

Petchey Academy

Annual Report and Consolidated Financial Statements

31 August 2023

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



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Reference and administrative information

Members

Dorothy Dalton
Ray Davies (resigned September 23)
Rosslyn Hudson (resigned September 23)
Gemma Juma
Trudy Kilcullen MBE (resigned September 23)
Ron Mills (resigned September 23)
Victoria Mirfin (resigned September 23)
Joanne Shand
Dr Marie Stewart MBE
Yinka Tomori
Peter Young (appointed October 22)
Aly Verjee (Chair)

Governors

Aly Verjee (Chair)
Temitope Ademosu (appointed October 22; resigned October 23)
Safa Amirbayat (resigned September 23)
Olayinka Carroll (resigned June 23)
Angela Donnelly (Term of Office ended May 23)
Justin Eniola (resigned September 23)
Gemma Juma (Vice-Chair)
Judy Miln (resigned September 23)
Victoria Mirfin (resigned September 23)
Jack Newnham
Holly Parkinson (resigned September 23)
Tim Seydali (resigned September 23)
Daniel Smith (resigned October 22)
Christiana Shofoluwe (resigned October 23)
Dr Marie Stewart MBE (Term of Office ended December 22)
Yinka Tomori
Peter Young

Strategic Leadership Group

Headteacher	Omar Deria
Chief Operating Officer	Doreen Agbodo
Deputy Headteachers	Judith Blunden (resigned December 2022) Paddy O'Brien Osman Abdullah (appointed September 22; resigned August 23) Richard Vaughan

Registered address

Petchey Academy
Shacklewell Lane
London
E8 2EY

Reference and administrative information

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

Governors' report Year to 31 August 2023

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 2022 to 31 August 2023. 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 32 to 37 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 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 £5 million.

Post year end transfer to Community Schools Trust

With effect from 1 September 2023, all core activities, were transferred as a going concern to Community Schools Trust (Company number: 10337377).

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 2023 and served throughout the year except where shown.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors (continued)

Governor	Appointed/Resigned
Aly Verjee (Chair)	Appointed March 2021 (September 2021 as Chair)
Safa Amirbayat	Appointed April 2020
Temitope Ademosu	Appointed October 2022
Olayinka Carrol	Appointed December 2019, resigned June 2023
Angela Donnelly	Appointed May 2019, term of office ended May 2023
Justin Eniola	Appointed March 2023
Gemma Juma	Appointed December 2017
Judy Miln	Appointed December 2022
Victoria Mirfin	Appointed March 2022
Jack Newnham	Appointed July 2020
Holly Parkinson	Appointed July 2023
Tim Seydali	Appointed July 2023
Daniel Smith	Appointed March 2022, resigned October 2022
Christiana Shofoluwe	Appointed December 2020
Dr Marie Stewart MBE	Appointed December 2010, term of office ended December 2022
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 and during 2022 -23 the Headteacher was an employee of the Community Schools Trust.

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 regular 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 in line with National Pay Scales.

On behalf of the Governing Body the Pay and Performance Review Committee reviewed the Headteacher's annual performance appraisal and the setting of salary which was conducted by the Community Schools Trust in accordance with the terms of our partnership agreement. 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.

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. In this financial year, the Academy was in a partnership agreement with the Community Schools Trust to enable provision to the Academy of short term improvement support. The Trust provided staffing support in key areas including the provision of the Headteacher/Accounting Officer during the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships (continued)

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.

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.

There are 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 key 7 areas of priority:

- ◆ Challenging and balanced curriculum resulting in outstanding outcomes for all students.
- ◆ High quality researched based Teaching and Learning
- ◆ Outstanding student behaviour and culture
- ◆ First class leadership and deployment

OBJECTIVES AND ACTIVITIES (continued)

- ◆ Outstanding professional development for all staff
- ◆ Effective work life balance and wellbeing
- ◆ Outstanding safeguarding procedures.

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 accountability measures that ensure 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 comprehensive CPD programme to support Teaching and Learning
- ◆ 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.

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.

OBJECTIVES AND ACTIVITIES (continued)

Equality and diversity (continued)

- ◆ Encouraging people who have a particular characteristic to participate fully in any activities (e.g. encouraging all pupils to be involved in the full range of Academy clubs and enrichment activities).

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

STRATEGIC REPORT

Achievements and performance

Review of activities

The Academy remained a popular school in the borough of Hackney. This bears testament to the Academy's unique ethos to enhance both student achievement and engagement and the Academy's reputation as a community school of choice. The Academy filled its 180 places in year 7 in 2022-2023 despite falling rolls in the borough.

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

GCSE and Vocational Courses

For the second year since COVID-19, students in the Academy in Years 11 and 13 sat formal external examinations. Our Progress 8 at the end of KS4 showed that the school achieved approximately half a grade improvement from the previous year (P8 21-22 was -0.42 and P8 in 22-23 was 0.04). The school's Value Added for academic A-Level subjects was in line with that of 21-22 and we had a slight increase in our Value Added for our Vocational Subjects.

A large proportion of our students performed very well, qualifying to enter our 6th form to study A levels.

At the time of writing, the Academy had recruited 47 students into the 6th form.

Highlights:

- ◆ At Key Stage 4, the Progress 8 score has improved by nearly one-half a grade from -0.42 in 2022 to +0.04 in 2023
- ◆ The percentage of students achieving a strong pass (grade 5+) in both English and maths has improved slightly from 49% in 2022 to 51.4% in 2023
- ◆ 4% of grades at a grade 9 or equivalent (2022 4%)
- ◆ 10 students with average grade of 8 or higher (2022 3 students)
- ◆ 28 students with an average of 7 or higher across all their subjects. (17 students in 2022)
- ◆ 22% of GCSE grades at 9 – 7 (2022 24%)

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Highlights: (continued)

- ◆ 29% of GCSE grades at 9 - 7 in English best of Language or Lit
- ◆ 21% of GCSE grades at 9 - 7 in Maths (2022 15%)
- ◆ 69.4% of GCSE grades at 9 - 5 in English best of Language or Lit (2022 67%)
- ◆ 53.8% of GCSE grades at 9 - 5 in Maths (2022 51.7%)
- ◆ 51.4% of GCSE grades at 9 - 5 including English and Maths (49.4% in 2022)
- ◆ 68% of GCSE grades at 9 - 4 including English and Maths (69% in 2022)

Post 16

Of our 66 students who completed year 13 this year, 60 (90%) have secured offers to university, 3 of which are level 6 degree apprenticeships.

1 student has gone on to do a level 4 apprenticeship.

4 students are yet to be placed in work or study programmes. They are currently searching for apprenticeships. These students are being supported by our careers advisor and are sent local vacancy updates.

Highlights:

- ◆ At Key Stage 5, the average point score for A level subjects dropped from C+ (33.17) in 2022, to C (30.83) in 2023
- ◆ The Key Stage 5 average point score for Vocational subjects improved from 36 to 39.37 (a Distinction + average)
- ◆ There will be no official value-added figures this year for the 6th form, though estimates indicate our A level value added would have been negative, and our vocational value added would have been significantly positive
- ◆ 11 students, or 1/6 of the cohort, had an average grade of an A- or above (including BTEC equivalents)
- ◆ 42% of grades were at A* to B (including A-Level and BTEC equivalents)
- ◆ 100% of grades at BTEC/Vocational were D*D*D* to MMM (A* - B equivalent)
- ◆ 80% of grades at BTEC/Vocational were D*D*D* to DDD (A* - A equivalent)

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Going Concern

The Board of Governors has assessed the going concern assumption in relation to the Academy. As the core activities, of the Academy transferred to Community Schools Trust on 1 September 2023 the accounts are prepared on a basis other than going concern. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

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

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

The Academy actively manages the energy costs associated with running the building, and actively works towards reducing energy consumption substantially.

Financial review

Financial report for the year

The Group's total income for the year ended 31 August 2023 amounted to £12,812,000 (2022 – £10,687,000) of which £10,489,000 (2022 – £10,178,000) was funding income. One-off income of £1,705,000 was received in relation to an insurance claim made following a fire at the Academy. The Group's total expenditure totalled £13,997,000 (2022 – £12,027,000). Included in this was corresponding expenditure in relation to the insurance claim of £1,705,000. Aside from this and £43,000 (2022 – £71,000) spent on raising funds, the remainder was purely spent on the Academy's educational operations.

The Academy's net movement in funds for the year was a deficit of -£1,121,000 (2022 – surplus of £4,738,000).

The Academy held fund balances of £28,018,000 at 31 August 2023 (2022 – £29,139,000) which includes unrestricted funds of £1,961,000 (2022 – £2,505,000).

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 in receipt of additional funding in year from government support schemes aimed at effective recovery of schools from the remaining impact of the coronavirus outbreak.

The Academy's wholly owned subsidiary, Petac Limited, during the year continued to operate but experienced lower sales/operations levels at times due to planned closures for building repair and maintenance that the Academy was undertaking throughout the year. This led to a small surplus of £15,000 (2022: £48,000).

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

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

- ◆ The risk of unforeseen emergency or other unexpected need for funds;
- ◆ Covering unforeseen day to day operational costs, for example employing temporary staff to cover a long term sick absence;
- ◆ A fall in the source of income – either as a result of Government policy or self-generated funds; This has become a higher risk since the impact of covid-19 virus on income sources.
- ◆ 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 aims 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 £1,960,000 (2022 – £3,343,000). 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 and above the appropriate level of reserves.

STRATEGIC REPORT (continued)

Reserves policy (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 6th Form; to improve parental engagement and communication to ensure that we do not lose students; midyear; and ensure the curriculum is cost effective, and provides value for money; and to keep the costs of maintaining a "State of the Art" building within agreed budgets. We have devised a comprehensive admissions strategy to attract students into our post-16 provision.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

In addition, the Academy managed the risks around the estate of the Academy by undertaking estate condition surveys which were used to inform capital expenditure and inform the rolling repair planning. Regular Health and safety committees reviewed the compliance of the estate and the Academy with relevant regulations. No major estates concerns identified during this approach, and the Academy is confirmed to be free from RAAC.

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.

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. During the year activity levels have been good, but remain impacted and therefore not at its full potential.

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 2023-2024 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;
- ◆ Continue to align day-to-day systems and processes with those of the Community Schools Trust;
- ◆ Put systems in place to ensure outcomes at the end of KS4/5 improve from that of 2022-23.

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 2023

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:



Chair of Governors

Aly Verjee

Date: 11th December 2023

Governance statement 31 August 2023

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that 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 Governors, 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 five 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 Governors. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
T Ademosu	1	4
O Carrol	2	4
J Eniola	2	3
G Juma	4	5
H Parkinson	1	1
T Seydali	1	1
C Shofoluwe	0	5
M Stewart	2	2
Y Tomori	4	5
A Donnelly	4	4
P Young	4	5
S Amirbayat	1	5
J Miln	5	5
V Mirfin	4	5
J Newnham	4	5
A Verjee	5	5

Governance

Conflicts of interest

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.

Board and 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.

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 under-pinning 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.

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 meetings of the Finance and General Purposes Committee

Attendance at Finance and General Purposes Committee meetings in the year was as follows:

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

Governance (continued)

Governance reviews (continued)

The Audit, Risk & Compliance Committee was established in March 2013. Its purpose is to ensure financial practice is in line with the latest guidance from the Department for Education as published in The 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.

Governor	Meetings attended	Out of a possible
J Newnham	3	3
Y Tomori	3	3
P Young	2	3
C Shofoluwe	1	3
O Carrol	0	3
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 2023 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 2023 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;

The risk and control framework (continued)

- ◆ 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

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 educational and wider societal outcomes, as well as estates safety and management, achieved in return for the taxpayer resources received.

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

- ◆ Ensuring that over the period the Academy operated within agreed budgets;
- ◆ Continuing to review its staff structures and using curriculum planning to ensure that resources are deployed efficiently and effectively. All members of staff within the Academy have a clear understanding of their areas of responsibility and accountability through strong performance management processes;
- ◆ Reviewing efficiencies across all areas and ensuring value for money on all contracts.
- ◆ Maximising out of hours use of the academy for the benefit of the local community, generating additional income to support the academy budget.
- ◆ Completion of capital projects which focussed on improving the facilities of the Academy and providing energy efficiencies. E.g. LED light upgrade to improve energy utilisation, and student toilet & food technology room refurbishments for improvement in the student experience.

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 scrutiny 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.

Review of effectiveness (continued)

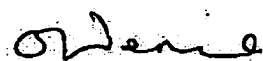
The Accounting Officer has advised the Finance & General Purposes Committee of the implications of the review of the system of internal control and a plan to address any recommendations given and to ensure continuous improvement of the system is in place.

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



Aly Verjee

Chair of Governors



Omar Deria

Headteacher/Accounting Officer

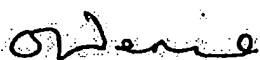
Date: 11th December 2023

Statement on regularity, propriety and compliance 31 August 2023

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 terms and conditions of all funding, including for estates safety and management, under the funding agreement between the academy trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 2022.

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.



Omar Deria

Headteacher / Accounting Officer

Date: 11th December 2023

Statement of governors' responsibilities 31 August 2023

The Governors (who act as Governors 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 2022 to 2023;
- ◆ 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 11th December 2023 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 2023 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 2022 to 2023.

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 2023, 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 2022 to 2023.

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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to the principal accounting policies on page 32 and note 23 of the financial statements, which explain that the Board of Governors approved the transfer of agreed Academy assets and undertakings to Community Schools Trust on 1 September 2023. As a result, Petchey Academy limited company's residual activity relates to agreed ongoing matters, and the intention is for the Academy to cease activity following the resolution of these matters, meeting its legal, regulatory and filing obligations before being dissolved. As a consequence, the financial statements are prepared on a basis other than the going concern basis. We consider that no adjustment to the book value of assets or liabilities is required as a result of this alternative basis of preparation. Our opinion is not modified in respect of this matter.

Independent auditor's report 31 August 2023

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- ◆ adequate accounting records have not been kept 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 Governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors (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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the 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 Governors 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 2022 to 2023, the Academy Trust Handbook 2022, 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 Governors' meetings and the subsidiary company directors' meetings and papers provided to the Governors 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 Governors' 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

Independent auditor's report 31 August 2023

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 Governors 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. 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: 21 December 2023

Independent reporting accountant's report 31 August 2023

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 31 July 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, 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 2022 to 31 August 2023 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 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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;

Independent reporting accountant's report 31 August 2023

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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to Petchey Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Petchey Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Petchey Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.



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

Date: 21 December 2023

Consolidated statement of financial activities (including income and expenditure account)
Year to 31 August 2023

	Notes	Unrestricted general fund £'000	Restricted funds		2023 Total funds £'000	2022 Total funds £'000
			General £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	2	—	65	149	214	112
Charitable activities						
Funding for the Academy's educational operations	6	—	10,489	—	10,489	10,178
Other trading activities	3	341	—	—	341	394
Investments	5	63	—	—	63	3
Other income	4		1,705		1,705	
Total income		404	12,259	149	12,812	10,687
Expenditure on:						
Raising funds	7	43	—	—	43	71
Charitable activities						
Academy's educational operations	7	227	11,045	977	12,249	11,956
Other expenditure	4		1,705		1,705	
Total expenditure		270	12,750	977	13,997	12,027
Net income (expenditure) before transfers		134	(491)	(828)	(1,185)	(1,340)
Transfers between funds	16	(678)	(392)	1,070	—	—
Net (expenditure) income		(544)	(883)	242	(1,185)	(1,340)
Other recognised gains and losses						
Actuarial gain on defined benefit pension scheme	20	—	64	—	64	6,078
Net movement in funds		(544)	(819)	243	(1,121)	4,738
Reconciliation of funds						
Total fund balances brought forward at 1 September 2022		2,505	819	25,815	29,139	24,401
Total fund balances carried forward at 31 August 2023		1,960	—	26,058	28,018	29,139

All of the Academy's activities derived from continuing operations during the above two financial years. On 1 September 2023, agreed assets and liabilities of the Academy were transferred as a going concern to Community Schools Trust (company registration number 10337377).

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

Balance sheets 31 August 2023

	Notes	2023 Group £'000	2022 Group £'000	2023 Trust £'000	2022 Trust £'000
Fixed assets					
Tangible fixed assets	13	26,058	25,815	26,058	25,815
Current assets					
Debtors	14	895	405	959	479
Short term deposits		2,500	2,500	2,500	2,500
Cash at bank and in hand		53	1,780	(18)	1,703
		<u>3,448</u>	<u>4,685</u>	<u>3,441</u>	<u>4,682</u>
Liabilities					
Creditors: amounts falling due within one year	15	(1,488)	(1,344)	(1,481)	(1,338)
Net current assets		<u>1,960</u>	<u>3,341</u>	<u>1,960</u>	<u>3,344</u>
Total assets less current liabilities		28,018	29,156	28,018	29,723
Pension scheme liability	20	—	(19)	—	(19)
Total net assets		<u>28,018</u>	<u>29,139</u>	<u>28,018</u>	<u>29,139</u>
Funds of the Academy					
Restricted income funds					
· Fixed assets fund	16	26,058	25,815	26,058	25,815
· General fund	16	—	838	—	838
· Pension reserve	16	—	(19)	—	(19)
Unrestricted funds					
· General fund	16	1,960	2,505	1,960	2,505
Funds retained within subsidiary		—	—	—	—
Total funds		<u>28,018</u>	<u>29,139</u>	<u>28,018</u>	<u>29,139</u>

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

Aly Verjee

Chair of Governors

Aly Verjee

Date: 11th December 2023

Petchey Academy

Company Limited by Guarantee

Registration Number: 05342164 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2023

		2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash used in operating activities	A	(723)	(233)
Cash flows from investing activities	B	(1,004)	(343)
Change in cash and cash equivalents in the year		(1,727)	(576)
Cash and cash equivalents at 1 September 2022		1,780	2,356
Cash and cash equivalents at 31 August 2023	C	53	1,780

A Reconciliation of expenditure to net cash flow from operating activities

	2023 £'000	2022 £'000
Net expenditure for the year (as per the statement of financial activities)	(1,185)	(1,340)
Adjusted for:		
Depreciation (note 13)	977	918
Capital grants from DfE and other capital income	(148)	(41)
Interest receivable (note 5)	(63)	(3)
Defined benefit pension scheme cost less contributions payable (note 20)	43	682
Defined benefit pension scheme finance cost (note 20)	2	93
Decrease in debtors	(490)	(107)
Increase in creditors	141	(434)
Net cash used in operating activities	(723)	(233)

B Cash flows from investing activities

	2023 £'000	2022 £'000
Dividends, interest and rents from investments	63	3
Purchase of tangible fixed assets	(1,220)	(387)
Capital grants from DfE/ESFA	67	24
Capital funding received from sponsors and others	86	17
Net cash used in investing activities	(1,004)	(343)

C Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	53	1,780
Total cash and cash equivalents	53	1,780

Principal accounting policies 31 August 2023

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 2022 to 2023 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 2023 and its trading subsidiary, Petac Limited, for the period to 31 August 2023.

No separate statement of financial activities has been presented for Petchey Academy alone, as permitted by Section 408 of the Companies Act 2006.

Going concern

Petchey Academy transferred its operations to Community Schools Trust on 1 September 2023 as a going concern. Agreed assets and liabilities were transferred, and the Board of Governors considered that there was no need for any adjustment to carrying values or other fair value adjustment in light of the transfer. These financial statements include the costs and obligations pertaining to the transfer to the extent that they were incurred or became a liability of the Trust prior to the transfer.

As the Board of Governors intend to wind up the Trust following the resolution of the agreed ongoing matters, the Governors do not deem it appropriate to adopt the going concern basis and therefore have prepared the financial statements on a basis other than going concern. No adjustments have been made to book values as a result of this.

After making appropriate enquiries the Board of Governors has a reasonable expectation that the Trust has adequate resources to continue in operational existence until it is wound up.

Income

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

Principal accounting policies 31 August 2023

Income (continued)

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.

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.

Principal accounting policies 31 August 2023

Expenditure (continued)

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.

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.

Short term deposits

Short term deposits comprise deposits with a maturity between three and twelve months. The classification of current assets in the prior year has been updated to show deposits with a maturity of between three and twelve months as short term deposits.

Principal accounting policies 31 August 2023

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.

Investments

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

Financial instruments

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

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

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

Short term deposits – fixed term deposit accounts with a maturity date between three and twelve months. The classification of current assets in the prior year has been updated to show deposits with a maturity of between three and twelve months as short term deposits.

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

Taxation

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

Pensions benefits

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit 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 areas of judgement (continued)

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.

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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 2023

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2023 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% (2022 – 12%) of GAG could be carried forward, of which up to 2% (2022 – 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 2023.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2023 Total funds £'000	2022 Total funds £'000
Other donations	—	—	149	149	41
Capital grants	—	65	—	65	71
	—	65	149	214	112

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

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Catering income	173	—	173	176
School visits income	2	—	2	38
Hire of facilities/lettings income	160	—	160	179
Miscellaneous income	6	—	6	1
	341	—	341	394

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

Notes to the Financial Statements Year to 31 August 2023

4 Other Income

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Insurance Claim Income	-	1,705	1,705	0
	-	1,705	1,705	0

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000
Insurance Claim Income	-	-	-
	-	-	-

During the year, the Academy received income related to an insurance claim linked to a fire which occurred at the Academy. Income received is directly offset by claim related expenditure.

5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Interest receivable	63	—	63	3

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000
Interest receivable	3	—	3

Notes to the Financial Statements Year to 31 August 2023

6 Funding for Academy's educational operations

	Unrestricted general funds £'000	Restricted general funds £'000	2023 Total funds £'000	2022 Total funds £'000
DfE/ESFA revenue grant				
· General Annual Grant (GAG) (note 1)	—	9,309	9,309	9,103
Other DfE Group grants				
· Pupil Premium	—	527	527	530
· Others	—	67	67	66
	—	9,903	9,903	9,699
Other Government grants				
· Local Authority grants	—	444	444	433
		444	444	433
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	—	—	14
Recovery Premium	—	142	142	—
Other DfE/ESFA COVID-19 funding	—	—	—	32
		142	142	46
	—	10,489	10,489	10,178

	Unrestricted general funds £'000	Restricted general funds £'000	2022 Total funds £'000
DfE/ESFA revenue grant			
· General Annual Grant (GAG) (note 1)	—	9,103	9,103
Other DfE Group grants			
· Pupil Premium	—	530	530
· Others	—	66	66
	—	9,699	9,699
Other Government grants			
· Local Authority grants	—	433	433
	—	433	433
COVID-19 additional funding (DfE/ESFA)			
Catch-up premium	—	14	14
Other DfE/ESFA COVID-19 funding	—	32	32
	—	46	46
Exceptional government funding			
Coronavirus exceptional support	—	—	—
	—	10,178	10,178

Notes to the Financial Statements Year to 31 August 2023

7 Expenditure

	Staff costs £'000	Non pay expenditure		2023 Total funds £'000	2022 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds:					
Direct costs	19	—	8	27	47
Allocated support costs	6	8	2	16	24
Charitable activities:					
.. Academy's educational operations					
.. Direct costs	6,978	977	759	8,714	7,943
.. Allocated support costs	1,863	848	824	5,240	4,013
Other expenditure	-	1,705	-	1,705	-
	8,866	3,538	1,593	13,997	12,027

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

	2023 Total funds £'000	2022 Total funds £'000
Net expenditure for the year includes:		
Operating leases	10	9
Depreciation of fixed assets	977	918
Fees payable to auditor		
.. Statutory audit current year	21	15
.. Other services	5	3

Charitable activities - Academy's educational operations

	2023 Total funds £'000	2022 Total funds £'000
Direct costs	8,714	7,943
Support costs	5,240	4,013
	13,954	11,956

Notes to the Financial Statements Year to 31 August 2023

7 Expenditure (continued)

	2023 Total funds £'000	2022 Total funds £'000
Analysis of support costs		
Support staff costs	1,863	2,369
Technology costs	101	145
Premises costs	2,553	779
Legal costs – other (non-conversion)	101	52
Other support costs	574	597
Governance costs	48	71
Total support costs	5,240	4,013

8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2022 between restricted and unrestricted funds:

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

Notes to the Financial Statements Year to 31 August 2023

9 Staff

(a) Staff costs

Staff costs during the year were:

	2023 Total funds £'000	2022 Total funds £'000
Wages and salaries	6,128	5,922
Social security costs	667	634
Pension costs	1,228	1,812
	8,023	8,368
Agency costs	828	434
	8,866	8,802

(b) Severance payments

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

	2023 No.	2022 No.
£0 - £25,000	1	2
£50,001 - £100,000	—	1

(c) Special staff severance payments

During the year, one non-contractual severance payment of £15,050 was made to one staff member (2022 – three payments totalling £44,000 made to three staff members).

(d) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the year expressed as both average headcount and FTE were as follows:

Headcount	2023	2022
Teachers (including Educational Support)	92	102
Administration and support	47	48
Management	14	10
	153	159
Full time equivalent (FTE)	2023	2022
Teachers (including Educational Support)	87	96
Administration and support	40	37
Management	14	9
	140	142

Notes to the Financial Statements Year to 31 August 2023

9 Staff (continued)

(e) Higher paid staff

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

	2023 No.	2022 No.
£60,001 - £70,000	8	4
£70,001 - £80,000	2	—
£80,001 - £90,000	1	4
£90,001 - £100,000	3	—
£100,001 - £110,000	1	—
£170,001 - £180,000	—	1

During the year ended 31 August 2023 pension contributions for those staff in the Teachers' Pension Scheme amounted to £219,224 (2022 – £152,923). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £9,251 (2022 – £nil).

(f) Key management personnel

The key management personnel of the Academy comprise the Governors 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 £530,238 (2022 – £658,617).

10 Governors' remuneration and expenses

Where the Headteacher and if any staff Governors have received remuneration it is only in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors.

In the year ended 31 August 2023, the Headteacher (and Accounting Officer) Omar Deria, received no remuneration directly from Petchey Academy. Instead, the Academy reimbursed his employer, Community Schools Trust, for the cost of his salary, pursuant to the service agreement with CST then in force

Other governors did not receive any payments, from the Academy in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2023 £	2022 £
O Deria, Headteacher (and Accounting Officer)		
Remuneration	£100,000-£105,000	£-
Employers pension contributions	£20,000-£25,000	£-
C Borrill, Headteacher (and former Accounting Officer)		
Remuneration	£- £75,000-£80,000	
Contractual severance pay	£- £75,000-£80,000	
Non contractual severance pay	£- £15,000-£20,000	
Employers pension contributions	£- £15,000-£20,000	

Notes to the Financial Statements Year to 31 August 2023

10 Governors' remuneration and expenses (continued)

During the year ended 31 August 2023, £nil travel and subsistence expenses were reimbursed to Governors (2022 – £nil).

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

11 Governors' 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 2023 was £68 (2022 - £68).

12 Wholly owned trading subsidiary

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

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Turnover	72	94
Cost of sales	(27)	(18)
Gross profit	45	76
Administration costs	(30)	(28)
Profit on ordinary activities	15	48
Gift aid distribution	(15)	(48)
Retained in subsidiary	—	—
Balance sheet:		
Assets	75	86
Liabilities	(75)	(86)
	—	—
Represented by:		
Profit and loss account	—	—
Shareholders' funds	—	—

Notes to the Financial Statements Year to 31 August 2023

13 Tangible fixed assets

Group and Trust	Leasehold buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost/valuation					
At 1 September 2022	35,523	1,212	2,261	52	39,048
Additions	—	26	1,194	—	1,220
At 31 August 2023	35,523	1,238	3,455	52	40,267
Depreciation					
At 1 September 2022	10,342	872	1,967	52	13,232
Charge in year	712	143	121	—	977
At 31 August 2023	11,054	1,015	2,088	52	14,209
Net book value					
At 31 August 2023	24,469	223	1,367	—	26,058
At 31 August 2022	25,181	340	294	—	25,816

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

14 Debtors

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
Trade debtors	7	10	4	3
Other debtors	121	82	120	83
VAT recoverable	272	134	272	133
Amounts due from subsidiary undertakings	—	—	68	80
Prepayments and accrued income	495	179	495	179
	895	405	959	479

15 Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
Trade creditors	809	407	809	405
Other taxation and social security	—	—	—	—
ESFA creditor: abatement of GAG	—	109	—	109
Other creditors	216	225	216	225
Amounts due to subsidiary (note 12)	—	—	—	—
Accruals and deferred income	463	603	456	598
	1,488	1,344	1,481	1,338

Notes to the Financial Statements Year to 31 August 2023

15 Creditors: amounts falling due within one year (continued)

Deferred income

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
Deferred income at 1 September 2022	418	130	418	130
Resources deferred in the year	(497)	375	(497)	375
Amounts released from previous years	206	(87)	206	(87)
Deferred income at 31 August 2023	127	418	127	418

At the balance sheet date, the Academy was holding funds received from Jack Petchey Foundation grants, lettings and trips deferred to the 2023/24 academic year.

16 Funds

	Balance at 1 September 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2023 £'000
ESFA revenue grant fund					
General Annual Grant (GAG)	838	9,309	(9,755)	(392)	—
Other DfE/ESFA grants	—	—	—	—	—
Pupil Premium	—	527	(527)	—	—
Other DfE/ESFA COVID-19 funding	—	142	(142)	—	—
Other grants	—	2,281	(2,281)	—	—
Pension reserve	(19)	—	(45)	64	—
	819	12,259	(12,750)	(328)	—
Restricted fixed assets fund					
DfE/ESFA capital grants	25,228	68	(977)	—	24,319
Capital expenditure from GAG	487	—	—	1,070	1,557
Private sector capital sponsorship	100	81	—	—	181
	25,815	149	(977)	1,070	26,058
Total restricted funds	26,634	12,408	(13,727)	742	26,058
Unrestricted funds					
Unrestricted general funds	2,505	332	(213)	(663)	1,961
Petac Ltd	—	72	(57)	(15)	—
Total unrestricted funds	2,505	404	(270)	(678)	1,961
Total funds	29,139	12,812	(13,997)	64	28,018

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

Notes to the Financial Statements Year to 31 August 2023

16 Funds (continued)

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 2023. 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.

Comparative information

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

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

Notes to the Financial Statements Year to 31 August 2023

17 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2023 £'000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	—	—	26,058	26,058
Current assets	1,961	1,488	—	3,448
Current liabilities	—	(1,488)	—	(1,488)
Pension scheme liability	—	—	—	—
Total net assets	1,961	—	26,058	28,018

Academy	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2023 £'000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	—	—	26,058	26,058
Current assets	1,961	1,481	—	3,441
Current liabilities	—	(1,481)	—	(1,481)
Pension scheme liability	—	—	—	—
Total net assets	1,961	—	26,058	28,018

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

Group	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2022 £'000
Fund balances at 31 August 2022 are represented by:				
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)
Total net assets	2,505	817	25,815	29,139

Academy	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2022 £'000
Fund balances at 31 August 2022 are represented by:				
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)
Total net assets	2,505	820	25,815	29,140

18 Financial commitments

Operating leases

At 31 August 2023, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	2023 £'000	2022 £'000
Amounts due within one year	6	9
Amounts due between two and five years inclusive	4	6
	10	15

19 Members' Liability

Each member of the Academy undertakes to contribute to the assets of the Academy in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

20 Pension and similar obligations

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

Prior to 31st August 2023, the latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022. A further valuation of the TPS scheme, relating to the period ended 31 March 2020 was published in October 2023.

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 which applied during the year ended 31 August 2023 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:

20 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (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 latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

The employer's pension costs paid to TPS in the period amounted to £828,895 (2022 – £782,483).

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 2023 was £460,000 (2022 – £467,000), of which employer's contributions totalled £355,000 (2022 – £360,000) and employees' contributions totalled £105,000 (2022 – £107,000). 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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on the GOV.UK website.

Notes to the Financial Statements Year to 31 August 2023

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Principal Actuarial Assumptions	At 31 August 2023	At 31 August 2022
Rate of increase in salaries	3.45%	3.35%
Rate of increase for pensions in payment / inflation	3.05%	3.05%
Discount rate for scheme liabilities	5.20%	4.25%
Inflation assumption (CPI)	2.95%	3.05%

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 2023	At 31 August 2022
<i>Retiring today</i>		
Males	21.2	21.1
Females	24.2	23.6
<i>Retiring in 20 years</i>		
Males	21.7	22.5
Females	25.3	25.6

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

	At 31 August 2023 £'000	At 31 August 2022 £'000
Discount rate -0.1%	145	181
Salary increase rate +0.1%	4	8
Mortality assumption + 1 year	208	245
CPI rate -0.1%	144	175

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

	Fair value at 31 August 2023 £'000	Fair value at 31 August 2022 £'000
Equities	3,400	3,788
Gilts	2,223	1,344
Property	785	672
Cash and other liquid assets	131	306
Total market value of assets	6,538	6,110
Present value of scheme liabilities		
- Funded	(5,199)	(6,129)
Surplus restriction (included in actuarial gain on statement of financial activities)	(1,339)	—
Deficit in the scheme	—	(19)

Notes to the Financial Statements Year to 31 August 2023

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Due to changes in assumptions in the current economic climate, and in particular the discount rate which is derived from high quality corporate bonds, the liabilities in the pension scheme have reduced considerably. In this regard, an actuarial gain has occurred resulting in a change from a net pension liability of £19,000 at 31 August 2022, to a net defined benefit asset of £1,339,000 at 31 August 2023. However, as the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil by adjusting the actuarial gain.

Amounts recognised in statement of financial activities	2023 £'000	2022 £'000
Current service cost	43	1,042
Net interest cost	2	93
Total operating charge	45	1,135
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	268	104
Interest on pension liabilities	(270)	(197)
Pension finance income/(costs)	(2)	(93)

Changes in the present value of defined benefit obligations were as follows:	2023 £'000	2022 £'000
At 1 September 2022	6,129	11,413
Current service cost	398	1,042
Interest cost	270	197
Employee contributions	105	107
Actuarial gain	(1,657)	(6,598)
Benefits paid	(46)	(32)
At 31 August 2023	5,199	6,129

Changes in the fair value of the Academy's share of scheme assets:	2023 £'000	2022 £'000
At 1 September 2022	6,110	6,091
Interest income	268	104
Actuarial gain (loss)	(1,593)	(520)
Employer contributions	355	360
Employee contributions	105	107
Benefits paid	(46)	(32)
At 31 August 2023	5,199	6,110

21 Related party transactions

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

The following related party transactions took place during the year:

The Jack Petchey Foundation

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

Gemma Juma – A member and Governor of Petchey Academy was the Chief Executive Officer of the Jack Petchey Foundation throughout the year.

The Academy was in receipt of restricted grants from the Foundation relating to the period equal to £145,211 (2022 – £69,189) and £73,480 (2022 – £16,703) for capital projects on successfully applying to the Foundation's Board of Trustees via a grant bid process. An amount of £51,073 was received towards projects deferred till 23/24 (2022 – £72,810), this amount is included within deferred income at the year end.

The Petchey Academy received £2,700 (2022 – £2,550) from The Jack Petchey Foundation through its Achievement Award Programme and other sponsorship programmes that are available to all schools.

Petac Limited

A wholly owned subsidiary, Petac Limited, commenced trading on 1 June 2018. At the year end the Academy owed Petac Limited £nil (2022 – £nil).

Community Schools Trust

Omar Deria – The Headteacher and Accounting Officer of the Petchey Academy was an employee of the Community Schools Trust throughout the year.

The Academy engaged in a SLA with Community Schools Trust. Expenditure relating to the period was £401,473 (2022 – £81,566).

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.

22 Connected entity transactions

Hackney Education (Formerly Hackney Learning Trust)

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 £123,752 (2022 – £83,133). £347,618 income (2022 – £307,906) 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.

23 Post-balance sheet events

With effect from 1 September 2023, the activities, assets and liabilities of the Academy were transferred as a going concern to Community Schools Trust (company registration number 10337377). This transfer was in accordance with a legal deed of transfer.

The Governors will commence the winding up of Petchey Academy, the company limited by guarantee, in accordance with the schedule of activities set out in the Transfer Agreement with the Community Schools Trust.

24 Contingent liability

Recognition of a contingent liability pursuant to Charities SORP FRS 102 10.84 was made on the basis that outstanding claims against the Academy might result in a possible but uncertain financial obligation.