – £576,149).

A copy of the valuation report and supporting documentation is on the [Teachers' Pension Scheme 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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £440,000 (2019 – £379,000), of which employer's contributions totalled £322,000 (2019 – £267,000) and employees' contributions totalled £118,000 (2019 – £112,000). The agreed contribution rates for future years is 20.9% for the 3 years to to 31 March 2023 for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	2.5%	3.4%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.2%	2.3%

Notes to the Financial Statements Year to 31 August 2020

20 Pension and similar obligations

Local Government Pension Scheme (LGPS) (continued)

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 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.2	21.3
Females	23.4	23.3
<i>Retiring in 20 years</i>		
Males	22.4	21.9
Females	25.1	24.3

The financial impact of sensitivities regarding the principal assumptions used to measure the scheme liabilities are shown below:

	At 31 August 2020 £'000	At 31 August 2019 £'000
Discount rate +0.5%	1,297	1,299
Salary increase rate +0.5%	63	112
CPI rate +0.5%	1,216	1,167

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	3,140	2,852
Gilts	1,031	766
Property	422	426
Cash and other liquid assets	93	213
Total market value of assets	4,686	4,257

	2020 £'000	2019 £'000
Amounts recognised in statement of financial activities		
Current service cost	809	626
Net interest cost	57	31
Total amount recognised in the SOFA	866	657

Notes to the Financial Statements Year to 31 August 2020

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
At 1 September 2019	7,014	4,616
Current service cost	809	626
Interest cost	142	138
Employee contributions	118	112
Actuarial loss (gain)	24	1,530
Benefits paid	(20)	(8)
At 31 August 2020	8,087	7,014

Changes in the fair value of the Academy's share of scheme assets:	2020 £'000	2019 £'000
At 1 September 2019	4,257	3,649
Interest income	85	107
Actuarial gain (loss)	(76)	129
Employer contributions	322	268
Employee contributions	118	112
Benefits paid	(20)	(8)
At 31 August 2020	4,686	4,257

Movement in deficit during the year	2020 £'000	2019 £'000
Deficit at 1 September 2019	(2,757)	(967)
Current service cost	(809)	(626)
Employer contributions	322	268
Net interest cost	(57)	(31)
Actuarial (loss) gain	(100)	(1,401)
Liabilities at 31 August 2020	(3,401)	(2,757)

21 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The following related party transactions took place during the year:

The Jack Petchey Foundation

Trudy Kilcullen – A member of the Petchey Academy was the CEO of The Jack Petchey Foundation for the whole year.

Gemma Juma – A member and trustee of the Petchey Academy was a charity manager at The Jack Petchey Foundation.

Notes to the Financial Statements Year to 31 August 2020

21 Related party transactions (continued)

The Jack Petchey Foundation (continued)

Andrew Billington – A member of the Petchey Academy is a consultant for The Jack Petchey Foundation.

The Academy was in receipt of restricted grants from the Foundation relating to the period equal to £64,523 (2019 – £110,867) and £9,174 (2019 – £6,000) for capital projects on successfully applying to the Foundation's board of trustees via a grant bid process.

The Petchey Academy receives monies from The Jack Petchey Foundation through its Achievement Award Programme and other sponsorship available to all schools was £3,492 (2019 – £3,000). There was £0 outstanding for projects at 31 August 2020 (2019 – £21,258). An amount of £118,924 was received towards projects deferred till 20/21 as a result of covid-19 2019 (2019 – £35,000), this amount is included within deferred income at the year end.

Petac Limited

A wholly owned subsidiary, Petac Limited, commenced trading on 1 June 2018. At the year end the Academy owed Petac Limited £0 (2019 – £24,461).

Reach Out

Peter Blackwell is a member and trustee of the Petchey Academy and is a Director of Reach Out who provide a service which benefits students at the Academy.

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures.

22 Connected entity transactions

Hackney Education (Formerly Hackney Learning Trust)

Anne Canning was a governor/director of the Petchey Academy and is Group Director for Children and Education of Hackney Education.

Annie Gammon is a trustee of the Petchey Academy and is Director of Education at Hackney Education.

Timothy Woodridge was also a governor/director of the Petchey Academy and is employed by Hackney Education.

Although Hackney Education is not a related party, transactions and balances are disclosed for transparency.

Hackney Education provides traded services to the Academy. All services are provided at arm's length via traded service agreements. Total expenditure was £45,812 (2019 – £49,242). £271,125 income (2019 – £216,920) was received from Hackney Education. A balance of £218,731 received in previous years is currently included within creditors at the year end, pending further discussions with Hackney Education.