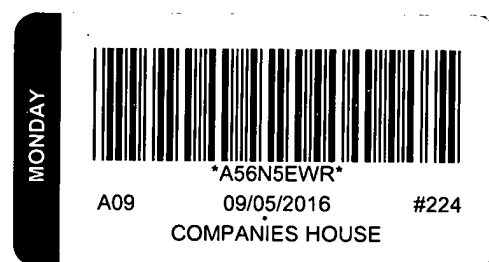


Pendle Education Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2015



Company Registration Number:
08263591(England and Wales)

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Reference and Administrative Details

Members

Mr. R. Pheasey (Chairman,
Member of Audit committee)
Mr. W Yasin (appointed 15.09.14,
Member of Audit committee)
Ms J Scott (appointed 15.09.14)
Mr. D. Roberts (appointed 15.09.14)

Directors

Dr. M. Ions (Member of Audit Committee)
Mr. D. Whatley (Chairman of Audit Committee)
Mr D. Rothwell (Resigned 12.01.15)
Cllr J. David (Resigned 15.09.15)
Mrs J. Williams (Resigned 15.09.14)
Mrs A Melton

Senior Management Team

- Chief Executive
- Executive Principal
- Finance Manager

A. Ghidotti
J. Burnside
L. Parkin

Company Name Principal and Registered Office

Pendle Education Trust
Nelson and Colne College
Scotland Road
Nelson
BB9 7YT

Company Registration Number

08263591 (England and Wales)

Independent Auditor

Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Bankers

Lloyds Bank
Manchester Road
Burnley
BB11 1HT

Solicitors

Slater Gordon (UK) LLP
58 Mosley Street
Manchester
M2 3HZ

Trustees Report

The trustees present their annual report together with the financial statements and auditor's report of the Pendle Education Trust for the period 1st September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, Governance and Management

Constitution

The Pendle Education Trust is a company limited by guarantee and an exempt charity. The trust was incorporated on 22nd October 2012 and commenced trading on 1st January 2013. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. Details of the directors who served during the year are included in the References and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every Director or other officer or auditor of the trust shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending and proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the trust.

In the year to 31 August 2015 members or directors did not enter into any qualifying third party indemnity provisions.

Method of Recruitment and Appointment or Election of Trustees

All members also sit as directors on the board, this is because the trust is in its infancy and is small enough for this to be an effective structure. Any vacancies for directors are recruited to by the members, actively seeking required personnel on a skills assessment basis.

Policies and Procedures Adopted for the Induction and training of trustees

All directors and governors have access to training as required. External governance training for the whole board is utilised at the annual strategic planning day.

Organisational Structure

As a charity and company limited by guarantee, Pendle Education Trust is governed by a Board of Directors who are responsible for, and oversee, the management and administration of the company and the academies run by the company. Financial management of the academies within the trust is undertaken by the board of directors with oversight of teaching and learning taken at academy governing board level. The number of directors has been determined as not less than three, but not subject to any maximum, unless determined by ordinary resolution.

The current constitution of the board is determined as follows:

- Principal of Nelson and Colne College (representing the College as the trust's sponsor)
- Up to eight directors nominated by Nelson and Colne College and appointed under Article 50
- Up to three academy directors
- Any parent directors (if appointed under Articles 53-56 of the governing document)
- Any additional directors (if appointed under Articles 51 or 61A)
- Any further directors (if appointed under Article 62)
- Any co-opted director (if appointed under Article 58)

Directors serve a term of office of four years.

The Board of Directors has appointed a Local Governing Body (LGB) for each academy, which have delegated powers to oversee the day to day running of the schools.

The LGBs are constituted as follows:

- Seven foundation governors
- Two staff
- Two parents
- The principal

Governors serve a term of office of four years.

Management's responsibilities are governed by a detailed scheme of delegation, which specifies those decisions that are reserved to the board of directors and those delegated to the local governing body or senior management.

The Chief Executive is the accounting officer of the trust.

Related Parties and other Connected Charities and Organisations

Nelson and Colne College is the sponsor of the Trust and provided services in Marketing and Reprographics at a cost for the year of £5,888. Some students from Colne Primet Academy take vocational courses at the college at a cost of £12,392 for the year. This provision is also accessed by other local high schools. Furthermore, the Chief Executive officer and Clerk are seconded from the college to the trust, details outlined in Note 27 to the statements.

The Principal of the Sponsoring College is one of the Directors of the Trust and Chair of both local governing bodies of Academies within the Trust.

Objectives and Activities

Objects and Aims

The principal object of the charitable company for the period to which these financial statements relate is specifically restricted to the following:

- (a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum and
- (b) To promote for the benefit of individuals living in the United Kingdom who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

In accordance with the Funding Agreement made under section 482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Children, Schools and Families and the trust, the academies are each governed by a Local Governing Body which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the academy. The Funding Agreement specifies the admission arrangements, amongst other things, and that the curriculum, in substance, complies with statutory requirements.

Nelson and Colne College established Pendle Education Trust in response to a request from the DfE to support Walter Street Primary School and conversion took place in 2013, the school is now called Pendle Primary Academy. The college was approached by Colne Primet High school to become its sponsor and converted to Colne Primet Academy with a new mission and values. A further school within Pendle, Castercliff Primary converted to academy status and joined the trust on 1st September 2015.

All three academies are in Pendle and have a combined capacity of 735 primary places and 900 secondary places. The roll at October 2015 is 708 primary pupils and 301 secondary pupils.

As a sponsor, Nelson and Colne College, an OFSTED Outstanding institution, has much to offer to drive the need to improve attainment and achievement levels in local schools. The college has a simple belief; that its excellent performance and high expectations can be

applied to the schools locally through effective and uncompromising leadership, management and governance. The college understands the factors affecting educational success for young people locally, and for this reason felt that local sponsorship was the ideal solution for the schools which surround it.

The trust has the single aim of raising educational aspiration and attainment in East Lancashire, to guarantee local children the very best start, leading to a successful future career. The vision is to develop children who achieve their academic potential and have the personal attributes, knowledge and ambition to gain a successful career.

Values:

- Shining Example
- Stronger Together
- Healthy Ambition
- Career Driven

Public Benefit

The principal objective of the Academy Trust is to advance for the public benefit, education by establishing, maintaining, operating and developing schools including but not limited to academies offering a broad curriculum with a strong emphasis on the specialisms specified in the relevant funding agreements. In setting the trust's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Each academy's admissions policy is included in its funding agreement and applications for places at the academies are made in accordance with the relevant local authority's coordinated admission arrangements.

The trust aims to work with others to create a healthy, safe environment within which all of its pupils can enjoy learning, make progress and achieve high standards. Each pupil is encouraged to participate fully and make a positive contribution to their academy and the wider community; and ultimately become successful, motivated, well-adjusted adults who achieve economic well-being.

Strategic Report

Achievements and Performance

Pendle Primary Academy

This primary school is located in Brierfield and has 412 children enrolled in 2015. It is a popular and vibrant school that has undergone a rapid change and improvement programme since Julie Burnside, Head teacher, arrived in June 2013. The children's progress has improved significantly during this time and now exceeds national benchmarks, with the exception of reading which is just below. Progress for Pupil Premium pupils surpasses that of those not attracting this funding. The Academy was named on the list of 'top performing and improving primary schools in 2015'.

In February 2015 Ofsted visited the Academy for the first time since the conversion. They awarded Grade 2 (good) in all areas with the exception of behaviour, which was Grade 1 (outstanding). The report confirmed the transformation at the Academy since conversion; it converted as a Grade 4 (special measures) school.

The key findings of Ofsted were:

- Pupils' achievement is improving rapidly. By the end of Year 6 in 2014, pupils attained broadly average standards in reading, writing and mathematics, from low starting points on entry to Key Stage 2.
- Teaching is consistently good across the school, including in the early years. This is enabling pupils to learn well and eliminating the legacy of underachievement.
- Pupils' behaviour is outstanding. They enjoy school and work hard because the school has helped them believe that they can achieve.
- The school ensures that pupils attain the necessary skills in reading, writing and mathematics to be ready for secondary school.
- Pupils' learning is enriched by meaningful and exciting visits and experiences that help them understand the world and respect the people in it.
- The children in the early years get a good start to their education and discover a love of learning.
- The school is led by an inspirational principal whose belief that pupils deserve the best education possible has driven the many improvements that have occurred since she was appointed.
- Other senior leaders support the principal well, providing strong and effective leadership for key aspects of the school's work.
- Senior leaders make rigorous checks on the quality of teaching and learning and use what they find to plan further improvements. Middle leaders contribute well to this

work.

- The school's work to keep pupils safe is outstanding. Vulnerable pupils are well cared for and supported. Pupils are taught how to recognise dangers and to be responsible citizens.
- The school supports disadvantaged pupils very well, ensuring that they succeed as well as others and participate fully in what is offered.
Governors are a strong and highly effective team that adds an additional layer of rigour and strengthens the school's capacity to improve further.
- The legacy of underachievement is still evident in the attainment of pupils at the end of Year 2. Consequently, standards in reading, writing and mathematics are not yet high enough.
- Pupils' progress in mathematics is not as consistently rapid as in reading and writing.
- Not enough children attain a good level of development by the end of Reception.

The three key areas for development highlighted in the Ofsted report were already recognised by the Academy and Trust Board and form part of the Academy's improvement plan.

Colne Primet Academy

This Academy is a secondary education provider located in Colne. The academy has experienced transformational change across all areas since the new leadership team was appointed in February 2014, with Lynne Blomley as Head teacher. The Academy is small with 301 children on roll.

In November 2014 Ofsted visited the Academy and a Grade 4 (inadequate) was awarded. The academy was put into the 'serious weaknesses' category as the inspectors believed that the academy had the leadership and management capacity to move the academy forward rapidly.

The key findings of Ofsted were:

This is a school that has serious weaknesses.

- Over time, students have underachieved across a range of subjects, including in mathematics.
- The quality of teaching, over time, is inadequate because it has not enabled students to make the progress they should. Expectations are too low and the work set for students does not match their learning needs.
- The use of additional government funding to help disadvantaged students to achieve

better standards has been ineffective and the progress of these students is also inadequate.

- Those students with disabilities and special educational needs have not been supported well enough, consequently, they too underachieve.
- The quality of marking is highly variable across and within subjects. There is lack of specific guidance for students to know what that they have to do to improve their work.
- Poor skills in writing are not being tackled across all year groups in the academy and this is impeding students' progress, particularly that of boys, across the different subjects.
- Students' behaviour requires improvement because often students do not respond and improve their work when given helpful guidance. When teaching is not good, students do not contribute well enough to their learning.
- Students' safety requires improvement because a few do not have enough regard for their own health and safety, with some smoking on the academy site.
- Subject leaders do not check the quality of teaching and the work of students well enough to make sure that students are making good progress and achieving well. Senior leaders and governors have previously not always held them to account for their work well enough.

The school has the following strengths

- The new head teacher and the sponsor have a clear understanding of the academy's strengths and how to tackle its weaknesses.
- The appropriate changes made by the new leadership are having a positive impact on the quality of teaching and learning. This is clear evidence of the academy's capacity for sustained improvement.
- There are some subjects, particularly English, where students make good progress due to improvements in teaching and the support of leaders and managers to drive improvement.
- Leaders' drive to improve reading is helping students to read better, particularly in Key Stage 3. Improvements in students' attendance across the school indicate better attitudes to learning

The key priority was to significantly raise attainment levels which were below national averages in 2014. The Ofsted visit was based on 2013-14 data. In 2014-15 There was a 6% increase in A*-C Grades in 2015 with three levels of progress in Maths only 1% below national benchmark whilst three levels of progress in English was significantly below national benchmark.

The Ofsted judgement was in line with the leadership team's self-assessment of the academy and all areas of serious weaknesses had been addressed in the Academy

Improvement Plan and form the key priorities for the year. The Section 8 visits in February and June were very positive about the rapid progress being made at the school.

Going Concern

After making appropriate enquiries, the board of directors 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

Most of the trust's income is obtained from the Department for Education, via the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended practice these are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2015 the trust achieved an operating surplus of £53,000, before exceptional items and excluding actuarial adjustments made in respect of the trust's FRS17 commitments. Including exceptional items of staff restructuring costs at Colne Primet Academy and impairment costs relating to the demolition of an unused and unsafe school building the trust incurred a deficit of £50,000 in the year.

Total income for the period was £4,857,000 of which £4,193,000 was from recurrent grants from EFA, £434,000 other revenue grants from the EFA and £130,000 capital grants. Miscellaneous other income was £105,000.

Total operating expenditure, including exceptional costs was £4,810,000. The expenditure was used to support the primary objective of the trust in its education of pupils as follows:

- £3,256,000 (66%) on direct costs, including teaching, educational support staff and educational supplies and materials.
- £1,552,000 (28%) on support costs in the academies, including premises costs and administration
- £195,000 (4%) on central trust overhead costs including staff costs, professional support and governance

- £98,000 (2%) on exceptional restructuring and impairment costs

At 31st August 2015 the net book value of fixed assets was £6,333K and movements in tangible fixed assets are shown in Note 12. Additions include the refurbishment of the sports hall at Colne Primet and dining room refurbishment at Pendle Primary for which capital grants were received and IT purchases for classrooms at Pendle Primary.

Reserves Policy

The Academy Trust Board reviews the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. It is the trustees' policy to build up unrestricted reserves which can be used for future education purposes in line with each academy's development plan. The trustees will ensure that the reserves policy continues to conform to the requirements laid down in the Academies' Financial Handbook produced by the DfE.

Having taken account of the risks to which the trust is exposed, the directors consider the current level of reserves to be appropriate. Unrestricted and Restricted General Reserves at the end of the period amounted to £557,000.

Under Accounting Standard FRS17, it is necessary to charge projected pension scheme deficits to the Restricted General Fund for those pension schemes where the assets and liabilities of the scheme can be separately identified. This has resulted in a reduction in restricted reserves of £1,145,000. It should be noted that this is a potential liability which has not crystallised and has no immediate impact on the academy trust's liquidity.

Investments policy

The directors have authorised the use of short term deposit accounts and notice deposit accounts in respect of cash held which is surplus to immediate requirements.

Principal Risks and Uncertainties

The Trust faces some significant financial risks in the next two to three years, primarily as a result of continued falling pupil numbers at Colne Primet Academy. Pupil numbers have fallen to 301 in 2015 from 343 in 2014 and 445 in 2013. Under current funding rules this is estimated to lead to a reduction in income of approximately £300,000 in 2016-17 and a further £272,000 in 2017-18. Savings were achieved to secure a minimal deficit budget for the Academy in 2015-16. At the time of signing these accounts the Trust Board is considering strategic options for responding to the longer term position and is keeping the funding agency apprised of these options.

Plans for Future Periods

The trust has plans for future growth following the recent acquisition of a second primary

school. In line with the government agenda the trust board is considering future opportunities for growth in both the primary and secondary sectors which would allow for sharing of best practice and efficiencies across a number of academies.

In 2015 the trust created an established core of staff to work across all academies in the trust. This has included finance, human resources, facilities, governance and network systems. As the trust grows there are plans to strengthen and expand this team into areas such as marketing and school improvement.

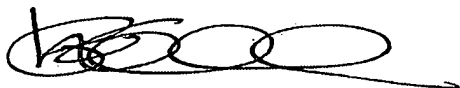
Auditor

In so far as the directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The directors 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.

Following a tender process Mazars were appointed by the Audit Committee in May 2015 as auditors for the trust for an initial period of three years.

Trustees report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14th December 2014 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'Rob Pheasey', with a long horizontal flourish extending to the right.

Rob Pheasey

Chair of Board of Trustees

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Pendle Education 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 the Chief Executive, 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 Pendle Education 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 six 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
R Pheasey (Chair)	6	6
D Roberts (appointed 15.09.14)	5	5
J Scott (appointed 15.09.14)	4	5
W Yasin (appointed 15.09.14)	3	5
A Melton	6	6
D Whatley	5	6
M Ions	5	6
A Ghidotti (Accounting Officer)	6	6
D Rothwell (resigned 12.01.15)	1	3
J David (resigned 15.09.14)	0	1
J Williams (resigned 15.09.14)	0	1

Mr. J David and Mrs J. Williams resigned in September 2014 and Mr. D Rothwell resigned in January 2015. Mr D. Roberts, Ms J. Scott and Mr. W Yasin were appointed to the board in September 2015.

The audit committee operates as a sub-committee of the main board of trustees consisting of four of the board members. Its responsibilities included:

- Advising the trust board on the adequacy and effectiveness of the trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, applicable accounting standards, the current Charities Statement of Recommended Practice and the Education Agency guidance issued to academies;
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full board of trustees.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Pheasey	1	3
W Yasin	2	2
D Whatley	3	3
M Ions	3	3

Review of Value for Money

As accounting officer the Chief Executive has responsibility for ensuring that the 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 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:

- The appointment of trust-wide finance manager
- The approval of internal finance procedures incorporating procurement controls and financial planning
- Being an active CPC member and using the framework for purchasing, most significantly, IT resources
- The movement of payroll provider
- The establishment of a core trust staff team including Facilities, Network Services, and Finance for increased consistency and bulk purchasing opportunities
- With the introduction of a Finance Manager the management accounts reports are presented to the board at each board meeting and an audit committee has been established.

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 on-going 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 Pendle Education Trust for the period to 31 August 2015 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period to 31 August 2015 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 and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Mazars to internal audit in 2015/16.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks planned include:

- testing of payroll systems
- testing of purchasing
- financial procedures implemented following conversion

The auditors' recommendations will be reported to the audit committee for consideration and implementation.


Review of Effectiveness

As accounting officer the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

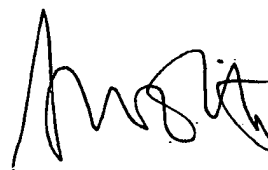
- the work of the previous internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the finance manager within the academy trust who has responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit 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 14th December 2015 and signed on its behalf by:



Rob Pheasey
Chair of Trustees



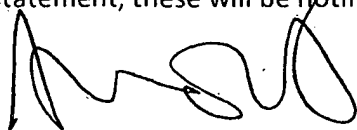
Anita Ghidotti
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Pendle Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, 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.

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.

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

A handwritten signature in black ink, appearing to read 'Anita Ghidotti', written over a horizontal line.

Anita Ghidotti
Accounting Officer

Statement of Trustees' Responsibilities

The trustees (who act as governors of Pendle Education Trust and 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 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 then apply them consistently
- observe the methods and principles in the Charities SORP 2005
- 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
- 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 EFA/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 of trustees on 14th December 2015 and signed on its behalf by:



Rob Pheasey
Chair of Trustees

Independent auditor's report to the Members of Pendle Education Trust

We have audited the financial statements of Pendle Education Trust for the Year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

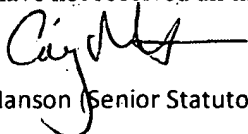
Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial Year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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
- 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.



Craig Manson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars

Mazars House

Gelderd Road

Leeds

LS27 7JN

Date 16 December 2015

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Pendle Education Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 5 November 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pendle Education Trust during the period 1 September 2014 to 31 August 2015 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 Pendle Education Trust and the EFA in accordance with the terms of our engagement letter dated 5 November 2015. Our work has been undertaken so that we might state to Pendle Education Trust and the EFA those matters we are required to state to it 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 Pendle Education Trust and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of Pendle Education Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Pendle Education Trust's funding agreement with the Secretary of State for Education 1 September 2013 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. 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.

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Mazars LLP

Reporting Accountant

Mazars LLP

Date *16 December 2015*

Statement of Financial Activities
For the year ended 31 August 2015
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 restated £000
Incoming Resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	19	7	-	26	6
Activities for generating funds	3	78	-	-	78	164
Investment income	4	1	-	-	1	2
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	5	-	4,622	130	4,752	5,657
Total incoming resources		98	4,629	130	4,857	5,829
Resources expended						
<i>Charitable activities:</i>						
Academy trust educational operations	7	283	4,328	166	4,777	5,034
Governance costs	8	-	32	-	32	29
Exceptional costs (redundancy payments, impairment)	7	-	52	46	98	103
Total resources expended	6	283	4,412	212	4,908	5,166
Net incoming / (outgoing) resources before transfers		(185)	217	(82)	(50)	663
Gross transfers between funds	16	109	(131)	22	-	-
Net income / (expenditure) for the year		(76)	86	(60)	(50)	663
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	16,25	-	(111)	-	(111)	690
Net movement in funds		(76)	(25)	(60)	(161)	1,353
Reconciliation of funds						
Total funds brought forward at 1 September 2014 - restated	16	285	(772)	6,543	6,056	4,703
Total funds carried forward at 31 August 2015		209	(797)	6,483	5,895	6,056

All of the academy trust's activities derive from continuing operations during the above two financial periods.

Balance Sheet
As at 31 August 2015

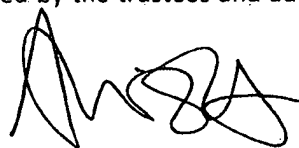
Company number 01234567

	Note	2015 £000	2015 £000	2014 Restated £000	2014 Restated £000
Fixed assets					
Tangible assets	13		6,333		5,764
Current assets					
Debtors	14	127		638	
Cash at bank and in hand		940		944	
		<u>1,067</u>		<u>1,582</u>	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(360)</u>		<u>(257)</u>	
Net current assets			<u>707</u>		<u>1,325</u>
Total assets less current liabilities			7,040		7,089
Net assets excluding pension liability			7,040		7,089
Pension scheme liability	26		<u>(1,145)</u>		<u>(1,033)</u>
Net assets including pension liability			<u>5,895</u>		<u>6,056</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	17	6,483		6,543	
General fund	17	344		258	
School Fund	17	4		4	
Pension reserve	17	<u>(1,145)</u>		<u>(1,034)</u>	
Total unrestricted funds			5,686		5,771
Unrestricted income funds					
General fund	17	<u>209</u>		<u>285</u>	
Total unrestricted funds			<u>209</u>		<u>285</u>
Total funds			<u>5,895</u>		<u>6,056</u>

The financial statements on pages 24 to 49 were approved by the trustees and authorised for issue on 14th December 2015 and are signed on their behalf by



Rob Pheasey
Chair



Anita Ghidotti
Accounting Officer

**Cash flow statement
for the year ended 31 August 2015**

		2015	2014
	Note	£000	£000
Net cash inflow / (outflow) from operating activities	21	671	(224)
Investment Income	22	1	2
Capital expenditure	23	(676)	260
(Decrease) / Increase in cash in the year	24	(4)	38
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		944	906
Net funds at 31 August 2015		940	944

Notes to the Financial Statements for the period ended 31 August 2015

1. Statement of accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

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 one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations.

- **Governance costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

- Long leasehold buildings 50 years
- Fixtures, fittings and equipment 7 years
- ICT equipment 3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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 quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other 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 Education Funding Agency.

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

2. Voluntary income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Other donations	19	7	26	6
	19	7	26	6

3. Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Hire of facilities	-	-	-	4
Catering Income	61	-	61	32
Other	17	-	17	92
	78	-	78	128

4. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Short term deposits	1	-	1	2
	1	-	1	2

5. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
DfE / EFA grants					
General annual grant (GAG)	-	4,188	-	4,188	4,723
Start up grants	-	70	-	70	23
Capital grants	-	-	130	130	886
Other DfE grants	-	364	-	364	25
	-	4,622	130	4,752	5,657

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

6. Resources expended

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other	2015	2014
	£000	£000	£000	£000	£000
Academy's educational operations					
Direct costs	2,780	-	476	3,256	3,456
Allocated support costs	573	361	588	1,522	1,577
Exceptional Costs	52	46	-	98	103
	<u>3,405</u>	<u>407</u>	<u>1,064</u>	<u>4,876</u>	<u>5,136</u>
Governance costs including allocated support costs	-	-	32	32	29
	<u>3,405</u>	<u>407</u>	<u>1,096</u>	<u>4,908</u>	<u>5,165</u>
Net income / (expenditure) for the period includes:					
				2015	2014
				£000	£000
Operating leases:					
Photocopiers				1	0
Fees payable to auditor for:					
Audit				<u>11</u>	<u>12</u>

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

7. Charitable activities

	Unrestricted	Restricted		
	Funds	General	2015	2014
	£000	Funds	£000	£000
		£000		
Direct costs – educational operations				
Teaching and educational support staff costs	-	2,780	2,780	3,024
Depreciation	-	22	22	9
Technology costs	-	20	20	58
Educational supplies	-	96	96	66
Examination fees	-	31	31	33
Staff development	-	36	36	43
Educational consultancy	-	214	214	-
Other direct costs	57	-	57	223
	57	3,199	3,256	3,456
Support costs – educational operations				
Support staff costs	50	527	577	602
Depreciation	-	144	144	136
Technology costs	-	-	-	9
Recruitment and support	-	22	22	6
Maintenance of premises and equipment	-	255	255	197
Cleaning	-	10	10	8
Rent & rates	-	12	12	22
Energy costs	-	84	84	75
Insurance	-	37	37	40
Catering	171	2	173	111
Other support costs	5	203	208	371
	226	1,296	1,522	1,577
Exceptional Costs				
Redundancy Payments	-	52	52	103
Impairment of capital costs	-	46	46	-
	-	98	98	103
Total direct and support costs	283	4,593	4,876	5,136

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

8. Governance costs

	Unrestricted Funds £000	Restricted General Funds £000	2015 £000	2014 £000
Legal and professional fees			-	12
Auditor's remuneration				
Audit of financial statements	-	11	11	10
Other audit costs	-	-	-	7
Support staff costs	-	21	21	-
	-	32	32	29

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

9. Staff

a. Staff costs

Staff costs during the period were:

	Total 2015 £000	Total 2014 £000
Wages and salaries	2,681	2,916
Social security costs	183	203
Operating costs of defined benefit pension schemes	357	407
	3,221	3,526
Supply staff costs	132	100
Staff restructuring costs	52	103
	3,405	3,729

b. Non-statutory / non-contractual staff severance payments

The staff restructuring costs of £52,000 relate to non-statutory severance payments. Individually the payments were £21,204, £10,299, £8,153, £6,741 and £5,544.

c. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Charitable activities		
Teachers	36	44
Administration and support	54	53
Management	6	5
	96	102

d. Higher paid staff

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

	2015 No.	2014 No.
£60,001 - £70,000	1	1
£70,001 - £80,000		
£80,001 - £90,000	1	1

During the year to 31 August 2015, pension contributions for the staff amounted to £20,643 (2014: £15,921).

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

10. Related Party Transactions – Trustees' remuneration and expenses

No members of staff served as Board Members in the year to 31 August 2015. The non- staff trustees did not receive any payments or expenses from the academy trust in respect of their role as trustees. Other related party transactions involving the trustees are set out in Note 27.

11. Trustees and officers insurance

In accordance with normal commercial practice the trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2015 was £224.85 (For the period ended 31 August 2014 cover up to £5,000,000 was purchased at a cost of £1,060).

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

12. Central Services

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

Human Resources

Financial Services

Clerking for local governing bodies

IT support including website development and hosting

The trust charges for these services on the following basis: a flat 3% of GAG income.

The actual amounts charges during the year were as follows:

	2015
	£000
Colne Primet Academy	72
Pendle Primary Academy	52
	<hr/>
	124
	<hr/>

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

13. Tangible fixed assets

	Leasehold Land & Buildings £000	Furniture & Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2014	5,838	44	92	5,974
Additions	706	54	46	806
Disposals/Impairment	-	-	-	-
At 31 August 2015	6,544	98	138	6,780
Depreciation				
At 1 September 2014	172	11	27	210
Charged in year	130	14	46	190
Disposals/impairments	46	-	-	46
At 31 August 2015	348	25	73	446
Net book values				
At 31 August 2015	6,196	73	65	6,333
At 31 August 2014	5,666	33	65	5,764

Impairment costs of £46,000 relate to the demolition of an unsafe building for which a capital grant was received. Remaining costs of the demolition are set out in Note 19.

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

14. Debtors

	2015	2014
	£000	Restated £000
VAT recoverable	43	45
Prepayment and accruals	84	93
CIF grant allocated but not received	-	500
	127	638

15. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Taxation and social security	105	126
Other creditors	182	73
Accruals and deferred income	73	58
	360	257

Deferred income	2015	2014
	£000	£000
Deferred income at 1 September 2014	-	118
Resources deferred in the year	38	-
Amounts released from previous years	-	(118)
Deferred income at 31 August 2015	38	-

£2,000 of the deferred income total related to summer school grant received for summer 2015. The summer school did not take place and the grant will be repaid during 2015/16.

£36,000 of the deferred income related to Free School Meal income received in July 2015 for the academic year 2015-16.

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

16. Prior Period Adjustment

A Capital grant for £717,000 was awarded prior to 31st August 2014 but was not fully recognised in the statements for the year. A prior year adjustment has been stated to reflect the £502,000 of the grant which was not included. The adjustment has increased incoming resources in the Restricted Fixed Asset Fund and increased the Debtors by the same amount.

17. Funds

	Restated Balance at 31 August 2014 £000	Incoming resources £000	Resources expended £000	Gains, Losses and transfers £000	Balance at 31 August 2015 £000
Restricted general funds					
General Annual Grant (GAG)	258	4,143	(4,412)	(131)	(142)
School fund	4	-	-	-	4
Start Up Grant	-	70	-	-	70
Other DfE / EFA grants	-	416	-	-	416
Pension reserve	(1,034)	100	(211)	-	(1,145)
	(772)	4,729	(4,623)	(131)	(797)
Restricted fixed asset funds					
Assets transferred on conversion	5,654	-	-	-	5,654
DfE/EFA capital grants	834	130	(212)	22	774
Capital expenditure from GAG	55	-	-	-	55
	6,543	130	(212)	22	6,483
Total restricted funds	5,771	4,859	(4,835)	(109)	5,685
Unrestricted funds					
Unrestricted funds	285	98	(283)	109	209
Total unrestricted funds	285	98	(283)	109	209
Total funds	6,056	4,957	(5,118)	-	5,895

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

1. Restricted General Funds must be used for the normal running costs of the trust in line with the Master Funding Agreement and restrictions from other sources of funding.
2. School Funds are generally used to administer income and costs relating to educational visits and may only be used in relation to those visits. Any surpluses arising from individual events may be used to support the cost of future events or provide grants to enable individual pupils to attend visits, at the Principals discretion.
3. Restricted Fixed Asset Funds are used solely for capital purposes in line with the strategic objectives of the trust.

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Transfers between funds were:

-£109,000 from the General Annual Grant Fund to the unrestricted fund, to cover the cost of catering in excess of monies received from staff and pupils

-£22,000 from the General Annual Grant Fund to the fixed asset fund in respect of depreciation costs on items originally purchased with GAG funds.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	2015
	£000
Colne Primet Academy	289
Pendle Primary Academy	86
Central Services	182
Total before fixed assets and pension reserve	557
Restricted fixed asset fund	6,483
Pension reserve	(1,145)
Total	5,895

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Colne Primet academy	1,548	321	124	533	2,526
Pendle Primary Academy	1,232	224	159	364	1,979
Central Services	-	32	-	163	195
	2,780	577	283	1,060	4,700

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

18. Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2015 £000
Tangible fixed assets	-	-	6,333	6,333
Current assets	217	850	-	1,067
Current liabilities	-	(360)	-	(360)
Pension scheme liability	-	(1,145)	-	(1,145)
Total net assets	217	(655)	6,333	5,895

19. Capital commitments

	2015 £000	2014 £000
Contracted for, but not provided in the financial statements		
- Remaining costs for demolition works funded by CIF	43	-
- Dishwasher	4	-
	47	-

20. Financial commitments

Operating leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	3	-
Expiring in over five years	-	-
	3	-

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

21. Reconciliation of net income to net cash inflow from operating activities

	2015	Restated 2014
	£000	£000
Net income	(50)	663
Depreciation (note 13)	190	145
Capital grants from DfE and other capital income	(130)	(876)
Impairment	46	-
FRS17 pension cost less contributions payable (note 25)	14	19
FRS17 pension finance income (note 25)	(15)	68
(Increase) / decrease in debtors	513	(469)
(Increase) / decrease in creditors	103	(277)
Net cash provided by / (used in) Operating Activities	671	(727)

22. Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	1	2
Net cash inflow from returns on investment	1	2

23. Capital expenditure and financial investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(805)	(114)
Capital grants from DfE / EFA	130	374
Net cash outflow from capital expenditure and financial investment	(675)	260

24. Analysis of change in net funds

	At 1 September 2014 £000	Cash flows £000	At 31 August 2015 £000
Cash in hand and at bank	944	(4)	940
Total cash and cash equivalents	944	(4)	940

Notes to the Financial Statements for the Year to 31 August 2015 (continued)

25. Members' liability

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

26. 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 Lancashire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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.

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%))
- 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%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £376,859 (2014: £430,016).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £221,000, of which employer's contributions totalled £168,000 and employees' contributions totalled £53,000. The agreed contribution rates for future years are 15.4 per cent for employers and between 5.5 and 6.8 per cent for employees depending on salary band.

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.

	At 31 August 2015	At 31 August 2014
Principal actuarial assumptions	2015	2014
Rate of increase in salaries	4.40%	3.7%
Rate of increase for pensions in payment	2.90%	2.2%
Discount rate for scheme liabilities	5.80%	4.0%
Inflation assumption (CPI)	2.90%	2.2%

Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.8	27.7

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

Colne Primet Academy

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
Equities	6.50%	391	7.00%	490
Government bonds	2.50%	62	2.90%	2
Other bonds	3.60%	30	3.80%	262
Property	6.10%	103	6.20%	95
Cash/liquidity	0.50%	15	0.50%	24
Other	6.50%	535	7.00%	113
Total market value of assets	5.92%	1,136		986
Present value of scheme liabilities		(1,753)		(1,532)
Surplus / (deficit) in the scheme		(617)		(546)

Pendle Primary Academy

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
Equities	6.50%	299	7.00%	362
Government bonds	2.50%	48	2.90%	1
Other bonds	3.60%	23	3.80%	193
Property	6.10%	79	6.20%	70
Cash/liquidity	0.50%	11	0.50%	17
Other	6.50%	410	7.00%	84
Total market value of assets	5.92%	870	5.74%	727
Present value of scheme liabilities		(1,397)		(1,215)
Surplus / (deficit) in the scheme		(527)		(488)

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2015 this yield was 2.5% p.a.

The expected investment return on corporate bonds is based on market yields at the relevant date, although this will normally vary by duration, and the expected return should also take into account the risk of default in the corporate bond yield. As at 31 August 2015 we have taken the expected return as 3.6% p.a., which implies a reduction for the risk of default of 0.3% p.a. when compared with the corporate bond yield/discount rate appropriate to the 'Mature' deviation profile for example.

It is generally accepted that the yield on equity investments will contain an 'equity risk premium' in addition to the yield on Government bonds, which are perceived as the 'least-risk' investment class, in order to compensate investors for the additional risk of holding this type of investment. Historical excess equity returns over more than 100 years have been approximately 4% p.a. on average.

However, the level of equity risk premium can vary from time to time dependent on market levels and expectations for future returns. We have taken the overall expected return on equities as at 31 August

2015 as 6.5% p.a., implying an equity risk premium on equities of 4.0% p.a. over and above the gilt yield of 2.5% p.a.

Assumed returns on property are based on the expected long term returns on cash investments, plus a risk premium to allow for expected out-performance of property over cash, and an adjustment for the impact of the expected volatility of the returns.

The actual return on scheme assets was £73,000 (2014: £87,000)

Amounts recognised in the statement of financial activities

	2015	2014
	£000	£000
Current service cost (net of employee contributions)	14	19
Past service cost	-	-
Total operating charge	14	19

Analysis of pension finance income / (costs)

	2015	2014
	£000	£000
Expected return on pension scheme assets	101	56
Interest on pension liabilities	(116)	(124)
Pension finance income / (costs)	15	(68)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £990,000 loss (2014: £980,000 loss).

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

	2015	2014
	£000	£000
At 1 September	2,747	2,641
Current service cost	196	179
Interest cost	116	124
Employee contributions	53	52
Actuarial (gain) / loss	40	(230)
Benefits paid	(1)	(24)
Curtailments and settlements	0	5

At 31 August	3,151	2,747
Movements in the fair value of academy trust's share of scheme assets		
	2015	2014
	£000	£000
At 1 September	1,713	1,004
Expected return on assets	101	61
Actuarial (gain) / loss	(30)	460
Employer contributions	168	160
Employee contributions	53	52
Benefits paid	(1)	(24)
At 31 August	2,004	1,713

The estimated value of employer contributions for the year ended 31 August 2016 is £205,000

The history since the establishment of the Trust of experience adjustments is as follows:

	2015	2014	2013
	£000	£000	£000
Present value of defined benefit obligations	(3,333)	(2,746)	(2,641)
Fair value of share scheme assets	2,279	1,713	1,004
Deficit in the scheme	(1,054)	(1,033)	(1,637)
Amount £000*	(28)	460	90
Experience adjustments on scheme liabilities			
Amount £000*	0	249	61

27. Related Party Transactions

Owing to the nature of the academy trust's and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of accounts between the Trust and Nelson & Colne College, sponsor of the Trust:

- The Chief Executive, Anita Ghidotti, and Clerk to the Trust, Vicky Thorp, have been seconded from the college to the Trust for the full year of accounting. The Chief Executive has been seconded as 0.6 FTE and the Clerk as 0.4 FTE. The total cost to the Trust was £110,762.
- The trust also purchased marketing services in the form of reprographics from the college at a total cost of £5,888 to the Trust.
- Some Year 10 and 11 students in the Trust attended vocational courses at the college in Engineering and Catering. The cost to the trust for this provision was £12,392.
- The amounts paid for these services from Nelson & Colne College were all at cost and no profit was made by the college in these transactions as was the case in previous years.
- In entering into these transactions the trust has complied with the requirements of EFA's Academies Financial Handbook.

28. Events after the balance sheet date

On 1 September 2015 Castercliff Primary Academy joined Pendle Education Trust.

