

## **Petchey Academy**

### **Annual Report and Consolidated Financial Statements**

31 August 2022

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



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## Reference and administrative information

### Members

Peter Blackwell (resigned May 22)  
Dorothy Dalton  
Ray Davies  
Rosslyn Hudson  
Gemma Juma  
Trudy Kilcullen MBE  
Ron Mills  
Joanne Shand  
Dr Marie Stewart MBE  
Yinka Tomori

### Trustees

Aly Verjee (Chair)  
Temitope Ademosu (appointed October 22)  
Safa Amirbayat  
Peter Blackwell (resigned May 22)  
Clare Borrill (resigned May 22)  
Olayinka Carroll  
Angela Donnelly  
Annie Gammon (resigned March 22)  
Gemma Juma  
Judy Miln (appointed December 21)  
Victoria Mirfin (appointed March 22)  
Jack Newnham  
Joanne Shand (resigned December 21)  
Daniel Smith (appointed March 22, resigned October 22)  
Christiana Shofoluwe  
Dr Marie Stewart MBE  
Yinka Tomori  
Peter Young

### Strategic Leadership Group

Headteacher	Omar Deria (appointed May 2022)
Headteacher	Clare Borrill (resigned May 2022)
Chief Operating Officer	Doreen Agbodo
Deputy Headteachers	Judith Blunden
	Paddy O'Brien
	Richard Vaughan

## Reference and administrative information

**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 2022

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 2021 to 31 August 2022. 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 33 to 38 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), (Charities' SORP 2019).

### **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.

#### **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 2022 and served throughout the year except where shown.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Governors** (continued)

<b>Governor</b>	<b>Appointed/Resigned</b>
Aly Verjee (Chair)	Appointed March 2021 (September 2021 as Chair)
Safa Amirbayat	Appointed April 2020
Peter Blackwell	Appointed September 2018, resigned May 2022
Clare Borrill (Headteacher)	Appointed September 2019, resigned May 2022
Olayinka Carrol	Appointed December 2019
Angela Donnelly	Appointed May 2019
Annie Gammon	Appointed September 2019, resigned March 22
Gemma Juma	Appointed December 2017
Judy Miln	Appointed December 2022
Victoria Mirfin	Appointed March 2022
Jack Newnham	Appointed July 2020
Joanne Shand	Appointed January 2018, resigned December 21
Daniel Smith	Appointed March 2022
Christiana Shofoluwe	Appointed December 2020
Dr Marie Stewart MBE	Appointed December 2010
Yinka Tomori	Appointed December 2016
Peter Young	Appointed April 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 only an ex-officio governor following the passing of a resolution. 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.

**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 portal.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Organisational structure (continued)**

The Headteacher, the Chief Operating Officer and the Deputy Headteachers 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 fortnightly 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 Pay and Performance Review Committee undertakes the Headteacher's annual performance appraisal and the setting of salary was conducted in accordance with the terms of our partnership with the Community Schools Trust. The pay of the Strategic Leadership Group (Chief Operating Officer & 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. In this financial year, the Academy entered into a partnership with the Community Schools Trust to enable provision to the Academy of short term improvement support.

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 (Company No:11259025), incorporated on 16 March 2018, is a wholly owned subsidiary of Petchey Academy. The main activity of Petac Limited is the lettings of premises and facilities.

## **Governors' report Year to 31 August 2022**

### **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.

Following the start of the new Headteacher in late April 2022, there were a number of areas in the school that were focussed on in order to improve standards. This meant that there were key areas of reorganisation that took place as a result of the medium to long term strategy of raising standards in the school.

The Academy's development plan consisted of the following 7 areas of priority:

- ♦ Challenging and balanced curriculum
- ♦ High quality research based Teaching and Learning
- ♦ Outstanding student behaviour and culture
- ♦ First class leadership and deployment of staff resource
- ♦ Outstanding professional development
- ♦ Effective work life balance and wellbeing
- ♦ Outstanding safeguarding procedures.



## **Governors' report Year to 31 August 2022**

### **OBJECTIVES AND ACTIVITIES (continued)**

Each of these priorities have key focus areas as follows:

- ◆ 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 for all.
- ◆ Implement rigorous performance management procedures which ensures that all staff are accountable for their performance.
- ◆ Plan a broad-based, high quality curriculum that meets the needs of all students.
- ◆ Develop and secure strong strategic leadership of a coherent personal development curriculum that encompasses critical aspects of PSHE, SMSC, resilience, character and British Values
- ◆ Implement a strategic plan to develop classroom practice through a programme of externally led CPD for all staff.
- ◆ Implement systems that there are effective safeguarding procedures across the school and that all staff are trained on it regularly.
- ◆ Develop effective opportunities for staff and student wellbeing.

### **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, and volunteer organisations. 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 protected characteristic.
- ◆ 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).

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Equality and diversity (continued)**

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. The Academy filled its 180 places in year 7 in 2021-2022 despite falling rolls in the borough.

The Academy continues to be judged 'good' by Ofsted.

For the first time in three years, students in the Academy in year 11, 12 and 13 sat formal external examinations. The year saw achievement which was variable, however in terms of student destinations to University and entrance to our 6th form, we are proud of the outcomes for many of our students.

#### ***GCSE and Vocational Courses***

Despite the disruptions of the past two academic years, the Academy has improved across nearly all of the KPIs compared with the Academy's 2019 results - the last time students sat actual exams. Aside from the Progress 8 measures, most of the other KPIs are now in line with or close to national averages. However, progress remains below national and close to the floor standard at -0.41 (floor standard is -0.5)

A large proportion of our students performed very well, qualifying to enter our 6th form to study A levels. However, this year appears to have seen a gap emerge between those who performed well and those who performed poorly. There were only 11 students who met our 6<sup>th</sup> form entry criteria to study the BTEC courses.

At the time of writing, the Academy had recruited 75 students into the 6<sup>th</sup> form.

#### ***Highlights:***

- ◆ 4% of all grades achieved were a grade 9 or equivalent
- ◆ 24% of all GCSE grades achieved were at grades 9-7
- ◆ 24% of students achieved a grade 9-7 in best of English Language or Literature
- ◆ 15% of students achieved a grade 9-7 in Maths
- ◆ 49% of students achieved a grade 9-5 in both English and Maths

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**Highlights:** (continued)

- ◆ 69% of students achieved a grade 9-4 in both English and Maths
- ◆ Exceptional results for Community Languages (Polish, Portuguese and Turkish)
- ◆ Triple Science results improved on 2019 and saw a large proportion of students achieving the top grades
- ◆ Excellent progress in some BTEC courses: Performing Arts, Health and Social Care and Leisure, Travel and Tourism

**Post 16**

Of our 92 students, 75 (82%) have secured offers to university with another 3 securing apprenticeships. 11 students are yet to be placed in work or study programmes. Many students, due to the disruption of the last few years, or because of career advice and guidance, have decided to defer university for a year, or take up offers of apprenticeships or work.

The data below reflects the disruptions students have had, but also reflects a great deal of hard work and success on the part of the students.

**Highlights:**

- ◆ Eight students, or 9% of the cohort, had an average grade of an A or above (including BTEC equivalents), and 2 students achieved three A\* grades
- ◆ Nineteen students, or 23% of the cohort, had an average grade of an A- or above (including BTEC equivalents)
- ◆ 40% of grades at A level were A\* to B
- ◆ 2% of grades at BTEC/Vocational were D\*D\*D\* to D\*DD
- ◆ Initial value added for BTEC/Vocational subjects is significantly above national (+0.62)
- ◆ A level subjects with positive or very positive value added include: Art, English Lit, Further Maths, Geography, Philosophy, PE, Sociology and Spanish.

**Going Concern**

After making appropriate enquiries, the Board 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. In making its going concern assessment the Board has considered a period twelve months from the date of signature of the accounts. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

***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.

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 will be undertaking a review which it is hoped will reduce energy consumption substantially.

**Financial review**

***Financial report for the year***

The Group's total income for the year ended 31 August 2022 amounted to £10,687,000 (2021 – £10,331,000) of which £9,103,000 (2021 – £8,691,000) related to the ESFA revenue grant. Expenditure totalled £12,027,000 (2021 – £11,007,000) and, aside from £71,000 (2021 – £54,000) spent on raising funds, has been purely spent on the Academy's educational operations.

The Academy's net movement in funds for the year was a surplus of £4,738,000 (2021 – deficit of £2,138,000).

The Academy held fund balances of £29,139,000 at 31 August 2022 (2021 – £24,401,000) which includes unrestricted funds of £2,505,000 (2021 – £2,436,000).

The results for the year are shown on page 29.

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. The Academy was eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received allowed the Academy to further support students whilst operating within the agreed budgets.

The financial impact in the year was minimal as cost savings made offset the impact of lower self-generated income. Additional government support scheme funding offset the impact of additional expenditure within key areas where student support was increased.

The Academy's wholly owned subsidiary, Petac Limited, during the year continued to operate but experienced lower sales/operations levels at times due to recovery from the Covid-19 pandemic. This led to a reduced surplus compared to pre Covid-19 surplus levels of £48,000 (2019 Pre Covid-19: £87,000).

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.

**STRATEGIC REPORT** (continued)

**Financial review** (continued)

***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.

***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 concern following 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 is £3,343,000 (2021 – £3,376,000). The surplus over and above the appropriate level agreed by governors is held for the longer-term investment in the Academy. The level of Academy reserves are due in part to projects which have been delayed over the years either due to Covid or staffing reasons. Governors are extremely keen to invest these funds in essential capital works. Plans are in place to utilise the funds which are currently over an above the appropriate level of reserves over a 2-year period and by the 31<sup>st</sup> August 2024. Approximately £1.8m of capital projects including LED light refresh, Toilet refurbishment, Flooring replacement, IT equipment refresh, Catering Servery and Door replacements.

## **STRATEGIC REPORT** (continued)

### **Financial review** (continued)

#### ***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.

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 Chief Operating Officer using the following principles:

- ◆ Deposit and/or transfer all funds and receipts into 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 recruiting and retaining students in all year groups according to the Pupil Admission Numbers. The Academy must further improve its reputation in the community by securing good outcomes and educational standards. To mitigate this risk, Governors ensure that student outcomes and standards are rigorously monitored with a good level of challenge.

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 6<sup>th</sup> Form; to improve parental engagement and communication to ensure that we do not lose students midyear; and to 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 2023.

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

**Safeguarding and Child protection**

The Governing Body continues to ensure that the highest standards are maintained in the areas of the recruitment, selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline; drawing on external reviews and recommendations when needed.

**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 receives regular reports on staffing, including recruitment and retention.

The academy is working to a strict staffing forecast model to ensure that it does not have a surplus number of teachers. In the 2021/22 academic year the academy slightly increased the number of teaching staff in order to meet the needs of the new curriculum model that the school implemented for the 2022/23 academic year.

**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. Activities have resumed since Covid but as yet aren't at pre Covid levels.

However, the Covid situation highlighted that there is a risk of loss of this income. 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.

**PLANS FOR THE FUTURE**

In 2022-2023 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 and support from Hackney Education to support the growing need for specialised SEND 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 2022

### **AUDITOR**

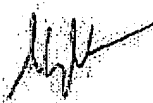
In so far as the governors are aware:

- 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:

Aly Verjee

Chair of Governors



Date: 13<sup>th</sup> December 2022



## Governance statement 31 August 2022

### 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 four times during the year. This is deemed a sufficient number of meetings because, in addition, the members of the Governing body have met during the year at meetings of the sub-committees, and hence the Board has maintained adequate oversight of the Trust's activities. 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	3	3
O Carrol	3	4
A Gammon	3	3
G Juma	4	4
D Smith	2	2
J Shand	1	2
C Shofoluwe	2	4
M Stewart	4	4
Y Tomori	4	4
P Blackwell	3	3
A Donnelly	3	4
P Young	2	4
S Amirbayat	3	4
J Miln	3	3
V Mirfin	2	2
J Newnham	4	4
A Verjee	4	4

## **Governance**

### ***Conflicts of interest (continued)***

The Academy manages conflicts of interest by maintaining an up to date register of interests. Information on this register is available to Finance staff who are able to identify transactions with declared entities in advance of agreeing the transaction.

Committee meetings all include standing items where conflicts of interest can be declared.

### ***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 Strategic Leadership Group having challenging and supportive 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 underpinning governance.

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 Strategic Leadership Group attend a tailored training day annually 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

**Governance (continued)**

**Governance reviews (continued)**

Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C Borrill	2	2
O Carrol	3	3
J Shand (non-governor member)	3	3
Y Tomori	3	3
M Ayoola (non-governor member)	1	3
P Young	3	3
J Miln	2	2

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 Academy Trust Handbook, review risks and systems of financial control and to advise on the appointment and the terms of engagement with the internal and external auditors. It also considers non-financial risks including Health & Safety.

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
J Newnham	3	3
Y Tomori	3	3
P Young	3	3
C Borrill	2	2
C Shofoluwe	1	3
O Carrol	1	2
G Juma	3	3

**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 2022 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 2022 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 Kreston Reeves, in line with the Academy Trust Handbook.

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;
- ◆ 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-19 the academy continued to ensure suppliers were paid according to terms in compliance with the principles 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 furloughed one member of Sports Club 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;

**Review of value for money (continued)**

- ◆ 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.

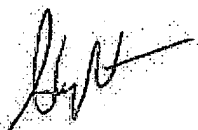
**Review of effectiveness**

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 Kreston Reeves auditors;
- ◆ 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 Group 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 the 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:



Aly Verjee  
Chair of Governors



Omar Deria  
Headteacher/Accounting Officer

Date: 13 December 2022

## Statement on regularity, propriety and compliance 31 August 2022

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 Academy Trust Handbook 2021.

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 Academy Trust Handbook 2021.

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



Headteacher / Accounting Officer

Omar Deria

Date: 13 December 2022

## Statement of governors' responsibilities 31 August 2022

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:

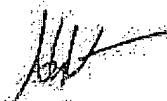
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 13 December 2022  
and signed on its behalf by:



Chair of Governors  
Aly Verjee

**Independent auditor's report to the members of Petchey Academy**

**Opinion**

We have audited the financial statements of name of Petchey Academy (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 August 2022 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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 2019) and the Academies Accounts Direction 2021 to 2022.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2022, and of the group's income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2021 to 2022.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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



## **Independent auditor's report 31 August 2022**

### **Conclusions relating to going concern (continued)**

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our 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 trustees' 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 trustees' 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 the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the charitable parent 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 trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the group through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2021 to 2022, the Academy Trust Handbook 2021, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;

**Auditor's responsibilities for the audit of the financial statements (continued)**

- ◆ we understood how the group is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and the subsidiary company directors' meetings and papers provided to the trustees and directors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings and subsidiary company directors' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and

**Auditor's responsibilities for the audit of the financial statements** (continued)

- ♦ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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](http://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.



Catherine Biscoe (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street-  
London  
EC2V 6DL

Date: 20 December 2022

## **Independent reporting accountant's report 31 August 2022**

### **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 October 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Petchey Academy during the period from 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

### **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 Academy Trust Handbook 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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;

**Approach (continued)**

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

**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.

*Buzzacott LLP*

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

Date: 20 December 2022

**Consolidated statement of financial activities (including income and expenditure account)**  
Year to 31 August 2022

	Notes	Unrestricted general fund £'000	Restricted funds		2022 Total funds £'000	2021 Total funds £'000
			General £'000	Fixed assets fund £'000		
<b>Income from:</b>						
Donations and capital grants	2	—	71	41	112	141
Charitable activities						
· Funding for the Academy's educational operations	5	—	10,178	—	10,178	9,885
Other trading activities	3	394	—	—	394	305
Investments	4	3	—	—	3	—
<b>Total income</b>		<b>397</b>	<b>10,249</b>	<b>41</b>	<b>10,687</b>	<b>10,331</b>
<b>Expenditure on:</b>						
Raising Funds	6	71	—	—	71	54
Charitable activities						
· Academy's educational operations	6	258	10,781	918	11,956	11,007
<b>Total expenditure</b>		<b>329</b>	<b>10,781</b>	<b>918</b>	<b>12,027</b>	<b>11,061</b>
<b>Net income (expenditure) before transfers</b>		<b>68</b>	<b>(532)</b>	<b>(877)</b>	<b>(1,340)</b>	<b>(730)</b>
Transfers between funds	15	—	(345)	345	—	—
<b>Net income (expenditure)</b>		<b>68</b>	<b>(877)</b>	<b>532</b>	<b>(1,340)</b>	<b>(730)</b>
<b>Other recognised gains and losses</b>						
Actuarial gain (loss) on defined benefit pension scheme	19	—	6,078	—	6,078	(1,408)
<b>Net movement in funds</b>		<b>68</b>	<b>5,201</b>	<b>(532)</b>	<b>4,738</b>	<b>(2,138)</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2021		2,436	(4,382)	26,347	24,401	26,539
<b>Total fund balances carried forward at 31 August 2022</b>		<b>2,504</b>	<b>819</b>	<b>25,815</b>	<b>29,139</b>	<b>24,401</b>

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 2022

	Notes	2022 Group £'000	2021 Group £'000	2022 Trust £'000	2021 Trust £'000
<b>Fixed assets</b>					
Tangible fixed assets	12	25,815	26,347	25,815	26,347
<b>Current assets</b>					
Debtors	13	405	298	479	357
Cash at bank and in hand		4,280	4,856	4,203	4,794
		4,685	5,154	4,682	5,151
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	(1,344)	(1,778)	(1,338)	(1,775)
<b>Net current assets</b>		3,341	3,376	3,344	3,376
<b>Total assets less current liabilities</b>		29,156	29,723	29,723	29,723
Pension scheme liability	19	(19)	(5,322)	(19)	(5,322)
<b>Total net assets</b>		29,139	24,401	29,139	24,401
<b>Funds of the Academy</b>					
Restricted income funds					
Fixed assets fund	15	25,815	26,347	25,815	26,347
General fund	15	838	940	838	940
Pension reserve	15	(19)	(5,322)	(19)	(5,322)
Unrestricted funds					
General fund	15	2,505	2,436	2,505	2,436
Funds retained within subsidiary		—	—	—	—
<b>Total funds</b>		29,139	24,401	29,139	24,401

The financial statements on page 29 to 55 were approved by the Governors, authorised for issue and are signed on their behalf by:



Chair of Governors Aly Verjee

Date: 13 December 2022

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



## Consolidated statement of cash flows Year to 31 August 2022

		2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Net cash (used in) provided by operating activities	A	(233)	1,014
<b>Cash flows from investing activities</b>			
	B	(343)	(140)
<b>Change in cash and cash equivalents in the year</b>		<b>(576)</b>	<b>874</b>
<b>Cash and cash equivalents at 1 September 2021</b>		<b>4,856</b>	<b>3,982</b>
<b>Cash and cash equivalents at 31 August 2022</b>	C	<b>4,280</b>	<b>4,856</b>
<b>A Reconciliation of expenditure to net cash flow from operating activities</b>			
		2022 £'000	2021 £'000
<b>Net expenditure for the year (as per the statement of financial activities)</b>		<b>(1,340)</b>	<b>(730)</b>
<b>Adjusted for:</b>			
Depreciation (note 12)		918	874
Capital grants from DfE and other capital income		(41)	(124)
Gain on disposal of fixed assets		—	(1)
Interest receivable (note 4)		(3)	—
Defined benefit pension scheme cost less contributions payable (note 19)		682	452
Defined benefit pension scheme finance cost (note 19)		93	61
(Increase) decrease in debtors		(107)	265
(Decrease) increase in creditors		(434)	217
<b>Net cash (used in) provided by operating activities</b>		<b>(233)</b>	<b>1,014</b>
<b>B Cash flows from investing activities</b>			
		2022 £'000	2021 £'000
Dividends, interest and rents from investments		3	—
Proceeds from sale of tangible fixed assets		—	1
Purchase of tangible fixed assets		(387)	(265)
Capital grants from DfE/ESFA		24	24
Capital funding received from sponsors and others		17	100
<b>Net cash used in investing activities</b>		<b>(343)</b>	<b>(140)</b>
<b>C Analysis of cash and cash equivalents</b>			
		2022 £'000	2021 £'000
Cash at bank and in hand		4,280	4,856
<b>Total cash and cash equivalents</b>		<b>4,280</b>	<b>4,856</b>

## Consolidated statement of cash flows Year to 31 August 2022

### D Analysis of changes in net debt

	At 1 September 2021 £'000	Cash flows £'000	At 31 August 2022 £'000
Cash	4,856	(576)	4,280
<b>Total</b>	<b>4,856</b>	<b>(576)</b>	<b>4,280</b>

## **Principal accounting policies 31 August 2022**

### **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 2019), the Academies Accounts Direction 2021 to 2022 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 2022 and its trading subsidiary, Petac Limited, for the period to 31 August 2022.

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.

## Principal accounting policies 31 August 2022

### **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 2022

### **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 2022

### 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 13. 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 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. 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 19 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.

## Principal accounting policies 31 August 2022

### **Pensions benefits (continued)**

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 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 2022

### 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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability; 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 2022

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2022 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% (2021 – 12%) of GAG could be carried forward, of which up to 2% (2021 – 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 2022.

### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2022 Total funds £'000	2021 Total funds £'000
Other donations	—	—	41	41	17
Capital grants	—	71	—	71	124
	—	71	41	112	141

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2021 Total funds £'000
Other donations	—	17	—	17
Capital grants	—	—	124	124
	—	17	124	141

### 3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Catering income	176	—	176	162
School visits income	38	—	38	6
Hire of facilities/lettings income	179	—	179	90
Miscellaneous income	1	—	1	47
	394	—	394	305

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Catering income	162	—	162
School visits income	6	—	6
Hire of facilities/lettings income	90	—	90
Miscellaneous income	47	—	47
	305	—	305

## Notes to the Financial Statements Year to 31 August 2022

### 4 Investments

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Interest receivable	3	—	3	—

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
Interest receivable	—	—	—

### 5 Funding for Academy's educational operations

	Unrestricted general funds £'000	Restricted general funds £'000	2022 Total funds £'000	2021 Total funds £'000
<b>DfE/ESFA revenue grant</b>				
General Annual Grant (GAG) (note 1)	—	9,103	9,103	8,691
Other DfE Group grants				
Pupil Premium	—	530	530	525
Others	—	66	66	158
	—	9,699	9,699	9,374
<b>Other Government grants</b>				
Local Authority grants	—	433	433	360
	—	433	433	360
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Recovery / Catch-up premium	—	14	14	59
Other DfE/ESFA COVID-19 funding	—	32	32	92
	—	46	46	151
<b>Exceptional government funding</b>				
Coronavirus exceptional support	—	—	—	—
	—	10,178	10,178	9,885

# Notes to the Financial Statements Year to 31 August 2022

## 5 Funding for Academy's educational operations (continued)

	Unrestricted general funds £'000	Restricted general funds £'000	2021 Total funds £'000
<i>DfE/ESFA revenue grant</i>			
. General Annual Grant (GAG) (note 1)	—	8,691	8,691
. UIFSM	—	—	—
. Pupil Premium	—	525	525
. Others	—	158	158
Other DfE Group grants	—	—	—
	<u>—</u>	<u>9,374</u>	<u>9,374</u>
<i>Other Government grants</i>			
. Local Authority grants	—	360	360
	<u>—</u>	<u>360</u>	<u>360</u>
<i>COVID-19 additional funding (DfE/ESFA)</i>			
Catch-up premium	—	59	59
Other DfE/ESFA COVID-19 funding	—	92	92
	<u>—</u>	<u>151</u>	<u>151</u>
<i>Exceptional government funding</i>			
Coronavirus exceptional support	—	—	—
	<u>—</u>	<u>9,885</u>	<u>9,885</u>

# Notes to the Financial Statements Year to 31 August 2022

## 6 Expenditure

	Staff costs £'000	Non pay expenditure		2022 Total funds £'000	2021 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds:					
Direct costs	16	—	31	47	36
Allocated support costs	14	5	5	24	18
Charitable activities:					
Academy's educational operations					
.. Direct costs	6,403	918	622	7,943	7,430
.. Allocated support costs	2,369	779	865	4,013	3,577
	8,802	1,702	1,523	12,027	11,061

	Staff costs £'000	Non pay expenditure		2021 Total funds £'000
		Premises £'000	Other costs £'000	
Expenditure on raising funds:				
Direct costs	22	—	14	36
Charitable activities:	11	3	4	18
Academy's educational operations				
.. Direct costs	6,136	874	420	7,430
.. Allocated support costs	2,230	609	738	3,577
	8,399	1,486	1,176	11,061

	2022 Total funds £'000	2021 Total funds £'000
<b>Net expenditure for the year includes:</b>		
Operating leases	9	17
Depreciation of fixed assets	918	874
(Gain)/Loss on disposal of fixed assets	—	(1)
Fees payable to auditor		
.. Statutory audit current year	15	14
.. Other services	3	3

### Charitable activities - Academy's educational operations

	2022 Total funds £'000	2021 Total funds £'000
Direct costs	7,943	7,430
Support costs	4,013	3,577
	11,956	11,007

## Notes to the Financial Statements Year to 31 August 2022

### 6 Expenditure (continued)

	2022 Total funds £'000	2021 Total funds £'000
<b>Analysis of support costs</b>		
Support staff costs	2,369	2,230
Technology costs	145	159
Premises costs	779	609
Legal costs – other	52	23
Other support costs	597	514
Governance costs	71	42
<b>Total support costs</b>	<b>4,013</b>	<b>3,577</b>

### 7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

		Unrestricted general fund £'000	Restricted funds		2021 Total funds £'000
	Notes	£'000	General £'000	Fixed assets fund £'000	£'000
<i>Income from:</i>					
Donations and capital grants	2	—	17	124	141
Other trading activities	3	305	—	—	305
Investments	4	—	—	—	—
Charitable activities					
Funding for the Academy's educational operations	5	—	9,885	—	9,885
<b>Total income</b>		<b>305</b>	<b>9,902</b>	<b>124</b>	<b>10,331</b>
<i>Expenditure on:</i>					
Raising Funds	6	54	—	—	54
Charitable activities					
Academy's educational operations	6	223	9,910	874	11,007
<b>Total expenditure</b>		<b>277</b>	<b>9,910</b>	<b>874</b>	<b>11,061</b>
<b>Net income (expenditure) before transfers</b>		<b>28</b>	<b>(8)</b>	<b>(750)</b>	<b>(730)</b>
Transfers between funds	15	—	(142)	142	—
<b>Net income (expenditure)</b>		<b>28</b>	<b>(150)</b>	<b>(608)</b>	<b>(730)</b>
<i>Other recognised gains and losses</i>					
Actuarial loss on defined benefit pension scheme	19	—	(1,408)	—	(1,408)
<b>Net movement in funds</b>		<b>28</b>	<b>(1,558)</b>	<b>(608)</b>	<b>(2,138)</b>
<i>Reconciliation of funds</i>					
Total fund balances brought forward at 1 September 2020		2,408	(2,824)	26,955	26,539
Total fund balances carried forward at 31 August 2021		2,436	(4,382)	26,347	24,401

## Notes to the Financial Statements Year to 31 August 2022

### 8 Staff

#### (a) Staff costs

Staff costs during the year were:

	2022 Total funds £'000	2021 Total funds £'000
Wages and salaries	5,922	5,933
Social security costs	634	605
Pension costs	1,812	1,595
	<b>8,368</b>	<b>8,133</b>
Agency costs	434	266
	<b>8,802</b>	<b>8,399</b>

#### (b) Severance payments

The academy trust paid three severance payments in the year, disclosed in the following bands:

	2022 No.
£0 - £25,000	2
£50,001 - £100,000	1

#### (c) Special staff severance payments

During the year, non-contractual severance payments totalling £44,000 (2021 - £nil) were made to 3 members of staff (2021 - 0 members).

#### (d) 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	2022 No.	2021 No.
Teachers (including Educational Support)	102	110
Administration and support	48	48
Management	10	12
	<b>159</b>	<b>170</b>

Charitable activities	2022 FTE.	2021 FTE.
Teachers (including Educational Support)	96	103
Administration and support	37	40
Management	9	11
	<b>142</b>	<b>154</b>

## Notes to the Financial Statements Year to 31 August 2022

### 8 Staff (continued)

#### (e) Higher paid staff

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

	2022 No.	2021 No.
£60,001 - £70,000	4	5
£80,001 - £90,000	4	3
£130,001 - £140,000	—	1
£170,001 - £180,000	1	—

During the year ended 31 August 2022 pension contributions for those staff in the Teachers' Pension Scheme amounted to £152,923 (2021 – £158,629). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £nil (2021 – £nil).

#### (f) Key management personnel

The key management personnel of the Academy comprise the trustees and the Strategic Leadership Group 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 £658,617 (2021 – £511,830).

### 9 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:

	2022 £	2021 £
C Borrill, Headteacher		
Remuneration	£75,000-£80,000	£110,000-£120,000
Contractual severance pay	£75,000-£80,000	£0
Non contractual severance pay	£15,000-£20,000	£0
Employers pension contributions	£15,000-£20,000	£25,000-£30,000

During the year ended 31 August 2022, £nil travel and subsistence expenses were reimbursed to trustees (2021 – £nil).

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

### 10 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2022 was £67.77 (2021 - £110.88).

## Notes to the Financial Statements Year to 31 August 2022

### 11 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 2022 £'000	Year ended 31 August 2021 £'000
<b>Turnover</b>	<b>94</b>	<b>61</b>
Cost of sales	(18)	(25)
<b>Gross profit</b>	<b>76</b>	<b>36</b>
Administration costs	(28)	(11)
<b>Profit on ordinary activities</b>	<b>48</b>	<b>25</b>
Gift aid distribution	(48)	(25)
Retained in subsidiary	—	—
<b>Balance sheet:</b>		
Assets	86	61
Liabilities	(86)	(61)
	—	—
<b>Represented by:</b>		
Profit and loss account	—	—
Shareholders' funds	—	—



## Notes to the Financial Statements Year to 31 August 2022

### 12 Tangible fixed assets

<b>Group</b>	<b>Leasehold buildings £'000</b>	<b>Computer equipment £'000</b>	<b>Furniture and equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost/valuation</b>					
At 1 September 2021	35,523	2,022	1,065	52	38,661
Additions	—	240	147	—	387
At 31 August 2022	35,523	2,262	1,212	52	39,048
<b>Depreciation</b>					
At 1 September 2021	9,629	1,883	750	52	12,315
Charge in year	712	84	122	—	918
At 31 August 2022	10,342	1,967	872	52	13,232
<b>Net book value</b>					
At 31 August 2022	25,181	295	340	—	25,816
At 31 August 2021	25,893	139	315	—	26,347

<b>Academy</b>	<b>Leasehold buildings £'000</b>	<b>Computer equipment £'000</b>	<b>Furniture and equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost/valuation</b>					
At 1 September 2021	35,523	2,022	1,065	52	38,661
Additions	—	240	146	—	386
At 31 August 2022	35,523	2,262	1,211	52	39,047
<b>Depreciation</b>					
At 1 September 2021	9,629	1,883	750	52	12,315
Charge in year	712	84	122	—	918
At 31 August 2022	10,342	1,967	872	52	13,232
<b>Net book value</b>					
At 31 August 2022	25,181	295	339	—	25,815
At 31 August 2021	25,893	139	315	—	26,347

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

## Notes to the Financial Statements Year to 31 August 2022

### 13 Debtors

	Group 2022 £'000	Group 2021 £'000	Trust 2022 £'000	Trust 2021 £'000
Trade debtors	10	4	3	4
Other debtors	82	95	82	95
VAT recoverable	134	93	80	94
Amounts due from subsidiary undertakings	—	—	83	58
Prepayments and accrued income	179	106	179	106
	<b>405</b>	<b>298</b>	<b>479</b>	<b>357</b>

### 14 Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Trust 2022 £'000	Trust 2021 £'000
Trade creditors	407	397	405	397
Other taxation and social security	—	163	—	163
ESFA creditor: abatement of GAG	109	340	109	340
Other creditors	225	360	225	360
Accruals and deferred income	603	518	598	515
	<b>1,344</b>	<b>1,778</b>	<b>1,338</b>	<b>1,775</b>

### Deferred income

	Group 2022 £'000	Group 2021 £'000	Trust 2022 £'000	Trust 2021 £'000
Deferred income at 1 September 2020	130	172	130	172
Resources deferred in the year	375	(191)	375	(191)
Amounts released from previous years	(87)	149	(87)	149
Deferred income at 31 August 2021	<b>418</b>	<b>130</b>	<b>418</b>	<b>130</b>

At the balance sheet date, the Academy was holding funds received from Jack Petchey Foundation grants, lettings and trips deferred to the 2022/23 academic year.

## Notes to the Financial Statements Year to 31 August 2022

### 15 Funds

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
<b>ESFA revenue grant fund</b>					
. General Annual Grant (GAG)	940	9,103	(8,860)	(345)	<b>838</b>
Other DfE/ESFA grants					
. Pupil Premium	—	530	(530)	—	—
. Catch-up premium	—	14	(14)	—	—
Other DfE/ESFA COVID-19 funding	—	32	(32)	—	—
Other grants	—	570	(570)	—	—
Pension reserve	(5,322)	—	(775)	6,078	<b>(19)</b>
	<b>(4,382)</b>	<b>10,249</b>	<b>(10,781)</b>	<b>5,733</b>	<b>819</b>
<b>Restricted fixed assets fund</b>					
DfE/ESFA capital grants	26,105	41	(918)	—	<b>25,228</b>
Capital expenditure from GAG	142	—	—	345	<b>487</b>
Private sector capital sponsorship	100	—	—	—	<b>100</b>
	<b>26,347</b>	<b>41</b>	<b>(918)</b>	<b>345</b>	<b>25,815</b>
<b>Total restricted funds</b>	<b>21,965</b>	<b>10,290</b>	<b>(11,699)</b>	<b>6,078</b>	<b>26,634</b>
<b>Unrestricted funds</b>					
. Unrestricted funds	2,436	303	(283)	48	<b>2,505</b>
. Petac Ltd	—	94	(46)	(48)	—
<b>Total unrestricted funds</b>	<b>2,436</b>	<b>397</b>	<b>(329)</b>	<b>—</b>	<b>2,505</b>
<b>Total funds</b>	<b>24,401</b>	<b>10,687</b>	<b>(12,027)</b>	<b>6,078</b>	<b>29,139</b>

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 2022. Note 1 discloses whether the limit was exceeded.

##### **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.

# Notes to the Financial Statements Year to 31 August 2022

## 15 Funds (continued)

### Comparative information

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

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<b>ESFA revenue grant fund</b>					
General Annual Grant (GAG)	577	8,691	(8,186)	(142)	940
Pupil Premium	—	525	(525)	—	—
Catch-up premium	—	59	(59)	—	—
Other DfE/ESFA COVID-19 funding	—	92	(92)	—	—
Other grants	—	535	(535)	—	—
	577	9,902	(9,397)	(142)	940
Pension reserve	(3,401)	—	(513)	(1,408)	(5,322)
	(2,824)	9,902	(9,910)	(1,550)	(4,382)
<b>Fixed assets fund</b>					
Fixed asset fund	26,955	24	(874)	—	26,105
<b>Other funds</b>					
Local authority grants	—	—	—	142	142
Jack Petchey Foundation and other Sponsorship income	—	100	—	—	100
	26,955	124	(874)	142	26,347
<b>Total restricted funds</b>	<b>24,131</b>	<b>10,026</b>	<b>(10,784)</b>	<b>(1,408)</b>	<b>21,965</b>
<b>Unrestricted funds</b>					
Unrestricted funds	2,408	244	(242)	26	2,436
Petac Ltd	—	61	(35)	(26)	—
<b>Total unrestricted funds</b>	<b>2,408</b>	<b>305</b>	<b>(277)</b>	<b>—</b>	<b>2,436</b>
<b>Total funds</b>	<b>26,539</b>	<b>10,331</b>	<b>(11,061)</b>	<b>(1,408)</b>	<b>24,401</b>

# Notes to the Financial Statements Year to 31 August 2022

## 16 Analysis of net assets between funds

<b>Group</b>	<b>Unrestricted funds £'000</b>	<b>Restricted General Funds £'000</b>	<b>Restricted Fixed Asset Fund £'000</b>	<b>Total 2022 £'000</b>
<b>Fund balances at 31 August 2022 are represented by:</b>				
Tangible fixed assets	—	—	25,815	25,815
Current assets	2,505	2,180	—	4,685
Current liabilities	—	(1,344)	—	(1,344)
Pension scheme liability	—	(19)	—	(19)
<b>Total net assets</b>	<b>2,505</b>	<b>817</b>	<b>25,815</b>	<b>29,139</b>

<b>Academy</b>	<b>Unrestricted funds £'000</b>	<b>Restricted General Funds £'000</b>	<b>Restricted Fixed Asset Fund £'000</b>	<b>Total 2022 £'000</b>
<b>Fund balances at 31 August 2022 are represented by:</b>				
Tangible fixed assets	—	—	25,815	25,815
Current assets	2,505	2,177	—	4,682
Current liabilities	—	(1,338)	—	(1,338)
Pension scheme liability	—	(19)	—	(19)
<b>Total net assets</b>	<b>2,505</b>	<b>820</b>	<b>25,815</b>	<b>29,140</b>

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

<b>Group</b>	<b>Unrestricted funds £'000</b>	<b>Restricted General Funds £'000</b>	<b>Restricted Fixed Asset Fund £'000</b>	<b>Total 2021 £'000</b>
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	—	—	26,347	26,347
Current assets	2,436	2,718	—	5,154
Current liabilities	—	(1,778)	—	(1,778)
Pension scheme liability	—	(5,322)	—	(5,322)
<b>Total net assets</b>	<b>2,436</b>	<b>(4,382)</b>	<b>26,347</b>	<b>24,401</b>

<b>Trust</b>	<b>Unrestricted funds £'000</b>	<b>Restricted General Funds £'000</b>	<b>Restricted Fixed Asset Fund £'000</b>	<b>Total 2021 £'000</b>
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	—	—	26,347	26,347
Current assets	2,436	2,715	—	5,151
Current liabilities	—	(1,775)	—	(1,775)
Pension scheme liability	—	(5,322)	—	(5,322)
<b>Total net assets</b>	<b>2,436</b>	<b>(4,382)</b>	<b>26,347</b>	<b>24,401</b>

## Notes to the Financial Statements Year to 31 August 2022

### 17 Financial commitments

#### *Operating leases*

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

	2022 £'000	2021 £'000
Amounts due within one year	9	8
Amounts due between two and five years inclusive	6	7
	<u>15</u>	<u>15</u>

### 18 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.

### 19 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 2016 and of the LGPS 31 March 2019.

Contributions amounting to £nil were payable to the schemes at 31 August 2022 (2021 – £129,630) 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 2022

### 19 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 £782,483 (2021 – £696,671).

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 2022 was £467,000 (2021 – £501,000), of which employer's contributions totalled £360,000 (2021 – £384,000) and employees' contributions totalled £107,000 (2021 – £117,000). The agreed contribution rates for future years is 20.9% for the 3 years 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 2022	At 31 August 2021
Rate of increase in salaries	3.35%	3.20%
Rate of increase for pensions in payment / inflation	3.05%	2.90%
Discount rate for scheme liabilities	4.25%	1.65%
Inflation assumption (CPI)	3.05%	2.90%

## Notes to the Financial Statements Year to 31 August 2022

### 19 Pension and similar obligations (continued)

#### **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 2022	At 31 August 2021
<i>Retiring today</i>		
Males	21.1	21.3
Females	23.6	23.8
<i>Retiring in 20 years</i>		
Males	22.5	22.8
Females	25.6	25.8

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

	At 31 August 2022 £'000	At 31 August 2021 £'000
Discount rate -0.1%	181	343
Salary increase rate +0.1%	8	15
Mortality assumption + 1 year	245	457
CPI rate +0.1%	175	323

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

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equities	3,788	4,203
Gilts	1,344	1,279
Property	672	487
Cash and other liquid assets	306	122
<b>Total market value of assets</b>	<b>6,110</b>	<b>6,091</b>
<b>Present value of scheme liabilities</b>		
- Funded	(6,129)	(11,413)
<b>Deficit in the scheme</b>	<b>(19)</b>	<b>(5,322)</b>



## Notes to the Financial Statements Year to 31 August 2022

### 19 Pension and similar obligations (continued)

#### *Local Government Pension Scheme (LGPS) (continued)*

Amounts recognised in statement of financial activities	2022 £'000	2021 £'000
Current service cost	1,042	836
Net interest cost	93	61
<b>Total operating charge</b>	<b>1,135</b>	<b>897</b>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	104	84
Interest on pension liabilities	(197)	(145)
<b>Pension finance income/(costs)</b>	<b>(93)</b>	<b>(61)</b>

Changes in the present value of defined benefit obligations were as follows:	2022 £'000	2021 £'000
At 1 September 2021	11,413	8,087
Current service cost	1,042	836
Interest cost	197	145
Employee contributions	107	117
Actuarial loss (gain)	(6,598)	2,246
Benefits paid	(32)	(18)
<b>At 31 August 2022</b>	<b>6,129</b>	<b>11,413</b>

Changes in the fair value of the Academy's share of scheme assets:	2022 £'000	2021 £'000
At 1 September 2021	6,091	4,686
Interest income	104	84
Actuarial gain (loss)	(520)	838
Employer contributions	360	384
Employee contributions	107	117
Benefits paid	(32)	(18)
<b>At 31 August 2022</b>	<b>6,110</b>	<b>6,091</b>

### 20 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 until March 2022.

## Notes to the Financial Statements Year to 31 August 2022

### 20 Related party transactions (continued)

#### ***The Jack Petchey Foundation (continued)***

Victoria Mirfin – A trustee of the Petchey Academy was the Director of Programmes and Partnerships of The Jack Petchey Foundation throughout the year.

Gemma Juma – A member and trustee of the Petchey Academy was the Deputy Chief Executive at The Jack Petchey Foundation until February 22 and Chief Executive Officer of the Jack Petchey Foundation from March 22.

The Academy was in receipt of restricted grants from the Foundation relating to the period equal to £69,189 (2021 – £12,502) and £16,703 (2021 – £100,458) 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 £2,550 (2021 – £1,500). An amount of £72,810 was received towards projects but deferred till 22/23 for completion of the project (2021 – £100,463), this amount is included within deferred income at the year end.

#### ***Dr P Cross Consultancy***

The Academy engaged consultancy work from Dr P Cross Consultancy. Dr P Cross was a personal connection of the Headteacher C Borrill. Expenditure relating to the period was £nil (2021 – Pro bono work estimated to cost £5k-£10k).

#### ***Petac Limited***

A wholly owned subsidiary, Petac Limited, commenced trading on 1 June 2018. At the year end the Academy owed Petac Limited £nil (2021 – £nil).

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

### 21 Connected entity transactions

#### ***Hackney Education (Formerly Hackney Learning Trust)***

Annie Gammon was a trustee of the Petchey Academy till March 22 and was Director of Education at 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 £83,133 (2021 – £31,089) £307,906 income (2021 – £351,817) was received from Hackney Education. A balance of £28,046 received in previous years is currently included within creditors at the year end, pending further discussions with Hackney Education.