

Company Registration No. 08891864 (England and Wales)

PACE ACADEMY TRUST

(FORMERLY CHIPSTEAD VALLEY ACADEMY TRUST)

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

PACE ACADEMY TRUST

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PACE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mark Rosewell (Accounting Officer)
Edward Denley (Chair)
Kevin Bright (Vice Chair)
Linda Hall (Director)
Roger Capham (Director)
Michael Fuller (Director)
Helen Clift (Director) (Resigned 28 March 2018)
Hannah Hamilton (Director) (Appointed 1 March 2018)
Lisa Beach (Director) (Appointed 11 October 2018)
Dipa Patel (Director) (Appointed 11 October 2018)

Members

Edward Denley
David Garrard OBE
Gary Pankhurst

Senior management team

- Executive Head Teacher	Mark Rosewell
- CVPS Head Teacher	Martin Roughley
- CVPS Deputy Head Teacher	Sara Kennard
- CVPS Deputy Head Teacher	Clare Rackham
- NVPS Head Teacher	Pete Steward
- NVPS Deputy Head Teacher	Sally Dubben
- BPS Head Teacher	Phyllis Sternberg
- BPS Assistant Head Teacher	Rachel O'Neill

Company registration number

08891864 (England and Wales)

Academies operated

Chipstead Valley Primary School
New Valley Primary School
Beecholme Primary School

Location

Coulsdon, Surrey
Purley, Surrey
Mitcham, Surrey

Head Teacher

Martin Roughley
Pete Steward
Phyllis Sternberg

Independent auditor

UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

PACE ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland published on September 2015 (FRS 102).

The Academy Trust operates as a multi-academy trust for pupils aged 2-11 serving a catchment area on the South London/Surrey borders. It comprises three schools: Chipstead Valley Primary School (Croydon), New Valley Primary School (Croydon) and Beecholme Primary School (Merton). Keston Primary School (Croydon) and Stanford Primary School (Merton) joined the Trust on 1 October 2018. The Trust has a pupil capacity of 1,680 and had a roll of 1,559 in the school census on 5 October 2018. There is also nursery provision at four of the schools.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The charitable company is known as PACE Academy Trust.

The trustees of PACE Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the Period are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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

The Academy Trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The Academy Trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the Academy Trust.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Method of recruitment and appointment or election of trustees

On conversion to an academy from 1 April 2014 the Trustees appointed as directors all those governors of Chipstead Valley Primary School who had participated in the working party which had overseen and managed the process of creating the Trust.

Directors are appointed for a four year period apart from the Executive Head Teacher who is "ex officio". The trustees may choose to add further members in future if their skills and experience will improve the Trust board's ability to carry out its statutory duties. Directorships have subsequently been made available to governors of other Trust schools rated "good" or better by OFSTED.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees depends on their previous experience. They are provided with copies of minutes, policies, accounts and other documents they will need to undertake their role as trustees. Trustees have access to a full programme of training courses offered by the Local Authority.

Organisational structure

The trustees are responsible for setting strategy and general policy, including setting of budgets, monitoring expenditure, setting staffing levels, making senior staff appointments and managing risk.

The Senior Leadership Team, led by the Executive Head Teacher, implements the agreed policies and reports back to the trustees. It is responsible for authorisation of expenditure up to delegated limits and the appointment of staff, although trustees will participate in appointments to posts in the Senior Leadership Team. The Executive Head Teacher is the Accounting Officer for the Academy Trust.

The trustees meet at least once each half term.

A Finance and Audit Committee was created in 2015 and meets at least once in each half term. It has responsibilities which include reviewing the financial position of the Trust, monitoring the effectiveness of the Trust's finance policy and liaising with the auditors which have been delegated by the Board of Trustees.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting pay of Key Management Personnel are determined by the Strategic Board. As below:

- Executive Head Teacher - Performance Management and remuneration is carried out by a sub committee of the Strategic Board.
- Heads of School/ Head Teacher - Performance Management is carried out by the Executive Head Teacher. Remuneration recommendations are made to the Strategic Board.
- Deputy Head Teacher - Performance Management is carried out by Head Teachers/Head of School. Remuneration recommendations are made to the Strategic Board through the Executive Head Teacher.

With the exception of the Executive Head Teacher the Trustees do not receive remuneration.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

The Trust employed more than 49 full time employees during the financial year and therefore it must disclose trade union facility time in accordance with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017. The Trust recognise the valuable support and advice trade unions provide to teaching and non-teaching staff. Some employees at the Trust's schools are trade union members with union representatives appointed, who where necessary provide advice to union members during work hours. During the year 3 employees were union representatives and the total time spent fulfilling their role was not significant.

Related parties and other connected charities and organisations

Chipstead Valley Primary School uses the services of J&B O'Brien Builders and Contractors Limited, a related party of a Chipstead Valley Governor. The relevant Governor does not take part in the process to approve the use of these services. The value of the services from 02/02/18 (the date of the appointment) was £35,667.

Objectives and activities

Objects and aims

The object of the Academy Trust is to provide education and care of great quality in happy, vibrant, inspiring environments, in which all children and adults are valued and encouraged to succeed.

The aims are drawn from the Trust's vision statements, which are built on four, interconnecting pillars.

These are:

Standards and achievement

Every child succeeds in their learning. No individual or group is left behind and achievement is celebrated across the curriculum.

Care

All children thrive and barrier to learning are removed. Effective and inclusive partnership working ensures early identification of need and suitable provision.

Provision

Our curriculum is rich, vibrant and meets the needs of all children. It is delivered in an inspirational learning environment and is extended beyond the school day.

Partnership and community

Children, staff, parents, carers, governors accept and share responsibility, working together to ensure children succeed. The children recognise they are part of a local and global community. They choose to develop positive relationships.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

2017/2018 was another significant year for the Trust, a year in which it changed its name from Chipstead Valley Academy Trust to PACE Academy Trust (Partnership, Achievement, Community and Excellence). The Trust agreed to expand by a further two schools bringing the total to five, with a planned conversion date of October 2018. The first additional school followed a request by the London Borough of Merton for PACE to take responsibility for a school in difficulty (Stanford Primary). The second school, Keston Primary, a successful, local London Borough of Croydon school, chose to join the Trust, a move very much welcomed by all at PACE. September 2017 saw the opening of a major new expansion for Chipstead Valley Primary School as it moves towards a full three-forms of entry primary and also the opening of a new nursery on site for two and three years olds.

Key objectives for the Trust included:

- Securing financial stability in turbulent times for school budgets;
- Establishing high quality provision in the new nursery at Chipstead Valley;
- Changing the name of the Trust; in order to reflect its wider geographical focus and ethos;
- Making detailed preparations for Trust expansion, including appropriate leadership structures at both school and Trust level;
- Preparing Beecholme Primary for its Ofsted inspection, due in 2018/2019;
- Providing support for Stanford Primary on a Service Level Agreement basis with the London Borough of Merton;
- Raising standards across the Trust through training and development using, wherever possible, high quality leaders and practitioners drawn from the Trust's schools.

Additionally, all three schools produced detailed development plans focussing on raising achievement.

Principal Activities

The principal activity of PACE Academy Trust is in accordance with its objectives advancing education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. The details of the objectives, strategies and activities of each school within the multi-academy trust are outlined in their individual school development plans.

Public benefit

The trustees confirm that they have referred to the guidance provided by the Charity Commission in respect of public benefit when reviewing the Academy Trust's aims and objectives (as set out above) and in planning future activities and setting appropriate policies for future years.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and Performance

The 2017/2018 school year was an exceptionally strong one for the Trust. Highlights were the Key Stage Two SATs results in all three schools, where attainment, and notably, progress were strong.

Chipstead Valley Primary School

- The attainment of children at the end of KS2 in reading, writing and mathematics were well above average, as was the combined score at 83% (National 64%);
- The progress made by children was also significantly above average, notably in reading and writing where progress was in the top 10% of schools nationally;
- Disadvantaged children made greater progress than their non-disadvantaged peers nationally in reading, writing and mathematics;
- The proportion of children reaching expected standards in reading, writing and mathematics at KS1 was higher than the national figure in all cases;
- The proportion of children achieving greater depth in reading, writing and mathematics at KS1 was higher than the national figure in all cases;
- The proportion of children achieving the expected score in phonics (91%) was well above the national average (82%);
- All teaching was judged to be contributing towards the excellent standards of attainment and progress.

New Valley Primary School

- For the fifth consecutive year, attainment in reading, writing and mathematics were above national averages, as was the combined score at 70% (National 64%);
- The progress scores from KS1 were also above average, particularly in reading and mathematics where they were in the top 10% of schools;
- Disadvantaged children made greater progress than their non-disadvantaged peers nationally in reading, writing and mathematics;
- Attainment at expected levels at KS1 was slightly below average in reading and mathematics, but above average in writing;
- Attainment at greater depth at KS1 was below average in reading but above in writing and mathematics;
- The proportion of children achieving the expected score in phonics (81%) was in line with the national average (82%);
- The vast majority of teaching was judged to be contributing to the impressive performance data.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Beecholme Primary School

- The progress made by children from KS1 to KS2 was in the top 10% of all schools nationally with similar KS1 data;
- Attainment in reading, writing and mathematics combined was above national at 72% (National 64%);
- Attainment in writing and mathematics were above national averages with reading slightly below;
- Attainment at greater depth in mathematics was highly impressive with 45% of children reaching the required level (National 24%);
- Disadvantaged children made greater progress than their non-disadvantaged peers nationally in reading, writing and mathematics;
- The proportion of children reaching expected standards in reading, writing and mathematics at KS1 was higher than the national figure in all cases;
- Attainment at greater depth at KS1 was below average in reading, in-line in writing and above national in mathematics;
- The vast majority of teaching was judged to be contributing to the impressive performance data.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The main performance indicators are as follows:

Chipstead Valley Primary School

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Not met	A small in year deficit was covered by reserves.
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (8.4%)	
Pupil Numbers	>90% capacity	Met (100%, October 18)	
Attainment Data	At least in line with similar schools	Met	See attainment and progress.
Ofsted outcome	Current judgment good or better	Met (Outstanding)	

New Valley Primary School

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (10.4%)	
Pupil Numbers	>90% capacity	Not met (73%, October 18)	Increase from 65% in September 2014.
Attainment Data	At least in line with similar schools	Met	See attainment and progress.
Ofsted outcome	Current judgment good or better	Met (Good)	

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Beecholme Primary School

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (9.3%)	
Pupil Numbers	>90% capacity	Met (91%) October 18	
Attainment Data	At least in line with similar schools	Met	See attainment and progress.
Ofsted outcome	Current judgment good or better	New school - no current judgment	

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy Trust's income is derived from the Education and Skills Funding Agency (ESFA), an agent of the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2018, total restricted educational expenditure was £5,374,566 (excluding restricted fixed asset funds). Overall, total incoming resources for the year came to £5,591,688 (excluding restricted fixed asset funds). Of this, recurrent grant funding from the ESFA, DfE and Local Authority totalled £5,078,465. The result of income less expenditure for the year (excluding restricted fixed asset funds, inherited funds and actuarial gains) was a deficit of (£188,436)

At 31 August 2018 the net book value of fixed assets was £25,817,193 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Land, buildings and other assets were transferred to the Academy Trust upon conversion and upon New Valley Primary School and Beecholme Primary School joining the Trust on 1 September 2014 and 1 September 2016 respectively. Land and buildings across the Trust were externally revalued by professional valuation experts as at 31 August 2017, and the revalued amounts are reflected in the financial statements. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives. Additions to assets are capitalised at cost and depreciated over their useful life.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated with in the Statement of Financial Activity with details in note 18 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy.

The Strategic Board appointed Buzzacott to carry out the role of Internal Auditor to undertake a programme of internal checks on financial controls for the 2017/18 financial year. The Strategic Board received termly reports of recommendations from them.

Reserves policy

The Trust Policy is to normally maintain reserves of between 2% and 8% of annual income and to set annual budgets accordingly. Restricted reserves should not exceed 12% of GAG as laid down by the ESFA.

Currently the Trust's reserves (excluding fixed asset funds and the defined benefit pension scheme liability) are 7.5% of annual income and therefore in line with the target stated.

The Trust's total reserves stand at £24,362,089. The Trust currently holds free reserves, consisting of restricted general funds plus unrestricted funds, of £423,650. The fixed asset reserves at the year end stand at £25,843,439.

Investment policy

Currently the Trust does not hold interest-bearing accounts.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Strategic Board recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 18 to the financial statements, represents a significant potential liability. However as the Directors consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

The Executive Head Teacher and Head Teacher of each school are responsible for the authorisation of spending within agreed budgets, above a certain level the Strategic Board are required to approve expenditure; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Executive Head Teacher is responsible for the appointment of staff and a Director presence is required for senior appointments.

The Executive Head Teacher is the Accounting Officer.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

As the majority of the Trust's funding is derived from the ESFA, via the Department of Education, the Strategic Board considers this element of funding to be reasonably secure.

The most significant risks relating to this income would be a fall in pupil numbers. The Strategic Board feels this is a minimal risk at Chipstead Valley Primary School due to rising birth rates, and the on-going and increasing popularity of the school. It continues to be working at full capacity. New Valley Primary School had a successful Ofsted in the prior year and this should help boost pupil numbers which currently stand at just under 73%. However the expansion of other local schools means that Trustees, the Local Governing Board and the school's leadership team will need to monitor admission patterns very carefully as well as effectively marketing the school. Beecholme Primary School numbers are at 91% capacity and should improve as the school increases its reputation within the local community. The final outcome of the National Funding Formula is yet to be confirmed.

The Directors have set up and maintained a register of risks. The main risks which the academy is exposed to are identified as operational, reputational and financial.

Operational and reputational – this covers risks to the running of the academy Trust (including the capacity of staff and facilities to meet the needs of pupils), the quality of education, which it provides, failure of information security and unforeseen large scale catastrophic events.

Financial – covering risks to the Trust's financial position, including revenue (especially relating to reductions in pupil numbers), cost control, management of cash and prevention of fraud.

Fundraising

Fundraising for the trust takes the following forms:

- Fundraising on behalf of the school through Parent Teacher Associations holding summer fairs and similar events;
- Donations from parents;
- Students and staff engaging in fundraising for external charities.

The Trust aims to meet the fundraising code of practice which is that any fundraising will be legal, open, honest and respectful. The Trust will ensure protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate and ensure that all funds raised for a particular cause must be used for that particular cause. The Trust has not received any fundraising complaints.

Plans for future periods

Trust expansion

Two schools joined the Trust on 1 October 2018 bringing the total number of schools to 5.

Keston Primary School (Croydon) is categorised as 'good' and will be able to contribute effectively to the education of children across the Trust.

Stanford Primary School (Merton) has two 'Requires Improvement' Ofsted judgments and is joining following a request from Merton LA. The request was made following the successful integration of Beecholme Primary into the Trust.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Teaching school

The Trust will continue to develop its teaching school responsibilities, particularly in the areas of teacher training, where along with its alliance schools, it has developed a bespoke training programme for salaried and non-salaried School Direct trainees. 2017/2018 saw the implementation of a professional development programme delivered jointly with Croydon Council following a successful 'Strategic School Improvement Fund' bid. It focussed on improving mathematics performance across a range of schools using a coaching and video based model. The initiative will conclude in December 2018 and indications are that the process has been highly supportive and effective in raising teaching quality

Pupil premium

The Trust works closely with other local schools (Coulsdon Cluster) to develop joint plans and approaches. Disadvantaged children made greater progress than their non-disadvantaged peers (nationally) in reading, writing and mathematics in all three schools.

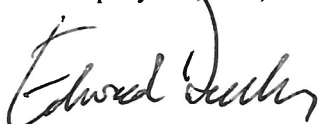
Auditor

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.

UHY Hacker Young was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 06 December 2018 and signed on its behalf by:



Edward Denley
Chair

PACE ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between PACE Academy 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 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Strategic Board

Trustees	Meetings attended	Out of possible
Mark Rosewell (Accounting Officer)	9	9
Edward Denley (Chair)	9	9
Kevin Bright (Vice Chair)	7	9
Linda Hall (Director)	8	9
Roger Capham (Director)	9	9
Michael Fuller (Director)	8	9
Helen Clift (Director) (Resigned 28 March 2018)	3	5
Hannah Hamilton (Director) (Appointed 1 March 2018)	2	4
Lisa Beach (Director) (Appointed 11 October 2018)		
Dipa Patel (Director) (Appointed 11 October 2018)		

Finance and Audit Committee

Trustees	Meetings attended	Out of possible
Mark Rosewell (Accounting Officer)	6	6
Edward Denley (Chair)	6	6
Kevin Bright (Vice Chair)	4	6
Linda Hall (Director)	4	6
Michael Fuller (Director)	5	6
Hannah Hamilton (Director) (Appointed 1 March 2018)	3	3

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Finance and Audit committee is a sub-committee of the main Board of Trustees. Its purpose is to:

Review of value for money

As accounting officer, the Executive Head Teacher has responsibility for ensuring that the academy trust delivers good value in use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Each trust school has reviewed its staffing structure to ensure both educational efficiency and value for money. Examples of positive outcomes include the sharing of a SENCO across two schools, the reduction of caretaking hours in a school with a falling roll and an improved photocopying contract.

The trust also negotiated an increase in the grant offer from the local authority for equipping Chipstead Valley as it expands to three forms of entry. This has allowed for considerable investment in ICT resources. The new nursery class at Chipstead Valley has been fully integrated and careful financial planning has ensured that its inclusion has no negative effect on the whole school budget.

In order to support long-term sustainability, the trust has successfully negotiated the addition of a further two schools from the Autumn Term 2018, each providing financial contributions in-line with existing member schools.

The trust has also reviewed its staffing structure and plans are in place to appoint a 'Head of Operations' to work alongside the Head of Finance in order to further improve compliance, forward planning and value for money.

As the Trust expands, it is mindful of the recruitment and deployment of administrative staff to ensure effective financial management and control within the Trust.

The Trust actively promotes the hire of its premises to the local community including hall hire to various clubs and swimming pool hire to other primary schools and swimming clubs. Monies generated from this are used to maintain the facilities and enhance learning experiences for the pupils.

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 PACE Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Buzzacott as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees.

Review of effectiveness

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

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

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

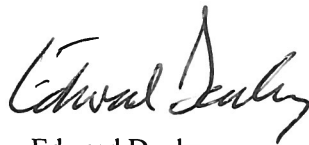
FOR THE YEAR ENDED 31 AUGUST 2018

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 06 December 2018 and signed on its behalf by:



Mark Rosewell
Accounting Officer



Edward Denley
Chair

PACE ACADEMY TRUST

**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018**

As Accounting Officer of PACE Academy 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 ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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



Mark Rosewell
Accounting Officer

06 December 2018

PACE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of PACE Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

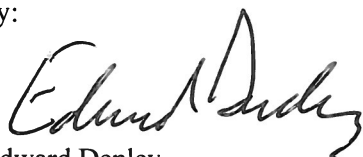
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 06 December 2018 and signed on its behalf by:



Edward Denley
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACE ACADEMY TRUST

Opinion

We have audited the accounts of PACE Academy Trust for the year ended 31 August 2018 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 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 2018 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 2015 and the Academies Accounts Direction 2017 to 2018.

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACE ACADEMY TRUST
(CONTINUED)**

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. 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.

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 have 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACE ACADEMY TRUST
(CONTINUED)**

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 financial statements

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.

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.



**Colin Wright (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young**

18/12/2018

**Chartered Accountants
Statutory Auditor**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PACE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 April 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by PACE Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to PACE Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the PACE Academy 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 PACE Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of PACE Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of PACE Academy Trust's funding agreement with the Secretary of State for Education dated 28 March 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO PACE ACADEMY TRUST AND THE EDUCATION FUNDING
AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement; and
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

Reporting Accountant

UHY Hacker Young

Dated: 18/12/2018

PACE ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	7,514	14,181	31,284	52,979	5,772,407
Donations - Transfer from local authority on conversion		-	-	-	-	3,327,351
Charitable activities:						
- Funding for educational operations	4	25,655	5,078,465	-	5,104,120	4,548,693
Other trading activities	5	403,190	62,328	-	465,518	356,487
Investments	6	355	-	-	355	411
Total income and endowments		<u>436,714</u>	<u>5,154,974</u>	<u>31,284</u>	<u>5,622,972</u>	<u>14,005,349</u>
Expenditure on:						
Raising funds	7	-	6,634	-	6,634	-
Charitable activities:						
- Educational operations	8	405,558	5,367,932	1,012,707	6,786,197	5,710,503
Total expenditure	7	<u>405,558</u>	<u>5,374,566</u>	<u>1,012,707</u>	<u>6,792,831</u>	<u>5,710,503</u>
Net income/(expenditure)		31,156	(219,592)	(981,423)	(1,169,859)	8,294,846
Transfers between funds		(3,344)	(66,495)	69,839	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	18	-	411,000	-	411,000	454,000
Revaluation of fixed assets		-	-	-	-	5,554,448
Net movement in funds		<u>27,812</u>	<u>124,913</u>	<u>(911,584)</u>	<u>(758,859)</u>	<u>14,303,294</u>
Reconciliation of funds						
Total funds brought forward		195,182	(1,829,434)	26,755,200	25,120,948	10,817,654
Total funds carried forward		<u>222,994</u>	<u>(1,704,521)</u>	<u>25,843,616</u>	<u>24,362,089</u>	<u>25,120,948</u>

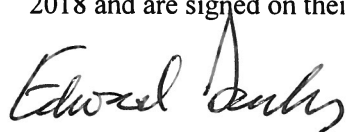
PACE ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		25,817,193		26,691,738
Current assets					
Stocks	13	2,391		-	
Debtors	14	377,720		305,183	
Cash at bank and in hand		607,766		648,897	
			<u>987,877</u>	<u>954,080</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(537,981)		(578,870)	
Net current assets			<u>449,896</u>	<u>375,210</u>	
Net assets excluding pension liability			<u>26,267,089</u>	<u>27,066,948</u>	
Defined benefit pension liability	18		(1,905,000)		(1,946,000)
Net assets			<u><u>24,362,089</u></u>	<u><u>25,120,948</u></u>	
Funds of the Academy Trust:					
Restricted funds					
- Fixed asset funds	17		25,843,616		26,755,200
- Restricted income funds			200,479		116,566
- Pension reserve			(1,905,000)		(1,946,000)
Total restricted funds			<u>24,139,095</u>		<u>24,925,766</u>
Unrestricted income funds	17		<u>222,994</u>		<u>195,182</u>
Total funds			<u><u>24,362,089</u></u>	<u><u>25,120,948</u></u>	

The accounts on pages 24 to 51 were approved by the trustees and authorised for issue on 06 December 2018 and are signed on their behalf by:



Edward Denley
Chair

Company Number 08891864

PACE ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities	20		65,392		335,327
Cash funds transferred on conversion			-		37,249
			<u>65,392</u>		<u>372,576</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		355		411	
Capital funding received from sponsors and others		31,284		163,073	
Purchase of tangible fixed assets		(138,162)		(512,842)	
		<u>(106,523)</u>		<u>(349,358)</u>	
Net cash used in investing activities			(106,523)		(349,358)
			<u>(41,131)</u>		<u>23,218</u>
Net (decrease)/increase in cash and cash equivalents in the reporting period			(41,131)		23,218
Cash and cash equivalents at beginning of the year			648,897		625,679
			<u>648,897</u>		<u>625,679</u>
Cash and cash equivalents at end of the year			607,766		648,897
			<u><u>607,766</u></u>		<u><u>648,897</u></u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

PACE Academy 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 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

PACE Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie 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. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

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.

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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 financial statements 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 accounting policies of the Academy Trust.

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.

All resources expended are inclusive of irrecoverable VAT.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 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 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	5-10%
Computer equipment	33%
Fixtures, fittings & equipment	20%

No depreciation is provided in respect of freehold land.

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 payable under operating leases are charged against income on a straight line basis over the period of the lease.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

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 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 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.

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit 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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

1.12 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 and include grants from the Education and Skills Funding Agency.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees consider that they have not made any critical judgements in the preparation of the financial statements.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Private sponsorship	-	14,181	14,181	-
Donated fixed assets	-	-	-	5,609,334
Capital grants	-	31,284	31,284	163,073
Other donations	7,514	-	7,514	-
	<u>7,514</u>	<u>45,465</u>	<u>52,979</u>	<u>5,772,407</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,689,505	3,689,505	3,597,804
Start up grants	-	25,000	25,000	-
Other DfE / ESFA grants	-	407,266	407,266	373,105
	-	4,121,771	4,121,771	3,970,909
Other government grants				
Local authority grants	-	636,086	636,086	390,032
Other grants	-	320,608	320,608	71,493
	-	956,694	956,694	461,525
Other funds				
Teaching School	25,655	-	25,655	99,821
Other incoming resources	-	-	-	16,438
	25,655	-	25,655	116,259
Total funding	25,655	5,078,465	5,104,120	4,548,693

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	40,143	-	40,143	42,839
Catering income	81,199	-	81,199	71,456
Other income	281,848	62,328	344,176	242,192
	403,190	62,328	465,518	356,487

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Other investment income	355	-	355	411

7 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2018 £	Total 2017 £
Academy's educational operations					
- Direct costs	2,556,682	-	663,402	3,220,084	3,111,535
- Allocated support costs	1,571,787	1,140,141	764,546	3,476,474	2,516,003
	<u>4,128,469</u>	<u>1,140,141</u>	<u>1,427,948</u>	<u>6,696,558</u>	<u>5,627,538</u>
Other expenditure					
Costs of activities for generating funds	-	-	6,634	6,634	-
Governance costs	3,785	-	85,854	89,639	82,965
	<u>3,785</u>	<u>-</u>	<u>92,488</u>	<u>96,273</u>	<u>82,965</u>
Total expenditure	<u>4,132,254</u>	<u>1,140,141</u>	<u>1,520,436</u>	<u>6,792,831</u>	<u>5,710,503</u>

Incoming/(outgoing resources) for the year include:

	2018 £	2017 £
Fees payable to auditor		
- Audit	(15,375)	(14,000)

Central services

The Academy Trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;
- educational support services; and
- others as arising.

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

7 Resources expended (Continued)

The amounts charged during the year were as follows:	Total £
Chipstead Valley Primary School	116,907
New Valley Primary School	48,816
Beecholme Primary School	60,645
	<u>226,368</u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	405,558	2,814,526	3,220,084	3,111,535
Support costs				
Educational operations	-	3,566,113	3,566,113	2,598,968
	<u>405,558</u>	<u>6,380,639</u>	<u>6,786,197</u>	<u>5,710,503</u>
			2018 £	2017 £
Analysis of support costs				
Support staff costs			1,571,787	1,117,551
Depreciation			1,012,707	641,436
Technology costs			47,849	39,147
Premises costs			387,140	330,476
Other support costs			456,991	387,393
Governance costs			89,639	82,965
			<u>3,566,113</u>	<u>2,598,968</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff costs

	2018	2017
	£	£
Wages and salaries	2,905,783	2,883,596
Social security costs	281,736	292,341
Operating costs of defined benefit pension schemes	853,105	710,514
	<hr/>	<hr/>
Staff costs	4,040,624	3,886,451
Supply staff costs	87,166	41,426
Staff development and other staff costs	4,464	22,707
	<hr/>	<hr/>
Total staff expenditure	<u>4,132,254</u>	<u>3,950,584</u>

Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018	2017
	Number	Number
Teachers	71	37
Administration and support	125	110
Management	12	7
	<hr/>	<hr/>
	<u>208</u>	<u>154</u>

Higher paid staff

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

	2018	2017
	Number	Number
60,001 - 70,000	2	2
70,000 - 80,000	1	-
120,001 - 130,000	1	1

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

9 Staff costs

(Continued)

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1.

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £886,418 (2017: £566,061).

10 Trustees' remuneration and expenses

The Executive Head Teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of executive head teacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments or expenses from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

M Rosewell (Executive Head Teacher and trustee):

Remuneration £120,000 - £130,000 (2016: £120,000 - £130,000)

Employer's pension contributions paid £20,000 - £25,000 (2017: £20,000 - £25,000)

11 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim, for the year ended 31 August 2018 the trust was insured by the ESFA's Risk Protection Arrangement.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2017	28,145,000	136,456	94,274	28,375,730
Additions	74,364	38,836	24,962	138,162
At 31 August 2018	<u>28,219,364</u>	<u>175,292</u>	<u>119,236</u>	<u>28,513,892</u>
Depreciation				
At 1 September 2017	1,566,946	76,307	40,739	1,683,992
Charge for the year	962,123	35,079	15,505	1,012,707
At 31 August 2018	<u>2,529,069</u>	<u>111,386</u>	<u>56,244</u>	<u>2,696,699</u>
Net book value				
At 31 August 2018	<u>25,690,295</u>	<u>63,906</u>	<u>62,992</u>	<u>25,817,193</u>
At 31 August 2017	<u>26,578,054</u>	<u>60,149</u>	<u>53,535</u>	<u>26,691,738</u>

13 Stocks

	2018	2017
	£	£
Uniforms stock	2,391	-
	<u>2,391</u>	<u>-</u>

14 Debtors

	2018	2017
	£	£
Trade debtors	66,925	49,563
VAT recoverable	53,394	46,537
Prepayments and accrued income	257,401	209,083
	<u>377,720</u>	<u>305,183</u>

Prepayments and accrued income include £65,867 (2017: £43,283) relating to grants due from the ESFA for pupil premium which was not received at the year end.

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

15 Deferred income	2018	2017
	£	£
Deferred income is included within:		
Creditors due within one year	263,973	322,672
	<u> </u>	<u> </u>
Deferred income at 1 September 2017	322,672	109,763
Released from previous years	(322,672)	(109,763)
Amounts deferred in the year	263,973	322,672
	<u> </u>	<u> </u>
Deferred income at 31 August 2018	263,973	322,672
	<u> </u>	<u> </u>

Deferred income relates to grant funding for the subsequent academic year received in advance.

16 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	135,691	90,325
Other taxation and social security	56,295	63,970
Other creditors	226	150
Accruals and deferred income	345,769	424,425
	<u> </u>	<u> </u>
	537,981	578,870
	<u> </u>	<u> </u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	178,826	3,689,505	(3,624,580)	(71,493)	172,258
Start up grants	-	25,000	(7,534)	-	17,466
Other DfE / ESFA grants	(71,493)	407,266	(407,072)	71,493	194
Other government grants	9,736	956,694	(883,965)	(66,495)	15,970
Other restricted funds	(503)	76,509	(81,415)	-	(5,409)
Pension reserve	(1,946,000)	-	(370,000)	411,000	(1,905,000)
	<u>(1,829,434)</u>	<u>5,154,974</u>	<u>(5,374,566)</u>	<u>344,505</u>	<u>(1,704,521)</u>
Restricted fixed asset funds					
Transfer on conversion	15,112,203	-	-	-	15,112,203
DfE capital grants	11,642,997	31,284	(1,012,707)	69,839	10,731,413
	<u>26,755,200</u>	<u>31,284</u>	<u>(1,012,707)</u>	<u>69,839</u>	<u>25,843,616</u>
Total restricted funds	<u>24,925,766</u>	<u>5,186,258</u>	<u>(6,387,273)</u>	<u>414,344</u>	<u>24,139,095</u>
Unrestricted funds					
General funds	195,182	411,059	(379,903)	(3,344)	222,994
Teaching School Trading Account	-	25,655	(25,655)	-	-
	<u>195,182</u>	<u>436,714</u>	<u>(405,558)</u>	<u>(3,344)</u>	<u>222,994</u>
Total funds	<u>25,120,948</u>	<u>5,622,972</u>	<u>(6,792,831)</u>	<u>411,000</u>	<u>24,362,089</u>

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

17 Funds

(Continued)

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

General Annual Grant

The General Annual Grant must be used for normal running costs of the Trust including salary costs, overheads, premises costs and curriculum costs. Under the Funding Agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension Reserve

The pension reserve is the element of the local government pension fund liability attributable to the Academy (note 18).

Transfer between funds

Transfer from restricted general funds to the restricted fixed asset fund was necessary to fund fixed assets purchased during the year.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	228,410	3,597,804	(3,506,695)	(140,693)	178,826
Other DfE / ESFA grants	-	373,105	(444,598)	-	(71,493)
Other government grants	-	461,525	(451,789)	-	9,736
Other restricted funds	-	(503)	-	-	(503)
Pension reserve	(1,662,000)	(451,000)	(287,000)	454,000	(1,946,000)
	<u>(1,433,590)</u>	<u>3,980,931</u>	<u>(4,690,082)</u>	<u>313,307</u>	<u>(1,829,434)</u>
Restricted fixed asset funds					
Transfer on conversion	11,402,784	3,709,419	-	-	15,112,203
DfE capital grants	816,885	163,073	(641,436)	5,695,141	6,033,663
Private sector capital sponsorship	-	5,609,334	-	-	5,609,334
	<u>12,219,669</u>	<u>9,481,826</u>	<u>(641,436)</u>	<u>5,695,141</u>	<u>26,755,200</u>
Total restricted funds	<u>10,786,079</u>	<u>13,462,757</u>	<u>(5,331,518)</u>	<u>6,008,448</u>	<u>24,925,766</u>
Unrestricted funds					
General funds	31,575	442,771	(279,164)	-	195,182
Teaching School Trading Account	-	99,821	(99,821)	-	-
	<u>31,575</u>	<u>542,592</u>	<u>(378,985)</u>	<u>-</u>	<u>195,182</u>
Total funds	<u>10,817,654</u>	<u>14,005,349</u>	<u>(5,710,503)</u>	<u>6,008,448</u>	<u>25,120,948</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	228,410	7,287,309	(7,131,275)	(212,186)	172,258
Start up grants	-	25,000	(7,534)	-	17,466
Other DfE / ESFA grants	-	780,371	(851,670)	71,493	194
Other government grants	-	1,418,219	(1,335,754)	(66,495)	15,970
Other restricted funds	-	76,006	(81,415)	-	(5,409)
Pension reserve	(1,662,000)	(451,000)	(657,000)	865,000	(1,905,000)
	<u>(1,433,590)</u>	<u>9,135,905</u>	<u>(10,064,648)</u>	<u>657,812</u>	<u>(1,704,521)</u>
Restricted fixed asset funds					
Transfer on conversion	11,402,784	3,709,419	-	-	15,112,203
DfE group capital grants	816,885	194,357	(1,654,143)	5,764,980	5,122,079
Private sector capital sponsorship	-	5,609,334	-	-	5,609,334
	<u>12,219,669</u>	<u>9,513,110</u>	<u>(1,654,143)</u>	<u>5,764,980</u>	<u>25,843,616</u>
Total restricted funds	<u>10,786,079</u>	<u>18,649,015</u>	<u>(11,718,791)</u>	<u>6,422,792</u>	<u>24,139,095</u>
Unrestricted funds					
General funds	31,575	853,830	(659,067)	(3,344)	222,994
Teaching School Trading Account	-	125,476	(125,476)	-	-
	<u>31,575</u>	<u>979,306</u>	<u>(784,543)</u>	<u>(3,344)</u>	<u>222,994</u>
Total funds	<u>10,817,654</u>	<u>19,628,321</u>	<u>(12,503,334)</u>	<u>6,419,448</u>	<u>24,362,089</u>

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

17 Funds

(Continued)

Total funds analysis by academy

	2018	2017
	£	£
Fund balances at 31 August 2018 were allocated as follows:		
Chipstead Valley Primary School	178,995	196,569
New Valley Primary School	94,979	52,957
Beecholme Primary School	99,905	58,968
Central services	49,594	3,254
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	423,473	311,748
Restricted fixed asset fund	25,843,616	26,755,200
Pension reserve	(1,905,000)	(1,946,000)
	<hr/>	<hr/>
Total funds	<u>24,362,089</u>	<u>25,120,948</u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Chipstead Valley Primary School	1,621,924	778,284	73,829	663,841	3,137,878
New Valley Primary School	614,203	87,368	22,756	658,341	1,382,668
Beecholme Primary School	727,132	181,195	40,515	497,537	1,446,379
Central services	236,193	457,614	704	39,795	734,306
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,199,452</u>	<u>1,504,461</u>	<u>137,804</u>	<u>1,859,514</u>	<u>6,701,231</u>

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

18 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 London Borough of Croydon. Both are 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 2014 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year 2018 (2017: £nil).

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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2014 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

During the year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to increase and will be payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £253,583 (2017: £195,328).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 14.1 to 18.7 per cent for employers and 5.5 to 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £374,000.

All schools within the PACE Academy Trust contribute a pooled future service rate of 14.8% and a pooled deficit rate of 3.2% following the 2016 Teachers' Pension Scheme valuation.

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	2018	2017
	£	£
Employer's contributions	305,000	267,000
Employees' contributions	83,000	69,000
Total contributions	388,000	336,000

Principal actuarial assumptions	2018	2017
	%	%
Rate of increase in salaries	2.9	2.9
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	-

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

18 Pension and similar obligations

(Continued)

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

	2018	2017
	Years	Years
Retiring today		
- Males	22.3	22.3
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.0	24.0
- Females	26.2	26.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumption at 31 August 2018:	Approximate % Increase to Employer Liability	Approximate Monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	400
1 year increase in member life expectancy	3%	242
0.5% increase in the Salary Increase Rate	3%	47
0.5% increase in the Pension Increase Rate	9%	117

The Academy Trust's share of the assets in the scheme

	2018	2017
	Fair value	Fair value
	£	£
Equities	1,500,230	1,164,030
Bonds	337,990	286,790
Cash	253,650	50,610
Property	21,130	185,570
Total market value of assets	<u>2,113,000</u>	<u>1,687,000</u>

The actual return on scheme assets was £458,000 (2017: £482,000).

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities

	2018	2017
	£	£
Current service cost	319,000	242,000
Interest cost	51,000	45,000
	<u>370,000</u>	<u>287,000</u>

Changes in the present value of defined benefit obligations

	2018	2017
	£	£
At 1 September 2017	3,633,000	2,392,000
Obligations acquired on conversion	-	916,000
Current service cost	624,000	509,000
Interest cost	98,000	73,000
Employee contributions	83,000	69,000
Actuarial gain	(343,000)	(314,000)
Benefits paid	(77,000)	(12,000)
	<u>4,018,000</u>	<u>3,633,000</u>

Changes in the fair value of the Academy Trust's share of scheme assets

	2018	2017
	£	£
At 1 September 2017	1,687,000	730,000
Assets acquired on conversion	-	465,000
Interest income	47,000	28,000
Actuarial gain	68,000	140,000
Employer contributions	305,000	267,000
Employee contributions	83,000	69,000
Benefits paid	(77,000)	(12,000)
	<u>2,113,000</u>	<u>1,687,000</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	25,817,193	25,817,193
Current assets	760,975	200,479	26,423	987,877
Creditors falling due within one year	(537,981)	-	-	(537,981)
Defined benefit pension liability	-	(1,905,000)	-	(1,905,000)
	<u>222,994</u>	<u>(1,704,521)</u>	<u>25,843,616</u>	<u>24,362,089</u>

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	26,691,738	26,691,738
Current assets	940,878	13,202	-	954,080
Creditors falling due within one year	(642,332)	-	63,462	(578,870)
Defined benefit pension liability	-	(1,946,000)	-	(1,946,000)
	<u>298,546</u>	<u>(1,932,798)</u>	<u>26,755,200</u>	<u>25,120,948</u>

Balance to allocate	(103,364)	103,364	-	-
Per balance sheet	195,182	(1,829,434)	26,755,200	25,120,948

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018	2017
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(1,169,859)	8,294,846
Adjusted for:		
Net surplus on conversion to academy	-	(3,327,351)
Capital grants from DfE/ESFA and other capital income	(31,284)	(5,772,407)
Investment income receivable	(355)	(411)
Defined benefit pension costs less contributions payable	319,000	242,000
Defined benefit pension net finance cost	51,000	45,000
Depreciation of tangible fixed assets	1,012,707	641,436
(Increase) in stocks	(2,391)	-
(Increase) in debtors	(72,537)	(38,568)
(Decrease)/increase in creditors	(40,889)	219,099
Stocks, debtors and creditors transferred on conversion	-	31,683
Net cash provided by operating activities	65,392	335,327

21 Commitments under operating leases

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

	2018	2017
	£	£
Amounts due within one year	5,709	4,879
Amounts due in two and five years	4,562	3,649
	10,271	8,528

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Related party transactions

During the year the Trust utilised the services of J & B Obrien, which is a related party of Chipstead Valley Primary School. Total expenditure of £35,667 was incurred utilising the services of this company for routine maintenance and repairs, which was approved by the local governing body as it provided value for money for the school compared with similar providers.

The Trust also employed two individuals, a teaching assistant and a receptionist, who are close family members of Trustees. Their salaries and related employer social security and pension costs totalled £34,244.

Other than the transactions noted above, no other related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed.

23 Post balance sheet events

Two new schools, Keston Primary School and Stanford Primary School, have joined the Trust as of 1 October 2018.

24 Members' liability

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

25 Teaching School	2018		2017	
	£	£	£	£
Direct income				
External funding		25,655		99,821
Direct costs				
Direct staff costs	25,655		99,821	
Total expenditure		(25,655)		(99,821)
Surplus/(deficit) from all sources		-		-
Teaching School Trading Account balances at 1 September 2017		-		-
Teaching School Trading Account balances at 31 August 2018		-		-
