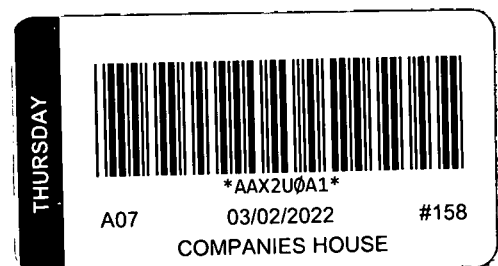


**PENDLE EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**



**Haines Watts**  
Chartered Accountants & Registered Auditors  
Bridge House  
157A Ashley Road  
Hale  
Altrincham  
Cheshire  
WA14 2UT

# **PENDLE EDUCATION TRUST**

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# PENDLE EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Members</b>	Mr D Rothwell Mr R Pheasey Mrs A Melton Mr M Phelan Ms D Corcoran
<b>Trustees</b>	Mr R Pheasey (Chairman) Mrs A Melton Mr D Roberts Mr W Yasin Mr D Langton Mr D Franklin Mr O Brown Mr D Graham Mr D Whatley Mrs S Mills (appointed 25 March 2021) Ms S Myers (co-opted 25 March 2021, resigned 31 August 2021) Mrs N Walker (co-opted 1 September 2020, resigned 30 November 2020)
<b>Senior management team</b>	
Chief Executive	A Ghidotti
Executive Principal – Primary	J Burnside
Executive Principal – Secondary	L Blomley
Clerk	V Townsend
Finance Manager	D Rudman
<b>Company name</b>	Pendle Education Trust
<b>Principal and Registered Office</b>	Nelson and Colne College Scotland Road Nelson BB9 7YT
<b>Company registration number</b>	08263591 (England and Wales)
<b>Independent auditor</b>	Haines Watts Bridge House Ashley Road Altrincham WA14 2UT
<b>Bankers</b>	Lloyds Bank PLC Manchester Road Burnley BB1 1HT
<b>Solicitors</b>	Slater Gordon (UK) LLP 58 Moseley Street Manchester M2 3HZ

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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The Trustees present their annual report together with the financial statements and auditor's report of Pendle Education Trust for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Through the year the Trust operated three primary and two secondary academies in the Pendle area. Its academies have a combined pupil capacity of 1,120 primary places and 1,650 secondary places and had a roll of 1,106 primary pupils and 1,425 secondary pupils in the school census in October 2021.

#### Structure, governance and management

##### Constitution

The Pendle Education Trust is a company limited by guarantee and an exempt charity. The Trust was incorporated on 22 October 2012 and commenced trading on 1 January 2013. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Pendle Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Pendle Education 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 of the Trust shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any 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 2021 members or directors did not enter into any qualifying third party indemnity provisions.

##### Method of recruitment and appointment or election of Trustees

Of the five members, only two sit as directors on the board; these are the chair of the Trust and the chief executive/principal of the sponsor. Any vacancies for directors are recruited to the board by the members, actively seeking required personnel on a skills assessment basis. The Trust undertakes a yearly skills audit to ensure an appropriate mix of skills on the board.

##### Policies and procedures adopted for the induction and training of Trustees

All directors and governors have access to training as required and a skills audit is completed to identify future training needs.

##### 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 scrutinised by a Quality and Standards Committee. 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:

- Chief executive/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 and appointed under Article 51 or 52
- Any parent directors (if appointed under Articles 53-56 of the governing document)
- Any additional directors (if appointed under Articles 61 or 61A)
- Any further directors (if appointed under Article 62)
- Up to three co-opted director (if appointed under Article 58)

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

Directors serve a term of office of four years.

The board of directors has appointed a local governing committee for each academy

Local governing committees are constituted with at least 5 members as follows:

- A chair appointed by Pendle Education Trust. One chair is allowed to sit at Trust board level.
- 2 parent representatives.
- 4 'other' members.
- A staff member can be included as one of the 'other' members or be in addition to the 5 members.

Local governing committee members serve a term of office of four years.

The Quality and Standards Committee is constituted of educational experts; these serve a term of office of four years.

The purpose of the Quality and Standards Committee is to determine the character of education within the Trust and to meet academy and Trust board aims. It provides challenge and support to the academy and executive principals with the aim of driving improvement for the children in the academies. The board reviews the academy and executive principal reports and holds them to account in the following areas:

- Effectiveness of leadership and management.
- Quality of teaching, learning and assessment.
- Personal development, behaviour and welfare.
- Outcomes of attainment and progress for children and learners.

Membership consists of the Trust's CEO, at least two Trust directors, and such experts in education as the Trust board deems necessary.

The principal/chief executive of the Sponsoring College is a member and director of the Trust.

#### Arrangements for setting pay and remuneration of key management personnel

The Trust has an executive management pay review committee which meets to consider the salaries of the chief executive officer and the clerk to the Trust. The executive principals are appraised by the CEO and an external school advisor. Their recommendation is considered and approved, or otherwise, by the Trust's executive management pay review committee.

#### Trade union facility time

##### 1. Relevant union officials

Number of employees who were relevant trade union officials during the relevant period	FTE employee number
3	2.86

##### 2. Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 3. Percentage of pay bill spent on facility time

The total cost of facility time	£635.85
The total pay bill	£8,376,000.00
The percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.01%

#### 4. Paid trade union activities

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	2%
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#### Related parties and other connected charities and organisations

Nelson and Colne College is the sponsor of the Trust and provided services in hospitality and reprographics at a cost for the year of £3,937. Furthermore, the chief executive officer was seconded back to the college from the Trust for the year, details are outlined in note 24 to the statements.

The Trust has its central office based within Nelson and Colne College.

The principal/chief executive of the sponsoring college is a member and director of the Trust and is on the Trust's Quality and Standards Committee.

#### Engagement with employees (including disabled persons)

The Trust has a comprehensive approach to staff communications. There is at least one weekly staff briefing in each school and throughout the Covid pandemic the chief executive has communicated to all staff by email every Thursday and more often where required. There is a half-termly Trust newsletter for all staff.

Staff views are sought at a Trust and School level including in terms of health and wellbeing and CPD focus. This is via staff briefings, google forms and the chief executive's weekly email.

There is an annual whole Trust inset day which brings together staff from all five schools and the central team. This is used as an opportunity for a Trust update, professional development and networking. The chief executive also briefs at individual school level to staff at the September inset day.

The Trust promotes wellbeing through an all-staff email signposting to events and support and also through activities at various times in the year. The Trust now has in place a health and wellbeing group, made up of staff from all five academies and the central team and a thorough and detailed wellbeing policy which includes stress management.

Staff-nominated Shine Awards are presented by the chief executive throughout the year when colleagues receive nominations, this is in addition to awards at individual school level. There is also an annual staff awards event for which children and staff nominate winners. This event was virtual this year and also included a 'parent' category to recognise home schooling.

The Trust has a well-established Joint Consultation and Negotiating Committee (JCNC) which meets termly. This committee has met more regularly throughout the pandemic to share updates, risk assessments and any additional concerns.

The Trust welcomes applications for any staff vacancies from all. Any applicants with a disability that meet the essential criteria for the role are guaranteed an interview and adaptations made where required. The Trust works closely with occupational health to ensure the right support is provided for any members of its family that require adjustments to support their ability to work.

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 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 Education and the Trust, the academies are each governed by a local governing committee 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 and a further school within Pendle; Castercliff Primary converted to academy status and joined the Trust on 1 September 2015. West Craven High School converted to academy status and joined the Trust on 1 September 2016. Burnley Casterton Primary converted to academy status and joined the Trust on 1 June 2018, the school is now called Casterton Primary Academy.

Four of the academies are in Pendle; the fifth is in Burnley and have a combined capacity of 1,120 primary places and 1,650 secondary places. The roll at October 2021 is 1,106 primary pupils and 1,425 secondary pupils.

As a sponsor, Nelson and Colne College, has done much to offer to drive improvement in 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.

##### Objectives, strategies and activities

The Trust's vision is that every child should only be a short walk away from a world class school. It exists to empower, enable and inspire schools to provide an outstanding level of education and support through exceptional leadership, collaboration, innovative thinking and understanding of local needs.

The Trust's focus is exceptional leadership and meeting the needs of local families and the community. Through close collaboration with local partners and schools, they strive to deliver an excellent education for children in Pendle and surrounding districts.

The Trust's values are:

- Ambition for all
- Collaboration
- Individuality and diversity
- Innovation

##### 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.

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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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

###### Castercliff Primary Academy

Castercliff Primary School joined the Trust on 1 September 2015 as a sponsored academy. It is a popular school and since September 2019 has accepted 60 children into Reception following an increase of the Published Admission Number (PAN) from 45 to 60 in 2017. Julie Burnside is the executive principal and the academy principal, Mark Sherwin, was appointed to the academy in May 2015. There has been some restructuring to ensure a fit for purpose and affordable staffing structure within the school. It has seen rapid change and improvements since opening. It was previously judged as Ofsted grade 4 (inadequate) in May 2014 but was judged good in all areas (with outstanding for Personal Development, Behaviour and Welfare) in April 2018 and continues to have strong outcomes.

The main findings of the Ofsted report were as follows:

- Strong and determined leadership has been very successful in significantly raising standards and accelerating progress at Castercliff.
- The school has created an ethos of high expectations and a relentless desire to want the best for all pupils.
- Significant improvements in the quality of teaching, learning and assessment have resulted in the vast majority of pupils making good progress.
- Progress at the end of key stage 2 is very strong and in the top 10% nationally for reading and mathematics in 2017. However, attainment is still catching up, particularly at greater depth and higher standards.
- A strong sense of community permeates the school. Pupils enjoy coming to school and pupils' attendance has improved. Pupils who spoke with inspectors said they always feel safe.
- Leaders have created an inviting and exciting learning environment. Leaders and teachers work to promote pupils' personal development and their appreciation of British values is strong. As a result, pupils have excellent attitudes to learning and their behaviour is outstanding.
- Children in early years make a good start to their school life. They work happily and cooperatively. They benefit from warm, engaging relationships with adults. This ensures that they make good progress.
- Leaders' continuing ambition to provide the best teaching, outcomes and experiences for all pupils is translated into action, and this means that the school is continuing to improve.
- Middle leaders are enthusiastic that they are developing their skills and benefiting from the good-quality professional development opportunities that the Trust offers, especially in English and mathematics. However, monitoring of standards and quality by middle leaders of subjects other than English and mathematics is at an early stage of development.
- The increased focus on disadvantaged pupils is having a positive effect on their achievement, but leaders agree there is still more work to do to ensure that the most able disadvantaged pupils achieve all of which they are capable.
- Teachers generally match work accurately with pupils' abilities, but occasionally work is not sufficiently challenging, especially for the most able.

Progress and results at Castercliff have improved dramatically since it converted into an academy and joined the Trust. There are no external results for the 2020-21 academic year.

The school continues to welcome children new to area and plans for additional space are at the final stages.



# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Casterton Primary Academy

Burnley Casterton Primary School joined the Trust on 1 June 2018 as a sponsored academy. It was previously judged as Ofsted grade 4 (inadequate) in June 2017. It remains a popular school. Julie Burnside is the executive principal and the academy principal, Paul Whaling, is the principal, he has been in post for a number of years. A new senior leadership team to support the principal was formed from 1 September 2018 and are now well established in the school with clear goals and purpose.

The main findings of the pre-conversion Ofsted report were as follows:

- Leaders have not been rigorous enough in implementing improvements across the school. They do not monitor the quality of teaching and pupils' learning and progress closely enough. As a result, pupils make insufficient progress across the school.
- The safeguarding of pupils is ineffective. Policies and practices are not up to date. Weak record keeping means procedures to tackle potential bullying issues are not wholly effective.
- The curriculum lacks breadth and depth. Pupils' opportunities for learning in subjects such as history and geography are limited.
- The quality of teaching is too variable. In some classes, teaching does not meet the needs of pupils. The work of teaching assistants does not help pupils to make the progress they should during lessons.
- Assessment procedures are not rigorous enough to ensure current progress information is accurate. This is because leaders do not monitor standards of written work regularly.
- The additional funding for disadvantaged pupils is not used effectively. Its impact is poorly monitored. Disadvantaged pupils are not making enough progress in all subjects to enable them to catch up with other pupils nationally.
- Governors and the headteacher are not holding senior leaders to account. Improvement plans have been ineffective in informing the work to tackle weaknesses in pupils' progress and attainment.
- Pupils drift off task when teaching fails to catch their attention.
- There are significant weaknesses in the early years provision. Children are too reliant on adult direction; assessment practice is weak.

It was noted that the school had the following strengths:

- Children's achievement in the early years has improved recently and pupils' phonics scores are now in line with the national average.
- Sports funding is used well across the school. Provision for improving pupils' levels of fitness and developing positive attitudes to keeping fit and healthy is strong.
- *Breakfast provision for disadvantaged pupils provides a healthy and positive start to the day.*
- Relationships with parents are strong. Parents value the availability of the headteacher and staff before and after school.
- Children are happy and enjoy school.

The executive principal has worked with the academy principal and senior leaders to drive up standards and expectations in teaching and learning. Results from the first year show a marked improvement in Year 6 attainment and progress and surpassed national averages in all areas. There are no external results for the 2020-21 academic year.

Safeguarding is now effective with a strengthening of the leadership team and a focus on recording and following up any issues. Provision for early years children has been enhanced, both internally and externally and the intake to Reception is now able to work as a unit.

The first Ofsted Inspection since conversion will be a section 5 and was expected in the academic year 2020-21 but this has not happened as a result of the pandemic, it is now expected in 2021-22, but this depends on the pandemic.

# **PENDLE EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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#### Colne Primet Academy

This academy is a secondary education provider located in Colne. The academy has experienced transformational change across all areas since a new leadership team was appointed in February 2014, with Lynne Blomley as principal. The academy has seen significant growth in the last four academic years in terms of in-year and normal admissions. Lynne Blomley is now executive principal (secondary) and a principal, Dean Lythgoe, was appointed in November 2019.

In May 2018 the academy was inspected and judged 'good' across all areas. The following strengths were recognised:

- The leadership of the headteacher is exceptional. She leads by example, is extremely visible around school, and is well respected by staff and pupils.
- Leaders have created a learning culture where the expectations of staff and pupils are high.
- Leaders have ensured the attendance and behaviour of all pupils has risen, including for those who have SEN and/or disabilities and those from disadvantaged backgrounds.
- There is a variety of extra-curricular activities and clubs, including sports clubs, trips and visits, after-school revision sessions and charity fundraising which contribute well to pupils' personal development.
- There is a strong focus on safeguarding and leaders, governors and the Trust take all reasonable steps to ensure pupils are kept safe in school.
- Teaching has improved since the school's last inspection...inspectors observed examples of very strong teaching.
- Support for pupils from additional adults, including counselling, group and one-to-one support, is having a positive impact on pupils' learning, particularly for those with SEN and/or disabilities.
- The school's work to promote pupils' personal development and welfare is good.
- Pupils were very positive about the support they receive when choosing options and taking the next steps in their education.
- Careers advisers work with pupils to ensure that they have firm plans for the future that will lead them to their goals.
- There are many opportunities for pupils to assume leadership roles in school...these help students to grow in confidence and give something back.
- Pupils value the opportunity they have to express their opinions. Pupils enjoy coming to school and their high attendance is evidence of this.
- The school caters very effectively for the welfare and personal development of pupils with additional needs.'

Areas for improvement:

- Ensure teaching in all subjects is consistently challenging in meeting the needs of all pupils and particularly the most-able.
- Share more widely the very best practice that exists in teachers' questioning.
- Promote the development of pupils' numeracy skills across all subjects.
- Ensure all pupils know what they need to do to move their learning on to the next level.
- Ensure recent changes to the curriculum are evaluated in terms of outcomes for pupils.

The academy continues to grow at a rapid rate with lowest numbers in Year 11. There are no external results for the 2020-21 academic year.

#### Pendle Primary Academy

This two-form entry primary school is located in Brierfield and is full. It is a popular and vibrant school that initially underwent a rapid change and improvement programme, with a strong focus on standards in reading, writing and maths practised through an inspiring and experiential curriculum offer. Julie Burnside is the executive principal and the academy principal, Simon Thompson was appointed to the academy in September 2015. The children's attainment has continued to improve year-on-year. There are no external results for the 2020-21 academic year.

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.

# **PENDLE EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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Following a highly successful Short Inspection in March 2019, Pendle Primary Academy was deemed to continue to be a Good school which has demonstrated strong practice and marked improvements since its last inspection. This may indicate that the school has improved significantly overall and therefore its next inspection will be a section 5. The inspector commended the academy principal, senior leaders, governors and the Trust in their commitment to reflect carefully on the school's performance and have an accurate view of its strengths and priorities. Additionally, the inspector was impressed by the steely determination of the respected and Trusted academy principal and his staff in ensuring that pupils reach their full potential, both in their personal development and academic achievement. The inspector's praise for the school's commitment to improving and maintaining pupil attendance also recognised the detrimental impact on pupils' progress where extended unauthorised term time holidays result in a higher than national average rate of persistent absenteeism. Continuing to work with the families where this is an issue and continuing to work with all families to support their children's reading were concluded as the next steps for the school.

#### West Craven High School

West Craven High School joined the Trust in September 2016. It joined as an Ofsted 'good' school with a previous inspection from 2013. However, the academy had declined since this inspection and the summer prior to conversion GCSE results were poor.

The school converted with a considerable budget deficit which has now been paid back. The Trust has sought to stabilise this through two periods of staff restructuring and a voluntary means process. Significant changes had taken place at all levels of leadership in the school. Tracy Foy was appointed as principal in November 2019 is the principal at the school and Lynne Blomley the executive principal.

The pupil admission number is 165 and there remains capacity in most year groups although admission numbers are rising.

Sharing good practice with Colne Primet Academy continues, in terms of key policies and practice. The focus remains on improving the quality of teaching and learning for students, underpinned by ensuring the right curriculum and provision is in place so students can make progress.

In November 2019 the school received a Grade 4 judgement from Ofsted and was put into special measures.

The areas for improvement were identified as follows:

- Systems for communicating safeguarding concerns are confusing. Leaders have not made sure that statutory requirements related to safeguarding are fully met. This puts vulnerable pupils at risk of not getting the support that they need. Leaders must take urgent action to address these safeguarding weaknesses so that arrangements for keeping pupils safe are effective.
- The curriculum is not planned and implemented well, particularly in key stage 3. The way that the curriculum is sequenced, and the way the teaching is designed, does not help pupils to know more and remember more. Leaders must urgently tackle these endemic weaknesses in the curriculum so that it meets the needs of all pupils.
- Pupils have too many gaps in their knowledge, understanding and skills to succeed in their examinations. In recent years, the progress that pupils have made has been far lower than that of others nationally. This includes pupils who are disadvantaged and those with SEND. Leaders must take action to improve the quality of education to secure improvement to pupils' academic outcomes by the end of Year 11.
- Leaders and teachers do not manage pupils' behaviour well. Leaders do not make it clear to staff the routines that pupils should follow. This means that poor behaviour and attitudes often go unnoticed. In too many lessons, poor behaviour disrupts learning. Leaders should establish high expectations of pupils' behaviour. Leaders should support staff in applying these high expectations and help them to manage behaviour more effectively.
- Some pupils do not have good attendance. This means that they are missing out on their learning. Leaders must continue to take action to ensure that all pupils attend school regularly.
- The Trust's actions have not been successful in providing pupils with an acceptable quality of education in recent years. Staff and pupils do not understand what is expected of them. This prevents the school from running effectively on a day-to-day basis. Trust leaders must take immediate action to ensure that there are clear leadership roles and lines of accountability in the school, so that pupils are able to receive a good quality of education.

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

The leadership team had self-assessed the school as a Grade 4 (serious weaknesses). The local governing body was dissolved and an interim executive board set up which meets monthly to discuss progress against the post Ofsted action plan and provide high levels of challenge to the leadership team. The senior leadership team were all new to the school from November 2019 onwards.

A rapid improvement in quality and standards is the focus and the cultural transformation is being led by the chief executive, executive principal and new leadership team.

The school would have expected a number of monitoring visits from Ofsted in the 2019-20 academic year following the Ofsted outcome but the pandemic made this impossible. These visits would have been welcomed to enable to the progress of the school to be recognised externally earlier. However, the school did receive its first official monitoring visit in June 2021 which concluded that "Leaders and managers are taking effective action towards the removal of special measures".

There are no external results for the 2020-21 academic year.

#### COVID pandemic

All schools in the Trust have been impacted significantly by the COVID pandemic and all work within communities where rates have remained high and measures have been in place for much of the time since March 2020. The Trust has a Covid Executive Committee that meets regularly to discuss local rates, impact in each school and catch-up funding. Any local measures are also considered and implemented at this Committee.

#### Key performance indicators

##### Pupil numbers

The Trust is looking for growth in pupil numbers across each academy.

Academy	September 2020	September 2021	+/-
Colne Primet	634	751	+ 117
West Craven	616	674	+ 58
Casterton Primary	291	308	+ 17
Castercliff Primary	341	379	+ 38
Pendle Primary	411	416	+ 5
	<b>2,293</b>	<b>2,528</b>	<b>+ 235</b>

##### OFSTED

The Trust is looking to at least achieving/ retaining 'Good' Ofsted reports across all academies with the exception of West Craven. The Trust aims for West Craven to be removed from special measures at the earliest opportunity that Ofsted can make a section five visit.

##### Pay as a percentage of expenditure

The Trust is looking to work towards an 80:20 split between payroll and non payroll expenditure.

Academy	Percentage (%)
Colne Primet	61.5%
West Craven	81.9%
Casterton Primary	86.3%
Castercliff Primary	76.5%
Pendle Primary	73.5%

##### Progress scores

The Trust is looking for each academy to achieve at or above national benchmarks. However, there were no external results for 2020-21.

# **PENDLE EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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#### Impact of Covid

Whilst the Trust has been agile in adapting to the very significant challenges of Covid there have undoubtedly been impacts on the running of the Trust. Office-based functions have largely worked remotely and meetings have moved to virtual settings. A significant proportion of time continued to be invested in updating and checking risk assessments and working practices to ensuring that the schools were as safe as possible. Assessment of the individual needs and progress of each child was made in the Spring/Summer Term following the second period of lockdown in January 2021.

A key impact of the pandemic has been that Ofsted has only been able to visit West Craven for one of the standard five monitoring visit after the Inadequate judgement of November 2019. This has resulted in the school not being able to have a full section five visit to remove the school from special measures. In addition, the anticipated Ofsted visit to Pendle Primary to assess it against 'Outstanding' criteria has not happened nor has Casterton Primary had a section five visit post-conversion in 2018.

The lack of external results at both primary and secondary level impact the ability of the Trust to assess itself against the same success criteria or any national benchmark.

#### 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**

The majority of the Trust's income is obtained from the Department for Education, via the Education & Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 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 ESFA. 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 2021 the Trust achieved an operating deficit of £464,000, excluding actuarial adjustments made in respect of the Trust's FRS102 pensions commitments.

Total income for the period was £15,821,000 of which £13,555,000 was other revenue grants from the ESFA/DfE. £2,096,000 was received in capital grants and donations and miscellaneous other income was £170,000.

Total operating expenditure was £14,935,000. The expenditure was used to support the primary objective of the Trust in its education of pupils.

At 31 August 2021 the net book value of fixed assets was £16,729,000 and movements in tangible fixed assets are shown in note 13.

#### 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 appropriate target level of reserves for the Trust is £300,000. At the end of the period the level of unrestricted and restricted general reserves was £175,000. The aim is to increase the reserves to reach this level over the coming years as the schools stabilise and savings can be made.

# **PENDLE EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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Under Accounting Standard FRS102, 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 to £8,508,000. 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

West Craven High School continues to require rapid academic improvement and has had additional staffing and resources put in place for this. It is essential that this results in the school moving out of Ofsted special measures at the earliest opportunity.

Continued increased numbers at Castercliff Primary Academy will require embedding of a larger school population and establishing the new classrooms, provided through the local authority's basic need funding, within the school.

Colne Primet Academy has seen significant growth in pupil numbers over the last number of academic years, this continues in to the academic year 2021-22. In addition to this the need for secondary places is continuing to grow locally and an agreement has been made to take additional numbers in-year. There is a need for additional space to be made available to meet the demand for places and the Trust is working with the RSC and Local Authority to develop the current site. This includes a plan for an SEN unit to share the site.

The COVID 19 pandemic continues to pose unique challenges within the educational setting across the Trust including in terms of attendance and wellbeing. The Trust continues to adapt and change to meet the needs of all pupils within the Trust family and to focus on 'narrowing the gap' through interventions and learning plans.

#### **Fundraising**

The academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

#### **Plans for future periods**

The Trust has plans for steady future growth post-pandemic. The Trust board is considering future opportunities for growth in only the primary sector currently to allow for sharing of best practice and efficiencies across a number of academies. Of particular interest to the Trust are local good and outstanding schools to add capacity to the Trust in addition to primary schools that require intensive support and rapid improvement. A number of links have been made with local schools to build working relationships and opportunities for collaboration. The Trust would welcome the opportunity to work more closely with primary schools that 'feed' the two secondary academies but appreciates that further change for schools is unlikely immediately in the context of the pandemic.

The Trust recognises the significant internal growth over the last three years and it is a key strategic aim to manage growth sustainably and effectively and not to the detriment of the existing five schools.

The Trust's sponsor, Nelson and Colne College is now part of the larger Nelson Group following its merger with Accrington and Rossendale College. This increases the geographical scope for the Trust's expansion whilst maintaining the 'local' element which is key to its purpose.

# PENDLE EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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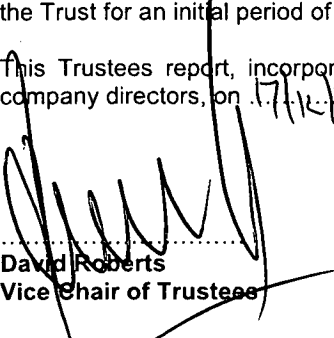
### **Auditor**

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.

Following a tender process Haines Watts were appointed by the members of the Trust in May 2019 as auditors for the Trust for an initial period of three years.

This Trustees report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 17/12/21 and signed on the board's behalf by:



David Roberts  
Vice Chair of Trustees

# PENDLE EDUCATION TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### 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.

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

The board of Trustees has delegated the day-to-day responsibility to the chief executive as accounting officer. The role includes 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 eight 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)	7	8
O Brown	8	8
D Graham	5	8
D Roberts	7	8
W Yasin	3	8
A Melton	7	8
D Whatley	4	8
D Langton	4	8
D Franklin	8	8
S Mills	4	4
S Myers	2	3
N Walker	1	3

- During the year the board composition has increased, enabling the board to have an increased number of female members.
- During the year the board composition has increased, this change has brought specialist experience from a secondary school background and a primary school background.

The Trustees are responsible for the same three core governance functions performed by the governing body in a maintained school: setting the direction, holding the Chief Executive to account and ensuring financial probity. As charity Trustees, they must also ensure that they are complying with charity law requirements. Academy Trusts are charitable companies and the Trustees are company directors and must comply with company law requirements.

Trustees develop the overall strategy and vision for the Trust and ensure it is consistently delivered within our academies and operations. Trustees meet as a Board of Trustees and also as representatives on the Quality and Standards Committee, Executive Performance Management Committee, Risk and Audit Committee, Search Committee and Pay Committee.

The Trust Board's first core function is strategic leadership. This involves setting the organisation's overall strategic framework, including its vision and strategic priorities. It also includes responsibility for setting and modelling its culture, values and ethos in addition to governance, financial and educational performance.



# PENDLE EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

As the accountable body, the board is the key decision maker. It may delegate operational matters to executive leaders and governance functions to committees, or in some cases to individuals. However, the board as a corporate entity remains accountable and responsible for all decisions made and executive leaders operate within the autonomy, powers and functions delegated to them by the board.

The Trust Board reports to the Education and Skills Funding Agency.

The Trust Board, Committees and Local Governing Committees have a schedule of business for the year which includes reports specifically designed to present progress against the strategic objectives set out in the 3-year Strategic Plan (2020-2023). These are data and narrative reports and include policy and strategy.

The Trust Board has two strategic events in 2020-21 which included reviews of governance, training and self-assessment. Due to the pandemic an external review was not completed in 2020-21 but will be completed in 2021-22.

The risk and audit committee operates as a sub-committee of the main board of Trustees consisting of five 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 internal auditors 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
D Whitley (Chair)	3	4
W Yasin	3	4
D Langton	3	4
D Roberts (Co-opted 14.03.16)	4	4
O Brown	4	4

#### Review of value for money

As accounting officer, the chief executive has responsibility for ensuring that the 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 appropriate. The accounting officer for the academy Trust has delivered improved value for money during the year by:

- Consolidated purchasing of IT hardware
- Specialist SEN support employed to work across Trust
- Being an active CPC member and using the framework for purchasing, most significantly, IT resources
- Cross Trust IT support provision implemented and enhanced
- Cross Trust GDPR recording, and training system introduced and enhanced
- Purchase of forecasting and budgeting software for implementation and roll out in 2021-22
- Tendering of the catering service across all Academies of the Trust
- Whole Trust training sessions introduced.
- Cross Trust literacy work and development
- Trust leadership of county secondary heads group
- Cross Trust training, support and development of governors and Trustees
- Preferred supplier of contract staff introduced.

# **PENDLE EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **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 1 September 2020 to 31 August 2021 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 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 1 September 2020 to 31 August 2021 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 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; and
- identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and has engaged TIAA as internal auditors to carry out a comprehensive schedule of reviews.

The schedule agreed includes scrutiny and giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. Other areas to be covered over the three years planned include:

- Governance
- Risk Management
- ICT systems
- Data collection and storage
- Operational procedures and processes

The auditors' recommendations will be reported to the risk and audit committee for consideration and implementation. The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy Trust's financial and other systems. In particular, the checks carried out in the current period included:

- Business Continuity and Disaster Recovery
- Creditor Payments
- Cyber Security
- Estates Facilities Management
- Fixed Assets
- Procurement
- Safeguarding

On an annual basis, the auditor reports to the board of Trustees, through the risk and audit committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

# PENDLE EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### 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 internal auditor;
- the work of the external auditor; and
- 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 risk and 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 .....17/12/2021..... and signed on its behalf by:

  
.....  
David Roberts  
Vice Chair of Trustees

  
.....  
Anita Ghidotti  
Accounting Officer

# **PENDLE EDUCATION TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

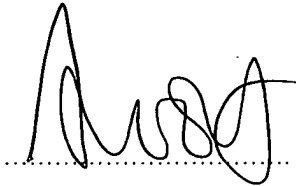
***FOR THE YEAR ENDED 31 AUGUST 2021***

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As accounting officer of Pendle Education Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and 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 2020.

I confirm that I and the academy trust's 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 2020.

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



**Anita Ghidotti**  
**Accounting Officer**

Date: 17/12/2021

# PENDLE EDUCATION TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2021**

The trustees (who are also the directors of Pendle Education Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 17/11/21 and signed on its behalf by:

  
David Roberts  
Vice Chair of Trustees

# **PENDLE EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDLE EDUCATION TRUST**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Opinion**

We have audited the accounts of Pendle Education Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 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 Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

### **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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# **PENDLE EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDLE EDUCATION TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust'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 charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

# PENDLE EDUCATION TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDLE EDUCATION TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

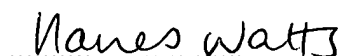
- Identify and assess the risks of material misstatement of the group's or the parent charitable company's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Identify and test journal entries, in particular any journal entries posting with unusual account combinations.
- 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 group's or parent charitable company'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 group or parent charitable company 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 (ie. gives a true and fair view).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



**Candice Beynon FCCA (Senior Statutory Auditor)**

**for and on behalf of Haines Watts**

**Chartered Accountants**

**Statutory Auditor**

Bridge House

157A Ashley Road

Hale

Altrincham WA14 2UT

Date: 17/12/2021



# PENDLE EDUCATION TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PENDLE EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

### 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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Haines Watts*

**Haines Watts**  
**Reporting Accountant**

Date: *17/12/2021*

# **PENDLE EDUCATION TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PENDLE EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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In accordance with the terms of our engagement letter dated 6 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Pendle Education Trust and 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 Pendle Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Pendle Education Trust's 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 dated 1 December 2014 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

# PENDLE EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2021 £'000	Total 2020 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	10	1	2,085	2,096	629
Charitable activities:						
- Funding for educational operations	4	-	13,555	-	13,555	12,006
Other trading activities	5	89	81	-	170	182
<b>Total</b>		<u>99</u>	<u>13,637</u>	<u>2,085</u>	<u>15,821</u>	<u>12,817</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	<u>5</u>	<u>14,436</u>	<u>494</u>	<u>14,935</u>	<u>13,014</u>
<b>Total</b>	6	<u>5</u>	<u>14,436</u>	<u>494</u>	<u>14,935</u>	<u>13,014</u>
<b>Net income/(expenditure)</b>		94	(799)	1,591	886	(197)
Transfers between funds	17	(117)	135	(18)	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial losses on defined benefit pension schemes	19	<u>-</u>	<u>(969)</u>	<u>-</u>	<u>(969)</u>	<u>(146)</u>
<b>Net movement in funds</b>		(23)	(1,633)	1,573	(83)	(343)
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>198</u>	<u>(6,875)</u>	<u>15,156</u>	<u>8,479</u>	<u>8,822</u>
Total funds carried forward		<u>175</u>	<u>(8,508)</u>	<u>16,729</u>	<u>8,396</u>	<u>8,479</u>

# PENDLE EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

<b>Comparative year information</b>		<b>Unrestricted</b>	<b>Restricted funds:</b>		<b>Total</b>
<b>Year ended 31 August 2020</b>		<b>funds</b>	<b>General</b>	<b>Fixed asset</b>	<b>2020</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income and endowments from:</b>					
Donations and capital grants	3	13	48	568	629
Charitable activities:					
- Funding for educational operations	4	-	12,006	-	12,006
Other trading activities	5	74	108	-	182
<b>Total</b>		<b>87</b>	<b>12,162</b>	<b>568</b>	<b>12,817</b>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	22	12,522	470	13,014
<b>Total</b>	<b>6</b>	<b>22</b>	<b>12,522</b>	<b>470</b>	<b>13,014</b>
<b>Net income/(expenditure)</b>		<b>65</b>	<b>(360)</b>	<b>98</b>	<b>(197)</b>
Transfers between funds	17	(226)	261	(35)	-
<b>Other recognised gains/(losses)</b>					
Actuarial losses on defined benefit pension schemes	19	-	(146)	-	(146)
<b>Net movement in funds</b>		<b>(161)</b>	<b>(245)</b>	<b>63</b>	<b>(343)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		359	(6,630)	15,093	8,822
Total funds carried forward		198	(6,875)	15,156	8,479

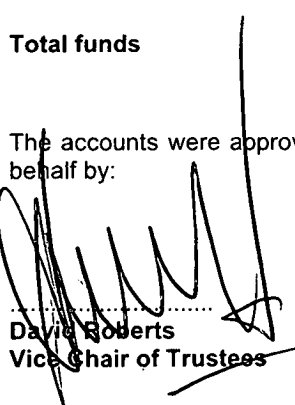
# PENDLE EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

		2021	2020
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	12	16,729	15,156
<b>Current assets</b>			
Debtors	13	697	338
Cash at bank and in hand		497	674
		1,194	1,012
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(851)	(771)
<b>Net current assets</b>		343	241
<b>Total assets less current liabilities</b>		17,072	15,397
Creditors: amounts falling due after more than one year	15	(168)	(43)
<b>Net assets before defined benefit pension scheme liability</b>		16,904	15,354
Defined benefit pension scheme liability	19	(8,508)	(6,875)
<b>Total net assets</b>		8,396	8,479
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	17		
- Fixed asset funds		16,729	15,156
- Pension reserve		(8,508)	(6,875)
<b>Total restricted funds</b>		8,221	8,281
<b>Unrestricted income funds</b>	17	175	198
<b>Total funds</b>		8,396	8,479

The accounts were approved by the trustees and authorised for issue on 17/12/2021 and are signed on their behalf by:

  
David Roberts  
Vice Chair of Trustees

Company Number: 08263591

# PENDLE EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash (used in)/provided by operating activities	20		(339)		338
<b>Cash flows from investing activities</b>					
Capital grants from DfE Group		2,009		568	
Donated assets from DfE Group		76		-	
Purchase of tangible fixed assets		(2,067)		(533)	
<b>Net cash provided by investing activities</b>			18		35
<b>Cash flows from financing activities</b>					
New other loan		(154)		-	
Repayment of long term bank loan		144		(8)	
Repayment of other loan		154		-	
<b>Net cash provided by/(used in) financing activities</b>			144		(8)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(177)		365
Cash and cash equivalents at beginning of the year			674		309
<b>Cash and cash equivalents at end of the year</b>			497		674

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

Pendle Education Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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.

##### 1.1 Basis of preparation

The accounts 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### 1.2 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 charitable company to continue as a going concern.

Casterton Primary Academy, West Craven High School and Castercliff Primary Academy are carrying net deficits at the year end. This is largely due to the level of support and leadership provided by the trust. In addition to this the Academies have seen a growth in pupil numbers, however funding for this pupil growth is lagged, resulting in the income not matching the number of pupils being delivered to. With savings in leadership costs and growing income from pupil numbers this deficit position will be managed down over the academic year.

The trust's deficit is largely contributable to a continued high level of temporary staff from conversion and through recent years. The trust is continuing to work to ensure a stable and robust staffing structure is in place to rapidly improve the quality in the schools, by reducing the number temporary staff and sharing the resources across the trust.

For these reasons it continues to adopt the going concern basis in preparing the financial statements.

##### 1.3 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

---

#### 1 Accounting policies

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.

##### 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

##### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

#### 1.4 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 are allocated on the portion of the asset's use. This includes severance and redundancy payments.

All resources expended are inclusive of irrecoverable VAT.

##### 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.



# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **1 Accounting policies**

#### 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.

### **1.5 Tangible fixed assets and depreciation**

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. Where there are specific conditions attached to the funding that require 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/leasehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	Land - nil, Buildings - 2% straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	7 years straight line

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.

### **1.6 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.

### **1.7 Leased assets**

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

### **1.8 Financial instruments**

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

#### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 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.

#### 1.10 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 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 based on quadrennial valuations using a prospective unit credit method. The 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 are 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 net income or expenditure 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.

#### 1.11 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 Group.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 2 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

The academy 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

#### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Insurance reclaim	-	1	1	48
Donated fixed assets	-	76	76	-
Capital grants	-	2,009	2,009	568
Other donations	10	-	10	13
	<u>10</u>	<u>2,086</u>	<u>2,096</u>	<u>629</u>

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	11,425	11,425	10,329
Other DfE/ESFA grants:				
UFSM	-	136	136	180
Pupil premium	-	695	695	662
Teachers' pay grant	-	130	130	119
Teachers' pension grant	-	367	367	337
Others	-	134	134	97
	-	12,887	12,887	11,724
<b>Other government grants</b>				
Local authority grants	-	371	371	282
<b>COVID-19 additional funding</b>				
<b>DfE/ESFA</b>				
Catch-up premium	-	184	184	-
Other DfE/ESFA COVID-19 funding	-	113	113	-
	-	297	297	-
<b>Total funding</b>	-	13,555	13,555	12,006

The academy trust received £371,000 from the local authority in the year, being £343,000 high needs funding, £22,000 pupil premium income, £5,000 looked after children and £1,000 of other income.

The academy also received £184,000 of funding for catch-up premium and £113,000 of other Covid-19 funding. Costs incurred in respect of this funding totalled £297,000

There were no unfulfilled conditions or other contingencies relating to grants in the year.

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate line under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Hire of facilities	86	-	86	19
Catering income	-	81	81	108
Parental contributions	-	-	-	22
Other income	3	-	3	33
	<u>89</u>	<u>81</u>	<u>170</u>	<u>182</u>

### 6 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Academy's educational operations					
- Direct costs	9,233	-	1,060	10,293	9,062
- Allocated support costs	2,543	1,078	1,021	4,642	3,952
	<u>11,776</u>	<u>1,078</u>	<u>2,081</u>	<u>14,935</u>	<u>13,014</u>

#### Net income/(expenditure) for the year includes:

	2021 £'000	2020 £'000
Fees payable to auditor for:		
- Audit	14	14
- Other services	4	2
Operating lease rentals	33	37
Depreciation of tangible fixed assets	494	470
Net interest on defined benefit pension liability	<u>117</u>	<u>105</u>

### 7 Central services

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

- Education improvement services
- human resources;
- financial services;
- Facilities management;
- IT network management;
- legal services;
- Marketing support

The academy trust charges for these services on the following basis: a flat 5% of GAG income.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 7 Central services

The amounts charged during the year were as follows:

	2021 £'000	2020 £'000
Colne Primet Academy	43	99
Pendle Primary Academy	23	82
Castercliff Primary Academy	18	57
West Craven High School	40	144
Casterton Primary Academy	15	52
Central Services	-	-
	<u>139</u>	<u>434</u>

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
<b>Direct costs</b>				
Educational operations	5	10,288	10,293	9,062
<b>Support costs</b>				
Educational operations	-	4,642	4,642	3,952
	<u>5</u>	<u>14,930</u>	<u>14,935</u>	<u>13,014</u>

	2021 £'000	2020 £'000
<b>Analysis of costs</b>		
<b>Direct costs</b>		
Teaching and educational support staff costs	9,327	8,068
Staff development	68	58
Technology costs	148	81
Educational supplies and services	697	797
Examination fees	48	36
Other direct costs	5	22
	<u>10,293</u>	<u>9,062</u>

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 8 Charitable activities

#### Support costs

	2021	2020
	£'000	£'000
Support staff costs	2,543	2,253
Depreciation	494	470
Maintenance of premises and equipment	273	317
Cleaning	44	60
Energy costs	149	157
Rent, rates and other occupancy costs	77	69
Insurance	41	39
Security and transport	13	17
Catering	347	230
Interest on defined benefit pension scheme	117	105
Legal costs	23	-
Other support costs	501	222
Governance costs	20	13
	<u>4,642</u>	<u>3,952</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2021	2020
	£'000	£'000
Wages and salaries	8,759	7,127
Social security costs	751	654
Pension costs	1,737	2,081
	<u>11,247</u>	<u>9,862</u>
Staff costs - employees	11,247	9,862
Agency staff costs	479	349
Staff restructuring costs	50	-
	<u>11,776</u>	<u>10,211</u>
Staff development and other staff costs	162	168
	<u>11,938</u>	<u>10,379</u>

Staff restructuring costs comprise:

Severance payments	<u>50</u>	<u>-</u>
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#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-contractual severance payments totalling £50,000 (2020: £nil). Individually, the payments were: £9,000, £15,000, £10,000 and £16,000.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 9 Staff

##### Staff numbers

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

	2021 Number	2020 Number
Teachers	131	122
Administration and support	195	169
Management	5	5
	<u>331</u>	<u>296</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2021 Number	2020 Number
Teachers	115	112
Administration and support	123	110
Management	5	5
	<u>243</u>	<u>227</u>

##### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021 Number	2020 Number
£60,001 - £70,000	9	4
£70,001 - £80,000	1	-
£80,001 - £90,000	1	2
£90,001 - £100,000	1	1
	<u>12</u>	<u>7</u>

##### 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 £412,000 (2020: £403,000).

#### 10 Trustees' remuneration and expenses

No members of staff served as trustees during the year to 31 August 2021. The non-staff trustees did not receive any payments or expenses from the trust in respect of their role as trustees. Other related party transactions involving trustees are set out in note 23.



# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 11 Trustees' and officers' insurance

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 trust 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.

#### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2020	15,531	305	2,037	17,873
Additions	-	76	1,991	2,067
At 31 August 2021	15,531	381	4,028	19,940
<b>Depreciation</b>				
At 1 September 2020	1,738	268	711	2,717
Charge for the year	309	37	148	494
At 31 August 2021	2,047	305	859	3,211
<b>Net book value</b>				
At 31 August 2021	13,484	76	3,169	16,729
At 31 August 2020	13,793	37	1,326	15,156

The net book value of land and buildings comprises:

	2021 £'000	2020 £'000
Long leaseholds (over 50 years)	13,484	13,793

#### 13 Debtors

	2021 £'000	2020 £'000
Trade debtors	9	8
VAT recoverable	540	5
Other debtors	-	68
Prepayments and accrued income	148	257
	697	338

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

	2021 £'000	2020 £'000
Government loans	28	9
Trade creditors	576	442
Other creditors	61	125
Accruals and deferred income	186	195
	<u>851</u>	<u>771</u>

### 15 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Government loans	168	43

Analysis of loans	2021 £'000	2020 £'000
Wholly repayable within five years	196	52
Less: included in current liabilities	(28)	(9)
Amounts included above	<u>168</u>	<u>43</u>

#### Loan maturity

Debt due in one year or less	28	9
Due in more than one year but not more than two years	28	9
Due in more than two years but not more than five years	78	25
Due in more than five years	62	9
	<u>196</u>	<u>52</u>

Included within creditors are six Salix loans all granted as part of the Capital Improvement Funding.

These creditors include £62,000 (2020: £9,000) repayable in over 5 years.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 16 Deferred income

	2021 £'000	2020 £'000
Deferred income is included within:		
Creditors due within one year	171	175
Deferred income at 1 September 2020	175	174
Released from previous years	(175)	(174)
Resources deferred in the year	171	175
<b>Deferred income at 31 August 2021</b>	<b>171</b>	<b>175</b>

Deferred income as at 31 August 2021 is in relation to funds received in advance for Universal Infant Free School Meals from the ESFA for 2021/22 and the Hendon Brook support grant.

#### 17 Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	11,425	(11,560)	135	-
UIFSM	-	136	(136)	-	-
Pupil premium	-	695	(695)	-	-
Catch-up premium	-	184	(184)	-	-
Other DfE/ESFA COVID-19 funding	-	113	(113)	-	-
Other DfE/ESFA grants	-	216	(216)	-	-
Other government grants	-	371	(371)	-	-
Teachers' pay grant	-	130	(130)	-	-
Teachers' pension grant	-	367	(367)	-	-
Pension reserve	(6,875)	-	(664)	(969)	(8,508)
	<u>(6,875)</u>	<u>13,637</u>	<u>(14,436)</u>	<u>(834)</u>	<u>(8,508)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	13,673	-	(375)	-	13,298
DfE group capital grants	1,299	2,009	(87)	-	3,221
Capital expenditure from GAG	184	-	(7)	(18)	159
Donated assets from DfE Group	-	76	(25)	-	51
	<u>15,156</u>	<u>2,085</u>	<u>(494)</u>	<u>(18)</u>	<u>16,729</u>
<b>Total restricted funds</b>	<u>8,281</u>	<u>15,722</u>	<u>(14,930)</u>	<u>(852)</u>	<u>8,221</u>
<b>Unrestricted funds</b>					
General funds	198	99	(5)	(117)	175
<b>Total funds</b>	<u>8,479</u>	<u>15,821</u>	<u>(14,935)</u>	<u>(969)</u>	<u>8,396</u>

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 17 Funds

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and capital expenditure.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objects of the academy.

Unrestricted funds are funds which the board of trustees may use in the pursuance of the academy's objects and are expendable at the discretion of the trustees.

The £117,000 transfer from unrestricted general funds to restricted general funds is to reduce the deficit carried forward on restricted general funds to £nil.

A transfer of £18,000 was made from the restricted fixed asset fund to GAG and represents funding from Devolved Formula Capital that was utilised to pay for costs that are included in restricted general funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

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

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(654)	10,329	(9,936)	261	-
Other DfE/ESFA grants	159	1,395	(1,554)	-	-
Other government grants	-	282	(282)	-	-
Other restricted funds	-	156	(156)	-	-
Pension reserve	(6,135)	-	(594)	(146)	(6,875)
	<u>(6,630)</u>	<u>12,162</u>	<u>(12,522)</u>	<u>115</u>	<u>(6,875)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	14,098	-	(425)	-	13,673
DfE group capital grants	768	568	(37)	-	1,299
Capital expenditure from GAG	227	-	(8)	(35)	184
	<u>15,093</u>	<u>568</u>	<u>(470)</u>	<u>(35)</u>	<u>15,156</u>
<b>Total restricted funds</b>	<u>8,463</u>	<u>12,730</u>	<u>(12,992)</u>	<u>80</u>	<u>8,281</u>
<b>Unrestricted funds</b>					
General funds	<u>359</u>	<u>87</u>	<u>(22)</u>	<u>(226)</u>	<u>198</u>
<b>Total funds</b>	<u>8,822</u>	<u>12,817</u>	<u>(13,014)</u>	<u>(146)</u>	<u>8,479</u>

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 17 Funds

##### Total funds analysis by academy

	2021	2020
	£'000	£'000
Fund balances at 31 August 2020 were allocated as follows:		
Colne Primet Academy	756	436
Pendle Primary Academy	484	501
Castercliff Primary Academy	(160)	(221)
West Craven High School	(668)	(632)
Casterton Primary Academy	(144)	(106)
Central Services	(93)	220
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	175	198
Restricted fixed asset fund	16,729	15,156
Pension reserve	(8,508)	(6,875)
	<hr/>	<hr/>
Total funds	8,396	8,479

Castercliff Primary Academy is carrying a net deficit of £160,000. This is largely due to the level of support and leadership provided that has seen the academy move to an Ofsted rating of good. In addition to this the Academy is seeing a growth in pupil numbers in the early years of the Academy, however funding for this pupil growth is lagged, resulting in the income not matching the number of pupils being delivered to. With savings in leadership costs and growing income from pupil numbers this deficit position will be managed down over the academic year.

West Craven High School is carrying a net deficit of £668,000. A proportion of this relates to the deficit on conversion of £65,000 for which a repayment plan is agreed. The additional deficit is largely attributable a continued high level of temporary staff from conversion and through recent years. The Academy and trust are continuing to work to ensure a stable and robust staffing structure is in place to rapidly improve the quality in the school, by reducing the number temporary staff and sharing the resources across the two secondary academies.

Casterton Primary Academy is carrying a net deficit of £144,000. This is largely due to the level of support and leadership provided to the academy since joining the trust. This is supporting the transition and development on the academy to ensure the improvement in the attainment and achievement of pupils. The academy is maintaining pupil numbers and in some years is seeing growth in numbers as a result of the improvements being made. The academy is awaiting official Ofsted grading. With savings in leadership costs and the continued growth in pupil numbers and income this deficit will be managed and reduced over the academic year.

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 17 Funds

##### Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2021 £'000	Total 2020 £'000
Colne Primet Academy	2,548	506	177	498	3,729	2,845
Pendle Primary Academy	1,559	316	97	308	2,280	2,103
Castercliff Primary Academy	1,076	183	177	309	1,745	1,604
West Craven High School	2,374	293	124	929	3,720	3,651
Casterton Primary Academy	1,155	199	58	287	1,699	1,718
Central Services	134	194	17	923	1,268	623
	<u>8,846</u>	<u>1,691</u>	<u>650</u>	<u>3,254</u>	<u>14,441</u>	<u>12,544</u>

#### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	-	-	16,729	16,729
Current assets	175	1,019	-	1,194
Creditors falling due within one year	-	(851)	-	(851)
Creditors falling due after one year	-	(168)	-	(168)
Defined benefit pension liability	-	(8,508)	-	(8,508)
<b>Total net assets</b>	<u>175</u>	<u>(8,508)</u>	<u>16,729</u>	<u>8,396</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	15,156	15,156
Current assets	198	814	-	1,012
Creditors falling due within one year	-	(771)	-	(771)
Creditors falling due after one year	-	(43)	-	(43)
Defined benefit pension liability	-	(6,875)	-	(6,875)
<b>Total net assets</b>	<u>198</u>	<u>(6,875)</u>	<u>15,156</u>	<u>8,479</u>

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 19 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £56,000 (2020: £50,000) were payable to the schemes at 31st August 2021 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,190,000 (2020: £1,091,000).

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

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

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 19 Pension and similar obligations

##### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15.5 and 17.5 per cent for employers and 5.5 and 6.8 per cent for employees.

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.

Total contributions made	2021 £'000	2020 £'000
Employer's contributions	595	501
Employees' contributions	171	146
Total contributions	<u>766</u>	<u>647</u>

Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	4.3	3.8
Rate of increase for pensions in payment/inflation	2.9	2.4
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	<u>2.8</u>	<u>2.3</u>

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

	2021 Years	2020 Years
Retiring today		
- Males	22.4	22.3
- Females	25.1	25.0
Retiring in 20 years		
- Males	23.9	23.8
- Females	<u>26.9</u>	<u>26.8</u>



# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 19 Pension and similar obligations

##### Sensitivity analysis

The sensitivity of the scheme liabilities, and therefore the net deficit, to changes in the principal assumptions used to measure the scheme liabilities are as follows:

	Central	Sensitivity 1 +0.1% pa discount rate	Sensitivity 2 +0.1% pa inflation	Sensitivity 3 +0.1% pa pay growth	Sensitivity 4 1 yr increase in life expectancy	Sensitivity 5 +/-1% change in 2020/21 investment returns	
	£000	£000	£000	£000	£000	+1%	-1%
Liabilities	19,568	19,147	19,998	19,630	20,187	19,568	19,568
Assets	(11,060)	(11,060)	(11,060)	(11,060)	(11,060)	(11,173)	(10,947)
Deficit/surplus	8,508	8,087	8,938	8,570	9,127	8,395	8,621
Projected service cost for next year	1,332	1,296	1,369	1,332	1,378	1,332	1,332
Projected net interest cost for next year	140	140	147	141	150	138	141

Scheme liabilities would have been affected by changes in assumptions as follows:

##### The academy trust's share of the assets in the scheme

	2021 Fair value £'000	2020 Fair value £'000
Equities	5,586	4,196
Other bonds	586	635
Cash	232	166
Property	1,106	1,252
Other assets	3,550	2,954
Total market value of assets	11,060	9,203

The actual return on scheme assets was £1,306,000 (2020: £942,000).

##### Amount recognised in the Statement of Financial Activities

	2021 £'000	2020 £'000
Current service cost	1,142	951
Past service cost	-	39
Interest income	(171)	(144)
Interest cost	288	249
Total operating charge	1,259	1,095

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

### 19 Pension and similar obligations

Changes in the present value of defined benefit obligations	2021 £'000	2020 £'000
At 1 September 2020	16,078	13,842
Current service cost	1,142	951
Interest cost	288	249
Employee contributions	171	146
Actuarial loss	2,104	944
Benefits paid	(215)	(93)
Past service cost	-	39
At 31 August 2021	19,568	16,078

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

	2021 £'000	2020 £'000
At 1 September 2020	9,203	7,707
Interest income	171	144
Actuarial gain	1,135	798
Employer contributions	595	501
Employee contributions	171	146
Benefits paid	(215)	(93)
At 31 August 2021	11,060	9,203

### 20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £'000	2020 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	886	(197)
Adjusted for:		
Capital grants from DfE and other capital income	(2,085)	(568)
Defined benefit pension costs less contributions payable	547	489
Defined benefit pension scheme finance cost	117	105
Depreciation of tangible fixed assets	494	470
(Increase)/decrease in debtors	(359)	236
Increase/(decrease) in creditors	61	(197)
<b>Net cash (used in)/provided by operating activities</b>	<b>(339)</b>	<b>338</b>

# PENDLE EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Analysis of changes in net funds

	1 September 2020 £'000	Cash flows £'000	31 August 2021 £'000
Cash	674	(177)	497
Loans falling due within one year	(9)	(19)	(28)
Loans falling due after more than one year	(43)	(125)	(168)
	<u>622</u>	<u>(321)</u>	<u>301</u>

### 22 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000	2020 £'000
Amounts due within one year	19	33
Amounts due in two and five years	3	15
	<u>22</u>	<u>48</u>

### 23 Capital commitments

	2021 £'000	2020 £'000
Expenditure contracted for but not provided in the accounts	-	1,540

### 24 Related party transactions

Owing to the nature of the academy trust 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

The Chief Executive, Anita Ghidotti, has performed some ad hoc hr support work for the college. The trust charged the college £2,625 (2020: £7,875).

The trust also purchased hospitality and reprographics from the college at a total cost of £3,937 (2020: £5,762) to the trust.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

# **PENDLE EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.