

Registration number: 07687135

The Pinnacle Learning Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

Beever and Struthers
Chartered Accountants and Statutory Auditors
St George's House
215 - 219 Chester Road
Manchester
M15 4JE



The Pinnacle Learning Trust

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The Pinnacle Learning Trust

Reference and Administrative Details

Members	A Kilburn
	E Morris
	M Hewstone
	D George
	S Waseem
Trustees (Directors)	A Kilburn
	J Clarke
	M Gibbons
	D McEntee
	S Marvo-Michaelis (resigned 31 July 2018)
	J Porter
	A Ur-Rehman
	C Wilson
	B Shah (resigned 1 September 2017)
Company Secretary	I Howard (appointed 23 October 2018)
	D Hunt

The Pinnacle Learning Trust

Reference and Administrative Details (continued)

Senior Management Team	J Clarke, Executive Principal and Accounting Officer D McEntee, Principal P Roberts, Deputy Principal B Beaumont, Director of Finance and Chief Financial Officer M Giles, Senior Vice Principal P McIlroy, Vice Principal S Reeves, Vice Principal R Logan, Vice Principal C Arnold, Assistant Principal L Astbury, Assistant Principal M Crilly, Assistant Principal E Hart, Assistant Principal R Lee, Assistant Principal A Easton, Assistant Principal L Philip, Assistant Principal A Travis, Assistant Principal S Williams, Assistant Principal D Sykes, Business Manager A Potts, Assistant Principal N Baker, Assistant Principal
Principal and Registered Office	Bellfield Avenue Oldham Lancashire OL8 3EP
Company Registration Number	07687135
Auditors	Beever and Struthers Chartered Accountants and Statutory Auditors St George's House 215 - 219 Chester Road Manchester M15 4JE
Bankers	Lloyds Bank
Solicitors	Browne Jacobson LLP 14th Floor No.1 Spinningfields 1 Hardman Square Manchester M3 3EB

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust is currently responsible for Oldham Sixth Form College and The Hathershaw College.

Oldham Sixth Form College

Student numbers on census date (16/10/18): 2,402 (2017: 2,260)

The Hathershaw College

Hathershaw PAN (pupil admission number) is 1,050.

Students on roll as at census 4/10/18 was 1,061 (2017: 1,060)

Structure, governance and management

Constitution

The multi academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The trustees of The Pinnacle Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Pinnacle Learning Trust, Oldham Sixth Form College and The Hathershaw College.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The multi academy trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the multi academy trust also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

The management of the multi academy trust is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association with effect from 1 September 2017. The Articles of Association require there to be a minimum of not fewer than three trustees.

Policies and procedures adopted for the induction and training of Trustees

Newly-appointed trustees are inducted into the workings of the multi-academy trust, including policies and procedures. Where necessary, induction provides training on charity and educational, legal and financial matters. Trustees and Governors are invited to attend various training sessions covering all matters of governance through senior leaders and external training providers. The Local Governing Body have designated Governors for key areas of responsibility, such as safeguarding and health and safety.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Organisational structure

The multi academy trust has a leadership which consists of five levels:

- 1 The members
- 2 The trustees
- 3 The Local Governing Body of each academy
- 4 The Senior Leadership Team of each academy
- 5 The academy teams

The aim of the leadership structure is to devolve responsibility and encourage decision-making at all levels. The Executive Principal is the accounting officer. Full details of roles and responsibilities are given in the scheme of delegation and the code of governance.

The Board meets as a full body a minimum of 4 times throughout the year. The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the multi academy trust's use of budgets and making major decisions about the direction of the multi academy trust, capital expenditure, student outcomes and senior staff appointments. The local governing body at each academy reports to the trust board and monitors outcomes at academy level, including academy-specific policies and quality and standards. The senior leadership team at each academy is detailed on page 1. The senior leadership teams control each academy at a day to day level, implementing the policies laid down by the trustees and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

A sub-committee of the Trust Board is responsible for determining the policy for the remuneration of the Executive Principal. In determining such policy the committee will take into account all factors which it deems necessary, including relevant regulatory requirements.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
5	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	4

Percentage of pay bill spent on facility time

	2018
Provide the total cost of facility time	1,143
Provide the total pay bill	13,211,567

Paid trade union activities

	2018
	%
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	1

Connected organisations, including related party relationships

D McEntee	West Oldham Trust
J Clarke	Oldham Leadership in Education Partnership (resigned March 2018)
	The Sixth Form Colleges' Association (SFCA)

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of The Pinnacle Learning Trust, to provide education for students/pupils of different abilities between the ages of 11 to 19.

In accordance with the Funding Agreement made under section 1 of the Academies Act 2010 between the Secretary of State for Education, the multi academy trust is governed by a trust board which exercises its power and functions with a view to fulfilling a largely strategic role in running of the academy. The Funding Agreement specifies the admission arrangements, among other things, and that the curriculum, in substance, complies with statutory requirements.

The main objects of the multi academy trust during the year to 31 August 2018 are provided below and specifically restricted to the following, as per the Articles of Association:

- 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 and balanced curriculum.

The broader mission, vision and values of the Trust are as follows:

Mission

Our mission is to improve the lives and life chances of young people in Oldham and the local area. In order to achieve this we are committed to continuing to raise aspirations and achievement across all our academies through the development of outstanding practice based upon partnership.

Vision

Our vision is to:

- Create a family of outstanding academies within a caring and supportive environment;
- Be consistent in our emphasis on high standards and excellence;
- Establish a culture of high aspirations and promote a commitment to lifelong learning;
- Provide and nurture an ethos in which students learn by example and grow morally and socially.

Values

Our purpose is to provide excellent academies for our children and young people based upon the following values. We aim to:

- Celebrate the uniqueness of all students, and through outstanding pastoral care, inspirational teaching and academic challenge, support each student to flourish and become responsible and successful citizens who make a positive contribution to the communities they serve;
- Generate positive and challenging learning environments which allow students and staff to grow and develop through a range of opportunities;
- Develop outstanding leadership at all levels that delivers maximum achievement;
- Celebrate the diversity of our community by encouraging an understanding of our communities, faiths and cultures; locally, nationally and internationally.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Objectives, strategies and activities

The multi academy trust's main strategy is to raise standards of achievement and progress through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the multi academy trust is teaching and learning: its people and resources are constantly measured by their contribution to the overall quality of teaching and learning therefore the standards achieved by its students.

The priorities over the next 3 years are detailed in the Future Plans on page 14.

Public benefit

The multi academy trust provides educational services to children and young people from across Oldham and the local area. The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charities Commission.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Achievements and performance Oldham Sixth Form College

The College was judged by Ofsted to be Good in September 2016 and has achieved improved results since this judgement, with progress scores significantly above average in both Academic and Applied General programmes and GCSE Maths and English resit outcomes that are well above sector averages.

A Level %	2015	2016	2017	2018	National 2018
Pass	97.9	98.9	97.9	98.2	97.6
A* - C	69.6	73.7	72.6	77.7	77
A* - B	42	44.6	43.6	47.8	53

Vocational Courses (BTEC and CAMTEC)

Pass rate	100%				
	Extended Diploma		Diploma		All Y13 voc courses
	2018	2017	2018	2017	2018
High grades	93.9%	84.6%	57.6%	60%	86.6%
	(228 Ss)		(59 Ss)		(65.2% D*)

Value-added Quality Indicator scores, as measured by ALPS, are grade 3* for both A Level and Vocational programmes:

A Level	2015	2016	2017	2018
Provider A Level Quality Indicator Grades	5	3	4	3
BTEC	2015	2016	2017	2018
Provider BTEC Quality Indicator Grades	4	3	3	3

* The ALPS scoring system runs from 1-9 where 1 is best and 9 worst. A score of 3 places outcomes at OSFC in the top 25% nationally. In both cases, the score is very close to being a grade 2, which would be in the top 10%.

High grades (C+) in Maths and English GCSE (all figures are %)

Subject	2015	2016	2017	2018	SFC benchmark (2017)	Difference
Mathematics	45.6	42.6	35.7	46.1	39.5	6.6
English*	70.5	75.9	63.7	58.3	50.4	7.9
Maths grade E to D**			35.5	55.2	n/a	n/a

* iGCSE until 2015/16

** Students with E grades entered for Foundation Maths who improved their grade

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

The Hathershaw College

Since the last Ofsted inspection, GCSE results have continued to show improvements in both attainment and progress, with the school reporting its best ever GCSE outcomes in 2018.

Performance Measure	2017 National Results	2018 College Results
Progress 8		
All students	-0.03	+0.47
Disadvantaged students	-0.4	+0.22
Others (not disadvantaged)	+0.11	+0.66
Girls	+0.18	+0.86
Boys	-0.24	+0.01
Attainment 8		
All students	46.30	46.80
Disadvantaged students	37.00	42.40
Others (not disadvantaged)	49.80	50.80
Girls	49.00	50.50
Boys	43.70	42.60
Percentage achieving Standard Pass in English & Maths (grade 4+)		
All students	63%	64%
Disadvantaged students	44%	52%
Others (not disadvantaged)	71%	74%
Girls	68%	69%
Boys	60%	58%
Percentage achieving Strong Pass in English & Maths (grade 5+)		
All students	43%	39%
Disadvantaged students	25%	29%
Others (not disadvantaged)	49%	48%
Girls	46%	50%
Boys	40%	27%

Progress 8 and Attainment 8

In 2018 the College achieved a Progress 8 score of +0.47 (2017: +0.35) which is above the national average score of 0. This score shows how much progress students made between the end of key stage 2 (primary school) and the end of key stage 4 (secondary school), compared to students across England who got similar results at the end of key stage 2. This is based on results in up to eight qualifications, which include English, Maths, three English Baccalaureate qualifications (science, computer science, history, geography or a modern foreign language) and three other additional approved qualifications. The 2018 Progress 8 score for Disadvantaged students was +0.22 (2017 national average score for Disadvantaged students: -0.4)

The average Attainment 8 score for all students, based upon the same subjects used to calculate Progress 8, was 46.81 (2017: 46.6) and is slightly above the 2017 national average Attainment 8 score of 46.3.

Attendance

Whole school attendance for the academic year 2017/18 was 95.5% which compares favourably against the 2016/17 national average of 94.8%.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Going concern

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

Financial review

The multi-academy trust continues to adopt the Financial Regulations and Procedures and accompanying Scheme of Delegation which were drawn up March 2018 and are updated on an annual basis.

The multi-academy trusts incoming resources during the year amounted to £36.1m (2017: £6.8m). The majority of the multi-academy trust's income derives from central government funding via the Education and Skills Funding Agency in the form of recurrent grants. Further details of these grants are provided in the notes to the accounts.

Total outgoing resources for the year were £18.3m (2017: £7.4m), the majority of which related to the direct provision of educational operations. Income exceeded income during the year by £17.9m (2017: -£1m).

At the year-end 31 August 2018, the total reserves amounted to £26.3m (2017 £6.4m), including a deficit on the restricted pension fund of £2.8m (2017: £2.3m).

The deficit on the Local Government Pension Scheme does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the multi academy trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the multi academy trust due to the deficit being recognised. Parliament has agreed at the request of the Secretary of State for Education, to guarantee that, in the event of the any of the academies closure, outstanding local government pension scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

The multi academy trust remains in a healthy financial position with net assets as at 31 August 2018 of £26.3m (2017: £6.4m).

Cash balances at the year ended 31 August 2018 were £3.7m.

At 31 August 2018, all assets shown in the financial statements were used exclusively for providing education and associated support services to students in the multi academy trust.

Funds in deficit

The Local Government Pension Scheme (LGPS) is in a deficit position as at 31 August 2018 resulting in a pension fund reserve deficit. The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the multi-academy trust in the form of possible future increases in pension contributions which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the multi academy trust because of recognising the deficit. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of any academy closure within the multi-academy trust, outstanding local government pension scheme liabilities would be met by the Department for Education. This guarantee came into force on 18 July 2013.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

The principal sources of funding and how expenditure has supported the key objectives of the academy trust

The multi academy trust receives its principal funding from the Education and Skills Funding Agency in the form of current grants, including:

- Pupil led factors;
- Special educational needs;
- Minimum funding guarantee;
- Education Services Grant;
- Pre/Post 16 high needs;
- Capital improvement funding.

Financial and risk management objectives and policies

The trustees have assessed the major risks to which the academy is exposed, in particular to those relating to specific teaching, provision of facilities and other operational areas of the multi academy trust and its finances. The trustees have implemented a number of systems to enable them to assess the risk which the multi-academy trust faces, in particular those relating to operational areas such as teaching, health and safety, school trips and bullying as well as in relation to the control of finance. Systems have been implemented by the trustees to minimise risk which included vetting of staff, registration and signing in procedures for visitors and supervision of the multi academy estates.

As a multi academy trust directly funded by the Department for Education, funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in government policy and funding levels. However, the key risk is falling student/pupil numbers. The trustees have a risk management strategy which is managed and reviewed on a regular basis.

The multi-academy trust's share of the defined benefit pension scheme liability is £3,169,000 (2017: £2,470,000) and the risk is that if the defined benefit pension scheme deficit increases, there may be an impact on cash flow representing an increase in employer's pension contributions. The trustees are satisfied that the multi-academy trust is able to meet its known contribution to commitments for the foreseeable future.

Reserves policy

The multi-academy trust's policy of reserves is to maintain sufficient reserves to enable the multi-academy trust to operate effectively in what is becoming a less certain economic and funding environment, to address any current year shortfall in funding, or to use them in the on-going investment in the multi-academytrust's estate, subject to satisfying the terms and conditions of the grant funding.

The multi-academy trust has £2m on long term deposits at 31 August 2018.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Investment policy and performance

All investments are made in accordance with the policy of the multi-academy trust. The multi-academy trust's policy on investments is one of minimum risk, with all investments being held with the multi-academy trust's bankers. The multi-academy trust will nevertheless seek to maximise interest receipts with this arrangements.

Under the Memorandum and Articles of Association, the multi-academy trust has the power to invest funds not immediately required for its own purposes in any investments the trustees see fit. The multi-academy trust has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are also reviewed on a regular basis,

The multi-academy trust has invested £2m on long term deposits during the year ended 31 August 2018.

A significant part of the multi-academy trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year to 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The multi-academy trust also receives grants for fixed assets (capital grants) from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (Charities SORP FRS 102) such grants are shown in the statement of financial activities as restricted income and are not deferred in the balance sheet. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year to 31 August 2017 the excess of income over expenditure was £17,879k (2017 -£608k).

As at 31 August 2018, the net book value of fixed assets was £26,762k (2017 £ 8,469k) as shown in Note 14 to the financial statements. The assets were used for providing education and the associated support services to the students/pupils of the multi academy trust.

The multi-academy trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The multi-academy trust's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme and consequently the balance sheet shows a net pension liability of £3,169k (2017 £2,470k).

The multi-academy trust's unrestricted funds are income which can be spent at the discretion of the trustees in furtherance of the trust's objectives and which are not yet spent, committed or designated. At 31 August 2018 the value of the unrestricted funds amounted to £2,638k (2017 £231k). Restricted general funds amounted to £404k (2017 £212k).

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Principal risks and uncertainties

The trustees delegate responsibility for identifying risks faced by each Academy of The Pinnacle Learning Trust, at the same time identifying risks at trust level.

The Local Governing Body is responsible for the management of risks faced by their respective academy and the Senior Leadership Teams ensure that employees are aware of these procedures and of the implications of failing to implement them. The trustees are satisfied that the system of delegated responsibility and the associated procedures are consistent with guidelines issued by the Charity Commission. Detailed consideration of the risks are reviewed by the Local Governing Body of each Academy assisted by the Senior Leadership Team. Risks are identified and assessed and controls are established on an ongoing basis.

The Trust Audit and Risk Committee receives updates on each Academy's risks and is responsible for ensuring that the overall multi-academy trusts risks are monitored and controlled.

The main risks to the multi-academy trust and its academies as identified in the risk registers are:

- Changes in Government legislation, particularly with regard to funding;
- Outcomes for young people;
- Loss of key staff;
- Disruption to IT Systems;
- Estates issues including inadequate buildings.

Through the risk management processes established for The Pinnacle Learning Trust, the board of trustees is satisfied that the major risks have been adequately managed where necessary. It is recognised that systems and procedures can only provide reasonable but not absolute assurance that major risks have been adequately managed, including taking reasonable steps for the prevention and detection of fraud and other irregularities.

The key controls used by The Pinnacle Learning Trust are:

- Formal agendas for the board of trustees, the multi-academy trust committees and each Local Governing Body activity;
- Detailed and comprehensive terms of reference and standing orders for the Local Governing Body;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies, compliant with relevant laws and regulations;
- Clear authorisation and approval levels;
- Vetting and clearance procedures as required by law for the protection of children and young people;
- Internal audit provision; and
- ICT disaster recovery policy.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Fundraising

During the academic year, the multi-academy trust has raised funds in excess of £19,347 for various charities and good causes.

Maggies £12,626

Breast Cancer Awareness £828

Sport Relief £1,540

Children in Need £688

Manchester Children's Hospital £578

10 other registered charities £3,087

Plans for future periods

The multi-academy trust is currently updating its strategic plan and has to follow broad priorities over the next 3 years:

- Securing outstanding outcomes for students

Through a continued focus a prioritisation of high quality teaching and learning experience for students, linked with CPD for staff;

- Develop and implement a carefully managed growth strategy

Working with key partners to grow the multi-academy trust to include primary schools in addition to the existing secondary and post-16 academies;

- Build and maintain strong and effective strategic relationships

Working with the Local Authority and DfE/Regional Schools Commissioner to become a multi-academy trust of choice for local provision and ensuring our strategic planning reflects local priorities wherever possible;

- Raise the profile of the multi-academy trust locally and regionally

Seeking to actively raise awareness of the multi-academy trust, our existing successes and our vision, values and aspirations for future development;

- Continued central services development

Sharing effective practice and taking opportunities to develop a shared trust-level approach wherever this is appropriate and has the potential to improve our work;

- Develop the Teaching School within and beyond the multi-academy trust, providing professional development, school improvement and initial teacher education within the multi-academy trust and the local area;

- Funding/viability/risk management

Ensure the multi-academy trust's finances are managed strategically, securing best value, full compliance and supporting the delivery of the multi-academy trust strategic plan.

The Pinnacle Learning Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Employment of disabled persons

The Pinnacle Learning Trust is committed to ensuring equality of opportunity for all who learn and work within it. Through its core values it respects and values positively differences in race, gender, able-bodiedness, sexual orientation, class and age. The Trust strives vigorously to remove conditions, which place individuals at a disadvantage.

The multi-academy trust considers all applications for employment from disabled persons. An applicant who is disabled and satisfies all the essential criteria of the post is guaranteed an interview. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the multi-academy trust continues. The multi-academy trust is committed to provide training, staff development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

We have a comprehensive series of policies in place to support managers and leaders in guiding staff through processes affecting their employment within the Multi-Academy Trust. These policies enable us to apply consistent employment practice approaches across the organisation and are tailored to ensure that both new and existing employees are able to learn about how we operate and what staff can expect from us as well as what we expect from staff.

The multi-academy trust is committed to ensuring that any change management required is implemented sensitively and effectively to ensure minimal impact to staff and students alike. This will include engaging and communicating with staff and their representatives from the beginning of the change and providing assurances around a transparent and fair process.

Funds held as Custodian Trustee on behalf of others

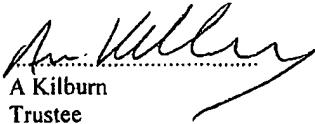
There are no funds held as a custodian trustee on behalf of another.

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 4.12.2018 and signed on its behalf by:


A Kilburn
Trustee

The Pinnacle Learning Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to J Clarke, 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 Pinnacle Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Kilburn	4	4
C Wilson	4	4
A Ur-Rehman	2	4
S Marvo-Michaelis	3	4
M Gibbons	3	4
J Porter	3	4
J Clarke	4	4
D McEntee	4	4

Governance reviews

A Regularity Self-Assessment review is completed annually to assess the soundness, operation and effectiveness of the financial management and Governance framework.

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to consider each of the Academies' indicative funding, notified annually by the DfE/ESFA, and to assess their implications for the relevant Academy. To consider and recommend acceptance or non-acceptance of the Academies' budgets each financial year. To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Academies. To keep under review the multi-academy trust's financial management and reporting arrangements. To monitor and review procedures for ensuring the effective implementation and operation of financial procedures on a regular basis, including the implementation of bank account arrangements. To consider the financial statement to form part of the annual report of the Board to stakeholders. To receive a Health and Safety report and advise as necessary. To consider asset and property management. To consider pay and other HR matters including grievances, appeals and dismissals. Also to receive HR reports and make recommendations to the Board. Attendance at meetings during the year was as follows:

The Pinnacle Learning Trust
Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
C Wilson	3	3
M Gibbons	3	3
J Porter	2	3
J Clarke	3	3
D McEntee	3	3

The Audit & Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to consider the external and internal audit function, review the adequacy and effectiveness of the multi-academy trust's financial management and reporting arrangements, review policies, review the risk management strategy, processes and procedures, and robustness of risks registers. It also reviews health and safety matters, and monitors compliance with the Academies' Health and Safety report and statutory obligations under the H & S at Work Act 1974. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
A Kilburn	3	3
S Marvo-Michaelis	2	3
A Ur-Rehman	1	3

Review of value for money

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

The Accounting Officer considers how the multi-academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Robust financial governance and budget management;
- Value for money purchasing including accepting best value quotes, noting that this is not necessarily the cheapest quote;
- Reviewing controls and managing risk;
- Centralising services and procurement where possible;
- Considering allocation/targeting/use of resources;
- Making comparisons with similar Academies using data provided by the ESFA and the Government;
- Challenging proposals and examining their effectiveness and efficiency;
- Deploying staff effectively;
- Reviewing quality of curriculum provision and quality of teaching;
- Reviewing the quality of learning to enable students/children to achieve nationally expected progress;
- Reviewing actual need before recruiting like for like for staffing.

The Pinnacle Learning Trust

Governance Statement (continued)

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Pinnacle Learning Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget agreed by the Board of Trustees; the Chair receives monthly management accounts;
- regular reviews by the Finance and Resources Committee of monthly management accounts which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting Key Performance Indicators to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Wylie and Bisset to carry out an agreed audit plan.
- The auditor's role includes giving assurance of internal controls and procedures including a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:
 - IT Systems;
 - Payroll and expenses;
 - Human Resources;
 - Overall Financial Controls.

On a quarterly basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

Review of effectiveness

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

- the work of the internal auditor ;
- the work of the external auditor;

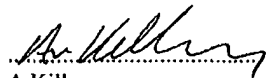
The Pinnacle Learning Trust

Governance Statement (continued)

- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 7/12/2018 and signed on its behalf by:



A Kilburn
Member

The Pinnacle Learning Trust

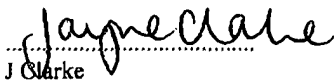
Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Pinnacle Learning Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

During the year the college incurred costs of £15,852 (2017: £35,402) from Warburton Associates, a related party by virtue of spousal relationship between a member of the Senior Leadership Team and one of the directors of Warburton Associates. The payments were made in respect of a contract that had been agreed prior to the College joining the multi-academy trust under a competitive tender process but were not conducted in accordance with the 'at cost' requirement of the Academies Financial Handbook 2017 but represented value for money. The College has incurred costs of £2,193 for remedial works carried out following the year end.


J Clarke

Accounting officer

Date: 4/12/18

The Pinnacle Learning Trust

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 4.11.2018 and signed on its behalf by:


A Kilburn
Member

The Pinnacle Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of The Pinnacle Learning Trust

Opinion

We have audited the financial statements of The Pinnacle Learning Trust (the 'Academy') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

The Pinnacle Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of The Pinnacle Learning Trust (continued)

Opinion 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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 21], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

The Pinnacle Learning Trust

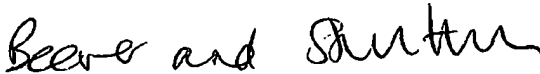
Independent Auditor's Report on the Financial Statements to the Members of The Pinnacle Learning Trust (continued)

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy's Trustees, 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 Academy's trustees 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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date: 11/12/18

The Pinnacle Learning Trust

Independent Reporting Accountant's Report on Regularity to The Pinnacle Learning Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Pinnacle Learning Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 17 August 2017 and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 year from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review and testing of financial systems of internal control;
- Sample testing of transactions;
- Discussions with management.

The Pinnacle Learning Trust

Independent Reporting Accountant's Report on Regularity to The Pinnacle Learning Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The following matters came to our attention in the course of carrying out our audit:

Our regularity assurance opinion on the financial statements for the Academy Trust for the year ended 31 August 2018 highlights the following:

- Transactions with a related party. The Trust disclosed to us that the spouse of a member of the Key Management Personnel in Oldham Sixth Form College had been contracted to provide Architectural Services for the College. The contract was agreed under a competitive tender process prior to the college joining the multi academy trust. This complied with the requirements of the Sixth Form Colleges Financial Handbook.

It was noted that these transactions were not "At cost" which is a breach of the Academies Financial Handbook 2017. It is however recognised that the Trust has considered that these transactions represent best "Value for Money" despite any profit element in the transactions.

Beever and Struthers

.....
Sue Hutchinson
Reporting Accountant
For and on behalf of Beever and Struthers, Chartered Accountants

St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date: 11/12/18

The Pinnacle Learning Trust

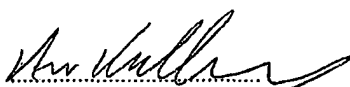
Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	33	-	932	965	3
Transfer from Oldham Sixth Form College on conversion		2,303	(1,928)	18,291	18,666	-
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	16,326	-	16,326	6,651
Teaching schools		-	60	-	60	-
Other trading activities	4	68	65	-	133	135
Investments	5	3	-	-	3	1
Total		2,407	14,523	19,223	36,153	6,790
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	16,981	1,233	18,214	7,398
Teaching schools	28	-	60	-	60	-
Total		-	17,041	1,233	18,274	7,398
Net income/(expenditure)		2,407	(2,518)	17,990	17,879	(608)
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	25	-	2,011	-	2,011	1,190
Net movement in funds/(deficit)		2,407	(507)	17,990	19,890	582
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2017		231	(2,257)	8,468	6,442	5,859
Total funds/(deficit) carried forward at 31 August 2018		2,638	(2,764)	26,458	26,332	6,441

The Pinnacle Learning Trust
(Registration number: 07687135)
Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	12	26,762	8,469
Current assets			
Debtors	13	536	170
Cash at bank and in hand		3,705	304
		4,241	474
Creditors: Amounts falling due within one year	14	(1,471)	(32)
Net current assets		2,770	442
Total assets less current liabilities		29,532	8,911
Creditors: Amounts falling due after more than one year	15	(31)	-
Net assets excluding pension liability		29,501	8,911
Pension scheme liability	25	(3,169)	(2,470)
Net assets including pension liability		26,332	6,441
Funds of the Academy:			
Restricted funds			
Restricted general fund		405	212
Restricted fixed asset fund		26,458	8,468
Restricted pension fund		(3,169)	(2,470)
		23,694	6,210
Unrestricted funds			
Unrestricted general fund		2,638	231
Total funds		26,332	6,441

The financial statements on pages 27 to 53 were approved by the Trustees, and authorised for issue on 4.12.2018 and signed on their behalf by:


A Kilburn
Member

The Pinnacle Learning Trust

Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	3,596	(222)
Cash flows from investing activities	22	(174)	(524)
Cash flows from financing activities	21	<u>(21)</u>	<u>-</u>
Change in cash and cash equivalents in the year		3,401	(746)
Cash and cash equivalents at 1 September		<u>304</u>	<u>1,050</u>
Cash and cash equivalents at 31 August	23	<u><u>3,705</u></u>	<u><u>304</u></u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going concern

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

Income

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

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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 trust has provided the goods or services.

Donated goods, facilities and services

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

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

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received. Oldham Sixth Form College land and buildings have been valued on a depreciated replacement cost basis due to the specialist nature of the buildings.

Donated fixed assets

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

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.

All resources expended are inclusive of irrecoverable VAT.

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Expenditure on raising funds

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

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 for The Hathershaw College and £500 for Oldham Sixth Form College or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Asset class	Depreciation method and rate
Property	50 years (Hathershaw) 40 years (Oldham)
Building improvements	10 years
Inherited buildings	39 years
Furniture and equipment	5 years
Computer equipment	3 years (Hathershaw) 6 years (Oldham)
Plant & machinery	15 years
Mechanical & electrical	20 years
Fixtures & fittings	10 years
Motor vehicles	10 years
Educational/other equipment	10 years

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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 trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

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.

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31/08/2018. 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.

Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Other voluntary income				
Educational trips and visits	26	-	26	-
Capital grants	-	932	932	-
Other donations	7	-	7	3
	<u>33</u>	<u>932</u>	<u>965</u>	<u>3</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
DfE/ESFA capital grants			
DfE/ESFA capital grant	-	-	48
DfE/ESFA revenue grants			
General Annual Grant (GAG)	15,577	15,577	6,491
SEN funding	-	-	92
Other DfE / ESFA grants	728	728	20
	16,305	16,305	6,603
Non-government grants and other income			
Other income	21	21	-
Total grants	16,326	16,326	6,651

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Hire of facilities	24	-	24	11
Catering income	-	22	22	-
School shop sales	9	-	9	-
Other sales	35	43	78	124
	68	65	133	135

5 Investment income

	Unrestricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Short term deposits	3	3	1

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure

	Non Pay Expenditure			2017/18	2016/17
	Staff costs	Premises	Other costs	Total	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Academy's educational operations					
Direct costs	10,699	-	1,151	11,850	5,914
Allocated support costs	2,314	2,455	1,595	6,364	1,484
Teaching School	57	-	3	60	-
	<u>13,070</u>	<u>2,455</u>	<u>2,749</u>	<u>18,274</u>	<u>7,398</u>

7 Charitable activities

	2017/18	2016/17
	£ 000	£ 000
Direct costs - educational operations	11,850	5,914
Support costs - educational operations	6,364	1,484
	<u>18,214</u>	<u>7,398</u>

	Educational operations	2017/18	2016/17
	£ 000	Total	Total
		£ 000	£ 000
Analysis of support costs			
Support staff costs	2,314	2,314	715
Depreciation	1,233	1,233	45
Technology costs	121	121	-
Premises costs	1,222	1,222	375
Other support costs	1,446	1,446	349
Governance costs	28	28	-
Total support costs	<u>6,364</u>	<u>6,364</u>	<u>1,484</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff

Staff costs

	2017/18 £ 000	2016/17 £ 000
Staff costs during the year were:		
Wages and salaries	10,359	4,418
Social security costs	972	375
Operating costs of defined benefit pension schemes	1,632	925
	<u>12,963</u>	<u>5,718</u>
Supply staff costs	74	38
Staff restructuring costs	-	63
	<u>13,037</u>	<u>5,819</u>
		2017 £ 000
Staff restructuring costs comprise:		
Redundancy payments		<u>63</u>

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2017/18 No	2016/17 No
Charitable Activities		
Teachers	219	88
Administration and support	106	75
Management	18	9
	<u>343</u>	<u>172</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No	2017 No
£60,001 - £70,000	6	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	-
£90,001 - £100,000	-	2
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,489,921 (2017: £739,449).

9 Central services

No central services were provided by the academy trust to its academies during the period and no central charges arose.

10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

D McEntee (Principal - Hathershaw College):

Remuneration: £105,000 - £110,000 (2017 - £100,000 - £105,000)

Employer's pension contributions: £15,000 - £20,000 (2017 - £15,000 - £20,000)

J Clarke (Executive Principal - Oldham Sixth Form College):

Remuneration: £110,000 - £115,000 (2017 - £Nil)

Employer's pension contributions: £15,000 - £20,000 (2017 - £Nil)

Other related party transactions involving the trustees are set out in note 26.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £Nil on any one claim and the cost for the year ended 31 August 2018 was £Nil (2017 - £Nil).

The cost of this insurance is included in the total insurance cost.

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

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

12 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and fixtures £ 000	Plant & Equipment £ 000	Assets under construction £ 000	Total £ 000
Cost						
At 1 September 2017	-	8,618	98	457	-	9,173
Acquisitions	11,572	3,857	-	2,863	-	18,292
Additions	-	541	96	401	197	1,235
Disposals	-	-	-	(126)	-	(126)
At 31 August 2018	<u>11,572</u>	<u>13,016</u>	<u>194</u>	<u>3,595</u>	<u>197</u>	<u>28,574</u>
Depreciation						
At 1 September 2017	-	199	70	434	-	703
Charge for the year	<u>268</u>	<u>473</u>	<u>235</u>	<u>133</u>	<u>-</u>	<u>1,109</u>
At 31 August 2018	<u>268</u>	<u>672</u>	<u>305</u>	<u>567</u>	<u>-</u>	<u>1,812</u>
Net book value						
At 31 August 2018	<u>11,304</u>	<u>12,344</u>	<u>(111)</u>	<u>3,028</u>	<u>197</u>	<u>26,762</u>
At 31 August 2017	<u>-</u>	<u>8,419</u>	<u>28</u>	<u>23</u>	<u>-</u>	<u>8,470</u>

13 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	33	13
VAT recoverable	223	30
Other debtors	65	75
Prepayments	142	52
Accrued grant and other income	<u>73</u>	<u>-</u>
	<u>536</u>	<u>170</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	583	-
Other taxation and social security	144	-
Loans	21	-
Other creditors	36	-
Accruals	31	19
Deferred income	656	13
	<u>1,471</u>	<u>32</u>
	2018 £ 000	2017 £ 000
Deferred income		
Deferred income at 1 September 2017	13	10
Resources deferred in the period	656	13
Amounts released from previous periods	(13)	(10)
Deferred income at 31 August 2018	<u>656</u>	<u>13</u>

Deferred income relates to free school meal income and vulnerable Bursary income.

Loans consist of £20,655 from Salix .

15 Creditors: amounts falling due after one year

	2018 £ 000
Loans	<u>31</u>
Loans consist of £30,982 from Salix	

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
GAG restricted	212	15,576	(16,197)	-	(409)
Other DfE / ESFA grants	-	728	-	-	728
Other non government grants	-	21	-	-	21
Teaching school	-	60	(60)	-	-
Other income	-	65	-	-	65
	<u>212</u>	<u>16,450</u>	<u>(16,257)</u>	<u>-</u>	<u>405</u>
Restricted fixed asset funds					
Fixed asset fund	8,468	932	(230)	-	9,170
Oldham Sixth Form College transferred on conversion	-	18,291	(1,003)	-	17,288
	<u>8,468</u>	<u>19,223</u>	<u>(1,233)</u>	<u>-</u>	<u>26,458</u>
Restricted pension funds					
Pension reserve	(2,470)	(1,927)	(783)	2,011	(3,169)
Total restricted funds	6,210	33,746	(18,273)	2,011	23,694
Unrestricted funds					
Unrestricted general funds	231	2,407	-	-	2,638
Total funds	<u>6,441</u>	<u>36,153</u>	<u>(18,273)</u>	<u>2,011</u>	<u>26,332</u>

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

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
GAG restricted	306	6,775	(6,855)	(13)	213
Restricted fixed asset funds					
Fixed asset fund	8,169	-	(226)	524	8,467
Restricted pension funds					
Pension reserve	(3,345)	-	(315)	1,190	(2,470)
Total restricted funds	5,130	6,775	(7,396)	1,701	6,210

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Funds (continued)

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Unrestricted funds					
Unrestricted general funds	730	15	(2)	(512)	231
Total funds	<u>5,860</u>	<u>6,790</u>	<u>(7,398)</u>	<u>1,189</u>	<u>6,441</u>

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
GAG restricted	306	22,351	(23,052)	(13)	(408)
Other DfE / ESFA grants	-	728	-	-	728
Other non government grants	-	21	-	-	21
Teaching school	-	60	(60)	-	-
Other income	-	65	-	-	65
	<u>306</u>	<u>23,225</u>	<u>(23,112)</u>	<u>(13)</u>	<u>406</u>
Restricted fixed asset funds					
Fixed asset fund	8,169	932	(456)	524	9,169
Oldham Sixth Form College transferred on conversion	-	18,291	(1,003)	-	17,288
	<u>8,169</u>	<u>19,223</u>	<u>(1,459)</u>	<u>524</u>	<u>26,457</u>
Restricted pension funds					
Pension reserve	(3,345)	(1,927)	(1,098)	3,201	(3,169)
Total restricted funds	<u>5,130</u>	<u>40,521</u>	<u>(25,669)</u>	<u>3,712</u>	<u>23,694</u>
Unrestricted funds					
Unrestricted general funds	730	2,422	(2)	(512)	2,638
Total funds	<u>5,860</u>	<u>42,943</u>	<u>(25,671)</u>	<u>3,200</u>	<u>26,332</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £ 000	2017 £ 000
The Hathershaw College	459	443
Oldham Sixth Form College	<u>2,584</u>	<u>-</u>
Total before fixed assets and pension reserve	3,043	443
Fixed asset fund	26,458	8,468
Pension reserve	<u>(3,169)</u>	<u>(2,470)</u>
Total	<u><u>26,332</u></u>	<u><u>6,441</u></u>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
Oldham Sixth Form College	6,019	1,744	691	1,197	9,651
The Hathershaw College	4,802	553	377	873	6,605
Central services	<u>783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>783</u>
Academy Trust	<u><u>11,604</u></u>	<u><u>2,297</u></u>	<u><u>1,068</u></u>	<u><u>2,070</u></u>	<u><u>17,039</u></u>
					Total
					2017 £ 000
Oldham Sixth Form College					-
The Hathershaw College					7,353
Central services					<u>-</u>
Academy Trust					<u><u>7,353</u></u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	26,762	26,762
Current assets	2,638	1,602	-	4,240
Current liabilities	-	(1,167)	(304)	(1,471)
Creditors over 1 year	-	(31)	-	(31)
Pension scheme liability	-	(3,169)	-	(3,169)
Total net assets	<u>2,638</u>	<u>(2,765)</u>	<u>26,458</u>	<u>26,331</u>

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	8,469	8,469
Current assets	230	244	-	474
Current liabilities	-	(32)	-	(32)
Pension scheme liability	-	(2,470)	-	(2,470)
Total net assets	<u>230</u>	<u>(2,258)</u>	<u>8,469</u>	<u>6,441</u>

18 Capital commitments

	2018 £ 000	2017 £ 000
Contracted for, but not provided in the financial statements	<u>82</u>	<u>156</u>

19 Commitments under operating leases

Operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £ 000	2017 £ 000
Amounts due within one year	46	22
Amounts due between one and five years	<u>59</u>	<u>49</u>
	<u>105</u>	<u>71</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2017/18	2016/17
	£ 000	£ 000
Net income/(expenditure)	17,879	(608)
Depreciation	1,109	224
Capital grants from DfE and other capital income	(932)	-
Interest receivable	(3)	(1)
Defined benefit pension scheme cost less contributions payable	665	243
Defined benefit pension scheme finance cost	118	72
(Increase)/decrease in debtors	(366)	21
Increase/(decrease) in creditors	1,439	(173)
Adjustment in respect of transfer in of existing academy trust	(16,313)	-
Net cash provided by/(used in) Operating Activities	<u>3,596</u>	<u>(222)</u>

21 Cash flows from financing activities

	2017/18
	£ 000
Repayments of borrowing	<u>(21)</u>
Net cash used in financing activities	<u>(21)</u>

22 Cash flows from investing activities

	2017/18	2016/17
	£ 000	£ 000
Dividends, interest and rents from investments	3	1
Purchase of tangible fixed assets	(1,235)	(525)
Loss on disposal of tangible fixed assets	126	-
Capital funding received from sponsors and others	932	-
Net cash used in investing activities	<u>(174)</u>	<u>(524)</u>

23 Analysis of cash and cash equivalents

	2018	2017
	£ 000	£ 000
Cash at bank and in hand	<u>3,705</u>	<u>304</u>
Total cash and cash equivalents	<u>3,705</u>	<u>304</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while 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 cease to be a member.

25 Pension and similar obligations

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,749,000 (2017: £352,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £667,000 (2017 - £350,000), of which employer's contributions totalled £499,000 (2017 - £266,000) and employees' contributions totalled £168,000 (2017 - £84,000). The actuary has estimated that the Employers contributions for the year to 31 August 2019 will be approximately £521,000.

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

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Principal actuarial assumptions

	2018	2017
	%	%
Rate of increase in salaries	3.20	3.20
Rate of increase for pensions in payment/inflation	2.40	2.40
Discount rate for scheme liabilities	<u>2.80</u>	<u>2.50</u>

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

	2018	2017
Retiring today		
Males retiring today	21.50	21.50
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	23.70	23.70
Females retiring in 20 years	<u>26.20</u>	<u>26.20</u>

The academy trust's share of the assets in the scheme were:

	2018	2017
	£ 000	£ 000
Equities	11,965	3,670
Government bonds	2,816	804
Property	1,232	302
Cash and other liquid assets	<u>1,584</u>	<u>251</u>
Total market value of assets	<u>17,597</u>	<u>5,027</u>

The actual return on scheme assets was £899,000 (2017 - £428,000).

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2017/18	2016/17
	£ 000	£ 000
Current service cost	1,164	509
Net interest cost	118	72
Total amount recognized in the SOFA	<u>1,282</u>	<u>581</u>

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

	2017/18	2016/17
	£ 000	£ 000
At start of period	7,593	7,768
Conversion of academy trusts	13,093	-
Current service cost	1,164	509
Interest cost	530	168
Employee contributions	168	84
Actuarial (gain)/loss	(1,524)	(858)
Benefits paid	<u>(258)</u>	<u>(78)</u>
At 31 August	<u>20,766</u>	<u>7,593</u>

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

	2017/18	2016/17
	£ 000	£ 000
At start of period	5,123	4,423
Conversion of academy trusts	11,165	-
Interest income	412	96
Actuarial gain/(loss)	487	332
Employer contributions	499	266
Employee contributions	168	84
Benefits paid	<u>(258)</u>	<u>(78)</u>
At 31 August	<u>17,596</u>	<u>5,123</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

26 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving an organisation in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The Senior Leadership Team of Oldham Sixth Form College are all members of governing bodies of local schools in Oldham and transactions involving these schools may be inevitable but are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures

The Oldham Leadership in Education Partnership (OLEP) is a partnership of a number of Oldham's secondary schools and Oldham Sixth Form College. A charitable company has been established, with Directors being Jayne Clarke (Executive Principal) resigned March 2018, Hardial Hayer (Headteacher, The Radclyffe School) and Matthew Milburn (Headteacher, Saddleworth School). The Partnership focuses on school and college peer review and improvement and has received support in the form of funding from both the local authority and schools themselves. It is expected that a combination of school and college financial support, grant funding and potential commissioning by other external agencies will fund this ongoing work. OSFC provides finance and some company secretary support to this partnership. Total income in the year of £1,276 (2017: £1,276) in respect of accounting and company secretariat services provided by Oldham Sixth Form College. At the Balance Sheet date an amount of £1,276 is included within debtors due within one year (2017: £1,276).

The Executive Principal, Jayne Clarke, is also a Director of The Sixth Form Colleges' Association (appointed April 2018) and during the year Oldham Sixth Form College supplied services of £1,159 (2017: £2,057 and The Sixth Form College Association supplied goods and services amounting to £20,607 (2017: £39,007). At the balance sheet date no amounts were outstanding.

During the year the college incurred costs of £15,852 (2017: £35,402) from Warburton Associates, a related party by virtue of spousal relationship between a member of the Senior Leadership Team and one of the directors of Warburton Associates. The payments were made in respect of a contract that had been agreed prior to the College joining the multi-academy trust under a competitive tender process but were not conducted in accordance with the 'at cost' requirement of the Academies Financial Handbook 2017 but represented value for money. The contract complied with the requirements of the Sixth Form Colleges Financial Handbook. The College has incurred costs of £2,193 for remedial works carried out following the year end.

The Principal of The Hathershaw College is a director of the West Oldham Trust. During the year The Hathershaw College supplied goods and services to West Oldham Trust amount to £10,431 (2017: £8,158). West Oldham Trust did not supply any goods or services to The Hathershaw College (2017: nil). At the balance sheet date no amounts were outstanding to The Hathershaw College (2017: nil).

The spouse of the Deputy Principal at Oldham Sixth Form College and the spouse of the Principal of The Hathershaw College are employed by the trust as teachers. Their appointment was made in open competition and both the Principal and Deputy Principal were not involved in the decision making process regarding appointment. Both teachers are paid within the normal pay scale for their roles and receives no special treatment as a result of their relationship.

The total expenses paid to or on behalf of the Governors during the year was Nil (2017: nil). No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2017: None).

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £86,701 and disbursed £375,459 from the fund. An amount of £148,113 is included in other creditors relating to undistributed funds that is repayable to ESFA.

28 Teaching school trading account

	2017/18 £ 000
Income	
Direct Income	
Other income	60
Total Income	60
Expenditure	
Direct costs	
Direct staff costs	51
Other direct costs	2
Total direct costs	53
Other costs	
Support staff costs	5
Other support costs	2
Total other costs	7
Total Expenditure	(60)
Surplus/(Deficit) from all sources	-
Teaching school balances at 31 August 2018	-

29 Conversion to an academy trust

On 1 September 2017 the Oldham Sixth Form College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Pinnacle Learning Trust.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Donations - transfer from Oldham Sixth Form College on conversion.

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

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

29 Conversion to an academy trust (continued)

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets				
Freehold land and buildings	-	-	11,572	11,572
Leasehold land and buildings	-	-	3,857	3,857
Other tangible fixed assets	-	-	2,862	2,862
LGPS pension deficit	-	(1,928)	-	(1,928)
Borrowing obligations	(51)	-	-	(51)
Other identified assets and liabilities	2,354	-	-	2,354
Net assets/(liabilities)	<u>2,303</u>	<u>(1,928)</u>	<u>18,291</u>	<u>18,666</u>

The Pinnacle Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

30 Statement of Financial Activities for the Year Ended 31 August 2017

	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2016/17 Total £ 000
Income and endowments from:				
Voluntary income				
Donations and capital grants	-	3	-	3
<i>Charitable activities:</i>				
Funding for the Academy trust's educational operations	-	6,651	-	6,651
Other trading activities	14	121	-	135
Investments	1	-	-	1
Total	15	6,775	-	6,790
Expenditure on:				
<i>Charitable activities:</i>				
Academy trust educational operations	3	7,170	226	7,398
Total	3	7,170	226	7,398
Net income/(expenditure)	12	(395)	(226)	(608)
Transfers between funds	(511)	(13)	524	
Other recognised gains and losses				
Actuarial gains on defined benefit pension schemes	-	1,190	-	1,190
Net movement in funds/(deficit)	(499)	782	298	582
Reconciliation of funds				
Total funds/(deficit) brought forward at 1 September 2016	730	(3,040)	8,170	5,860
Total funds/(deficit) carried forward at 31 August 2017	231	(2,257)	8,468	6,442