

Company Registration No. 08891864 (England and Wales)

PACE ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

PACE ACADEMY TRUST

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PACE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Helen Clift (Appointed 6 December 2018)
Edward Denley
David Garrard OBE
Cathy MacDonald (Appointed 6 December 2018)
Gary Pankhurst

Trustees

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

Senior leadership team

- Chief Executive	Mark Rosewell
- Executive Head Teacher	Claire Murphy
- Head of Finance	Linda Weight
- Head of Operations	Jo Grinter
- BPS Head Teacher	Phyllis Sternberg
- CVPS Head Teacher	Martin Roughley
- KPS Head Teacher	Helen Green
- NVPS Head Teacher	Pete Steward
- SPS Head Teacher	Francine David

Company registration number

08891864 (England and Wales)

Academies operated

Beecholme Primary School
Chipstead Valley Primary School
Keston Primary School
New Valley Primary School
Stanford Primary School

Location

Merton
Croydon
Croydon
Croydon
Merton

Head Teacher

Phyllis Sternberg
Martin Roughley
Helen Green
Pete Steward
Francine David

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 2019

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the year ended 31 August 2019. This report has been prepared in accordance with the Companies Act 2016 and Part 8 of the Charities Act 2001 and serves the purpose 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 Trust operates as a multi-academy trust for pupils aged 2-11 serving a catchment area on the South London/Surrey borders. It comprises five schools: Beecholme Primary School (Merton), Chipstead Valley Primary School (Croydon), Keston Primary School (Croydon), New Valley Primary School (Croydon) and Stanford Primary School (Merton). The Trust has a pupil capacity of 1,680 and had a roll of 1,566 in the school census on 3 October 2019. There is also nursery provision at four of the schools.

Structure, governance and management

Constitution

The 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 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 Trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The 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 2019

Method of recruitment and appointment or election of trustees

Directors are appointed for a four-year period following which they are eligible for re-appointment, apart from the Chief Executive who is "ex officio". Directors are recruited so that the Board of Trustees has the correct skills to fulfil its statutory duties.

The trustees may choose to add further directors if their skills and experience will improve the Trust board's ability to carry out its statutory duties. Directorships have 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.

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 (SLT), led by the Chief Executive, implements the agreed policies and reports back to the trustees. The SLT 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 SLT. The Chief Executive is the Accounting Officer for the Trust.

The trustees meet at least once each half term.

The Board of Trustees delegates some responsibilities to a Finance and Audit Committee which include reviewing the financial position of the Trust, monitoring the effectiveness of the Trust's finance policy and liaising with the auditors. This committee meets at least once in each half term.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

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

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

With the exception of the Chief Executive, Trustees do not receive remuneration.

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 recognises 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

There were no related party transactions during the year.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

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 Trust's aims and objectives (as set out above) and in planning future activities and setting appropriate policies for future years.

Aims

The aims of the Trust are 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, which 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 2019

Objectives, strategies and activities

On 1 October 2019, two schools joined the Trust bringing the total to five. 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.

Key Trust objectives for 2019/20 included:

- Securing financial stability in turbulent times for school budgets;
- Making detailed preparations for Trust expansion, including appropriate leadership structures at both school and Trust level;
- Preparing Beecholme Primary for its Ofsted inspection (carried out in July 2019);
- Securing short and medium term financial sustainability for Stanford Primary;
- Establishing a new, dynamic, high quality leadership team at Stanford Primary in order to drive school improvement;
- Establishing a new Additional Resource Provision (ARP) for children with autism at Stanford Primary;
- Raising standards across the Trust through training and development using, wherever possible, high quality leaders and practitioners drawn from the Trust's schools;
- Introducing an annual Trust Conference for governors and school leaders.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

The 2018/2019 academic year was a positive one for the Trust, with the highlight being the well-deserved accolade for Beecholme Primary of achieving a 'Good' overall judgment from its Ofsted inspection in July 2019, having been deemed 'Inadequate' at its previous inspection, before PACE took responsibility for the school. Of particular note was the 'outstanding' judgment for pupils' personal development, behaviour and welfare.

Beecholme Primary School

- Children matched their peers nationally at the end of EYFS despite the fact that many of the children enter nursery with little or no English;
- At KS1, children exceeded nationally expected standards in reading, writing and mathematics;
- At KS2, children exceeded nationally expected standards in writing and mathematics;
- At KS2, children exceeded nationally expected standards in reading, writing and mathematics combined;
- Progress in reading, writing was in line with national expectations and well above in mathematics; and
- The quality of teaching was identified as 'strong' overall in the inspection report.

Chipstead Valley Primary School

- Children exceeded their peers nationally at the end of EYFS 76% (national 72%);
- At KS1, children exceeded nationally expected standards in reading, writing and mathematics;
- At KS2, children exceeded nationally expected standards in reading, writing and mathematics;
- At KS2, children exceeded nationally expected standards in reading, writing and mathematics combined;
- Progress in reading, writing and mathematics was in line with national expectations in all subjects; and
- The quality of teaching was at least good in the overwhelming majority of classes with significant proportions of outstanding practice.

Keston Primary School

- Children exceeded their peers nationally at the end of EYFS 83% (national 72%);
- At KS1, children exceeded nationally expected standards in reading, writing and mathematics;
- At KS2, children exceeded nationally expected standards in reading, writing and mathematics;
- At KS2, children exceeded nationally expected standards in reading, writing and mathematics combined;
- Progress in reading, writing and mathematics was above national expectations in all subjects; and
- The quality of teaching was at least good in all classes with significant proportions of outstanding practice.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

New Valley Primary School

- Children exceeded their peers nationally at the end of EYFS 80% (national 72%);
- At KS1, children exceeded nationally expected standards in reading, writing and mathematics;
- At KS2, children exceeded nationally expected standards in writing and mathematics;
- At KS2, children were below nationally expected standards in reading, writing and mathematics combined;
- Progress in reading and mathematics were in line with national expectations and well above in writing; and
- The quality of teaching was at least good in the large majority of classes with some examples of outstanding practice.

Stanford Primary School

- Children were well below their peers nationally at the end of EYFS 37% (national 72%). This cohort had very low starting points with significant proportions of children with SEN;
- At KS1, children were below nationally expected standards in reading, writing and mathematics;
- At KS2, children were in line with nationally expected standards in reading and mathematics and below in writing;
- At KS2, children were below nationally expected standards in reading, writing and mathematics combined;
- Progress in reading and mathematics were in line with national expectations but below in writing; and
- The quality of teaching was at least good in a majority of classes but with too high a proportion of teaching that requires improvement.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The main performance indicators are as follows:

Beecholme Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (11.2%)	
Pupil Numbers	>90% capacity	Not met (84%, October 2019)	
Attainment Data	At least in line with similar schools	Met	See attainment and progress
Ofsted outcome	Current judgment good or better	Met (Good - July 2019)	

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Chipstead Valley Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Not met	Deficit in year covered by reserves as budgeted
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (7%)	
Pupil Numbers	>90% capacity	Met (97%, October 2019)	
Attainment Data	At least in line with similar schools	Met	See attainment and progress
Ofsted outcome	Current judgment good or better	Met (Outstanding)	

Keston Primary School

Indicator	Success Criteria	Outcome	Comment
Financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (2.9%)	
Pupil Numbers	>90% capacity	Met (99.5%), October 2019	
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 2019

New Valley Primary School

Indicator	Success Criteria	Outcome	Comment
Financial stability	Expenditure does not exceed income	Not met	Deficit in year covered by reserves as budgeted
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (10.3%)	
Pupil Numbers	>90% capacity	Not met (84%, October 2019)	
Attainment Data	At least in line with similar schools	Met	See attainment and progress
Ofsted outcome	Current judgment good or better	Met (Good)	

Stanford Primary School

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Not met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (5.7%)	
Pupil Numbers	>90% capacity	Not met (78%), October 2019	
Attainment Data	At least in line with similar schools	Met	See attainment and progress
Ofsted outcome	Current judgment good or better	Not Met	New school - no current judgement

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

Risk Management

The Directors hold responsibility for the management of risks for the company. In line with the Corporate Governance guidance contained within the Charities Statement of Recommended Practice (SORP) FRS102, they have considered the major risks to which the company is exposed and continue to review regularly the financial and compliance controls necessary to mitigate those risks.

As the majority of the Trust's funding is derived from the ESFA, via the Department of Education, the Board of Trustees 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 Board of Trustees feels this is a minimal risk at Chipstead Valley and Keston Primary Schools due to rising birth rates, and the on-going and increasing popularity of the schools. Beecholme and New Valley Primary Schools have had successful Ofsted outcomes which should help boost pupil numbers. The expansion of other local schools in the area around New Valley requires Trustees, the Local Governing Body and the school's leadership team to monitor admission patterns very carefully as well as effectively marketing the school. Stanford Primary School is reducing from two to one form entry and pupil numbers are a challenge, however during the year Merton Local Authority and PACE negotiated the implementation of an ARP at Stanford School for autistic children which will assist in securing pupil numbers and income for the school.

The final outcome of the National Funding Formula is yet to be finalised.

Risk Control and Framework

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

- Trust Finance Policy;
- Delegation of authority and segregation of duties in each school;
- Identification and management of other risks through the use of risk registers; and
- Internal Audit arrangements

The Trust has a strategic risk register and a Financial and Audit risk register in place which identifies those risks being managed at Trust level.

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 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. Internal audits are carried out by an external firm of accountants.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Trust Finance Policy is reviewed and updated annually.

The Chief Executive, Executive Head Teacher and Head Teacher of each school are responsible for the authorisation of spending within agreed budgets. Above a certain level (or defined limit) the Board of Trustees 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 Chief Executive and Executive Head Teacher are responsible for the appointment of staff and the presence of trustees is required for senior appointments.

The Chief Executive is the Accounting Officer.

The Board of Trustees appointed Buzzacott to carry out the role of Internal Auditor to undertake a programme of internal checks on financial controls for the 2018/19 financial year. The Board of Trustees received termly reports of recommendations from them.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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 financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Trust's income is 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 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2019, total restricted educational expenditure was £8,942,597 (excluding restricted fixed asset funds). Overall, total incoming resources for the year came to £9,287,911 (excluding restricted fixed asset funds). Of this, recurrent grant funding from the ESFA, DfE and Local Authority totalled £8,272,761. The result of income less expenditure for the year (excluding restricted fixed asset funds, inherited funds and actuarial gains) was a deficit of £1,994,447.

At 31 August 2019 the net book value of fixed assets was £49,206,912 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

Land, buildings and other assets were transferred to the Trust upon conversion and upon schools joining the Trust. Land and buildings across the Trust were externally revalued by professional valuation experts as at 31 August 2017. Land and building for the new schools were valued at 1 October 2018. The revalued amounts are reflected in the financial statements. Additions to assets are capitalised at cost and depreciated over their useful life.

The 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 19 to the financial statements.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 19 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.

Reserves policy

Currently the Trust's combined unrestricted and restricted reserves (excluding fixed asset funds and the defined benefit pension scheme liability) are in line with the target of being over 2% of the income for the year. The Trust's total reserves were £45,002,641 at the year end, with free reserves, consisting of restricted general funds plus unrestricted funds, of £484,898. The fixed asset reserves at the year end were £49,241,304.

Investment policy

Currently the Trust only holds interest bearing bank accounts with a major UK bank.

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; and
- 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

The Trust's plans and aims for the future include:

- To establish effective systems for managing HR, business and finance operations, including best use of current and future staffing arrangements;
- To ensure all schools in the Trust are financially sustainable over the longer term;
- To develop the new ARP at Stanford Primary to ensure that it is a high performing, effective unit for children with autism; and
- To secure a 'Good' Ofsted judgment for Stanford Primary in 2020/21.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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. Similarly, its borough wide programme for NQT support is well attended and evaluations show that it meets the needs of the teachers.

The Trust's National Leader for Education (NLE) will work to support other schools and will bid for nationally available funding to support identified schools in difficulty.

A variety of school leaders support and run courses for emerging, middle and senior leaders.

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 12 December 2019 and signed on its behalf by:



Edward Denley
Chair

PACE ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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 Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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:

Trustees	Meetings attended	Out of possible
Mark Rosewell (Accounting Officer)	7	8
Edward Denley (Chair)	7	8
Kevin Bright (Vice Chair)	7	8
Linda Hall (Director)	8	8
Roger Capham (Director)	8	8
Michael Fuller (Director)	7	8
Hannah Hamilton (Director)	3	8
Lisa Beach (Director) (Appointed 11 October 2018)	6	8
Dipa Patel (Director) (Appointed 11 October 2018)	4	8

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Finance and Audit Committee

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

- Ensure effective financial management of the Trust
- Ensure compliance with all relevant regulations and legislation, especially the Academies Financial Handbook
- Ensure that the Trust is making its best efforts to obtain value for money

Finance Responsibilities

- To regularly monitor and review the Trust's financial statements and to agree the format and content of these, consistent with the requirements of the Academies Financial Handbook. To set and review key performance indicators (KPIs) for all schools in the Trust and for the Trust as a whole
- To review budget and cash flow forecasts, including multi-year forecasts for the Trust prior to presentation to the Board of Trustees for approval
- To recommend the annual spending target to be set for the budget of each school in the Trust to the Board of Trustees for approval
- To approve the annual budget for schools within the Trust where the governing body does not have delegated authority for financial management
- To review the Trust's audited statutory accounts prior to presentation to the Board of Trustees for approval
- To consider plans with significant financial implications prior to presentation to the Board of Trustees for approval
- To monitor the Trust's exposure to pensions costs

Audit Responsibilities

- To review risks to the Trust's internal financial controls
- To monitor the effectiveness of the Trust's finance policy and agree any changes required to this on behalf of the Board
- To agree the annual programme of internal audit work taking into consideration the highest areas of priority identified by the Trust's risk register
- To review internal audit reports prior to presentation of these to the Board of Trustees
- To ensure due compliance by the Trust with the requirements of public accountability
- To recommend the appointment of the Trust's external auditors and their remuneration to the Board of Trustees
- To receive and discuss reports from the external and internal auditors
- To ensure that appropriate action is taken to implement agreed recommendations from internal and external auditors

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Finance and Audit committee has formally met 6 times during the year. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Mark Rosewell (Accounting Officer)	6	6
Edward Denley (Chair)	6	6
Kevin Bright (Vice Chair)	6	6
Linda Hall (Director)	6	6
Michael Fuller (Director)	6	6

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the 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 Trust has delivered improved value for money during the year as follows:

Each trust school has again reviewed its staffing structure to ensure both educational efficiency and value for money. Examples of positive outcomes include a Trust headteacher taking responsibility for two schools, mirroring a similar arrangement for SENCO's (Special Educational Needs Coordinator), and a reorganisation of administrative support across the Trust. The addition of two more schools has presented the opportunity to develop a clear forward plan for further development in this area.

Additional financial support (£14,000) for Stanford Primary School has been secured through a School Improvement Grant to assist in the transformation in performance at the school, and additional funding from the local authority to support ICT and equipment resourcing.

In order to support long-term sustainability, the Trust increased in size by the addition of two schools from the Autumn Term 2018, each providing financial contributions in-line with existing member schools. The Trust is pleased that, in partnership with Merton Local Authority, one of the schools, Stanford Primary is to establish an ARP for children with autism. The capital and revenue funding associated with the project is being funded by Merton and these funds will also benefit the 'mainstream' school.

As a result of the growth, the Trust reviewed its central staffing structure and a 'Head of Operations' was appointed during the year to work alongside the Head of Finance in order to further improve compliance, forward planning and value for money. Financial and human resource support was also increased at Trust level.

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, swimming pool hire to other primary schools and swimming clubs. In the summer of 2019 one school was hired to a summer camp organisation, providing childcare to local children during the summer holiday period. Monies generated from this are used to maintain the facilities and enhance learning experiences for the pupils.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 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 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 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 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 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.

PACE ACADEMY TRUST

**GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**


Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year 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.

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 12 December 2019, 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 2019**

As Accounting Officer of PACE Academy Trust I have considered my responsibility to notify the 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 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 2018.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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

12 December 2019

PACE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

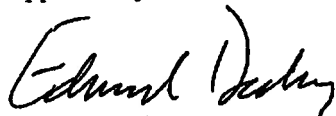
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 the Board of Trustees on 12 December 2019 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 2019 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 2018 to 2019 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 2019 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 2018 to 2019.

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

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

We have nothing to report in this regard.

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 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 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

13/12/2019

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 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 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 2018 to 31 August 2019 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:13/12/2019.....

PACE ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	8,447	-	271,249	279,696	52,979
Donations - Transfer from local authority on conversion	27	-	(1,164,000)	24,894,000	23,730,000	-
Charitable activities:						
- Funding for educational operations	4	26,186	8,272,761	-	8,298,947	5,104,120
Other trading activities	5	554,504	154,274	-	708,778	465,518
Investments	6	490	-	-	490	355
Total		589,627	7,263,035	25,165,249	33,017,911	5,622,972
Expenditure on:						
Raising funds	7	-	4,866	-	4,866	6,634
Charitable activities:						
- Educational operations	9	537,754	8,942,597	1,797,141	11,277,492	6,786,197
Total	7	537,754	8,947,463	1,797,141	11,282,358	6,792,831
Net income/(expenditure)		51,873	(1,684,428)	23,368,108	21,735,553	(1,169,859)
Transfers between funds	18	(92,238)	65,218	27,020	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(1,095,000)	-	(1,095,000)	411,000
Net movement in funds		(40,365)	(2,714,210)	23,395,128	20,640,553	(758,859)
Reconciliation of funds						
Total funds brought forward		222,993	(1,704,520)	25,843,615	24,362,088	25,120,948
Total funds carried forward		182,628	(4,418,730)	49,238,743	45,002,641	24,362,089

PACE ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2018	Notes	Funds	General	Fixed asset	2018
		£	£	£	£
Income and endowments from:					
Donations and capital grants	3	7,514	14,181	31,284	52,979
Charitable activities:					
- Funding for educational operations	4	25,655	5,078,465	-	5,104,120
Other trading activities	5	403,190	62,328	-	465,518
Investments	6	355	-	-	355
Total		<u>436,714</u>	<u>5,154,974</u>	<u>31,284</u>	<u>5,622,972</u>
Expenditure on:					
Raising funds	7	-	6,634	-	6,634
Charitable activities:					
- Educational operations	9	405,558	5,367,932	1,012,707	6,786,197
Total	7	<u>405,558</u>	<u>5,374,566</u>	<u>1,012,707</u>	<u>6,792,831</u>
Net income/(expenditure)		31,156	(219,592)	(981,423)	(1,169,859)
Transfers between funds	18	(3,344)	(66,495)	69,839	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	411,000	-	411,000
Net movement in funds		<u>27,812</u>	<u>124,913</u>	<u>(911,584)</u>	<u>(758,859)</u>
Reconciliation of funds					
Total funds brought forward		195,182	(1,829,434)	26,755,200	25,120,948
Total funds carried forward		<u>222,994</u>	<u>(1,704,521)</u>	<u>25,843,616</u>	<u>24,362,089</u>

PACE ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	13		49,206,912		25,817,193
Current assets					
Stocks	14		4,831		2,391
Debtors	15		670,074		377,720
Cash at bank and in hand			938,655		607,766
			<u>1,613,560</u>		<u>987,877</u>
Current liabilities					
Creditors: amounts falling due within one year	16		(1,096,831)		(537,981)
Net current assets			<u>516,729</u>		<u>449,896</u>
Net assets excluding pension liability			<u>49,723,641</u>		<u>26,267,089</u>
Defined benefit pension scheme liability	19		(4,721,000)		(1,905,000)
Total net assets			<u>45,002,641</u>		<u>24,362,089</u>
Funds of the Trust:					
Restricted funds	18				
- Fixed asset funds			49,238,743		25,843,616
- Restricted income funds			302,270		200,479
- Pension reserve			(4,721,000)		(1,905,000)
Total restricted funds			<u>44,820,013</u>		<u>24,139,095</u>
Unrestricted income funds	18		<u>182,628</u>		<u>222,994</u>
Total funds			<u>45,002,641</u>		<u>24,362,089</u>

The accounts on pages 29 to 57 were approved by the trustees and authorised for issue on 12 December 2019 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 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		349,447		65,392
Cash flows from investing activities					
Dividends, interest and rents from investments		490		355	
Capital grants from DfE Group		160,041		-	
Capital funding received from sponsors and others		111,208		31,284	
Purchase of tangible fixed assets		(290,297)		(138,162)	
Net cash used in investing activities			(18,558)		(106,523)
Net increase/(decrease) in cash and cash equivalents in the reporting period			330,889		(41,131)
Cash and cash equivalents at beginning of the year			607,766		648,897
Cash and cash equivalents at end of the year			938,655		607,766

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 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 2018 to 2019 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 i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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 Conversion to an academy trust

The conversion from a state maintained school to an academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school to an academy trust have been valued at their fair value being a reasonable estimate of the current market values that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for PACE Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

1.4 Income

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

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Grants

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

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.

Sponsorship income

Sponsorship income provided to the 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 Trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the accounting policies of the Trust.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 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.

Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

1.6 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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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.

1.7 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 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.

1.8 Leased assets

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

1.9 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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.

1.10 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.

1.11 Taxation

The 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 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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.12 Pensions benefits

Retirement benefits to employees of the 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 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 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.

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

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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.

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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement"

This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

(2) Guaranteed Minimum Pension (GMP)

GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

(3) Discount rates

There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement (Continued)

(4) Mortality assumptions

Details of the changes in mortality assumptions are shown in note 18. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

Critical judgements made in preparing the financial statements:

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 2019 £	Total 2018 £
Private sponsorship	-	-	-	14,181
Capital grants and funding	-	271,249	271,249	31,284
Other donations	8,447	-	8,447	7,514
	<u>8,447</u>	<u>271,249</u>	<u>279,696</u>	<u>52,979</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	6,170,232	6,170,232	3,689,505
Start up grants	-	61,500	61,500	25,000
Other DfE group grants	-	785,887	785,887	407,266
	-	7,017,619	7,017,619	4,121,771
Other government grants				
Local authority grants	-	1,018,521	1,018,521	636,086
Special educational projects	-	236,621	236,621	320,608
	-	1,255,142	1,255,142	956,694
Other funding				
Teaching School income	26,186	-	26,186	25,655
Total funding	26,186	8,272,761	8,298,947	5,104,120

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	73,149	-	73,149	40,143
Catering income	157,103	-	157,103	81,199
Parental contributions	10,340	42,111	52,451	14,693
Other income	313,912	112,163	426,075	329,483
	554,504	154,274	708,778	465,518

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Other investment income	490	-	490	355

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	4,866	4,866	6,634
Academy's educational operations					
- Direct costs	5,592,363	-	336,756	5,929,119	3,220,084
- Allocated support costs	2,000,886	2,411,585	935,902	5,348,373	3,566,113
	<u>7,593,249</u>	<u>2,411,585</u>	<u>1,277,524</u>	<u>11,282,358</u>	<u>6,792,831</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for audit services	16,000	15,375
Depreciation of tangible fixed assets	1,794,578	1,012,707
Net interest on defined benefit pension liability	86,000	51,000
	<u>1,886,578</u>	<u>1,119,082</u>

8 Central services

The 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.

The amounts charged during the year were as follows:

	2019	2018
	£	£
Beecholme Primary School	39,500	60,645
Chipstead Valley Primary School	81,000	116,907
Keston Primary School	43,542	-
New Valley Primary School	37,000	48,816
Stanford Primary School	59,200	-
	<u>260,242</u>	<u>226,368</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	537,754	5,391,365	5,929,119	3,220,084
Support costs				
Educational operations	-	5,348,373	5,348,373	3,566,113
	<u>537,754</u>	<u>10,739,738</u>	<u>11,277,492</u>	<u>6,786,197</u>

	2019 £	2018 £
Analysis of support costs		
Support staff costs	1,998,510	1,571,787
Depreciation	1,794,578	1,012,707
Technology costs	66,035	47,849
Premises costs	614,444	387,140
Other support costs	738,924	456,991
Governance costs	133,319	89,639
	<u>5,345,810</u>	<u>3,566,113</u>

10 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	5,645,933	2,905,783
Social security costs	465,222	281,736
Pension costs	1,340,002	853,105
Amounts paid to employees	<u>7,451,157</u>	<u>4,040,624</u>
Agency staff costs	142,092	87,166
Amounts paid to staff	7,593,249	4,127,790
Staff development and other staff costs	43,056	20,280
Total staff expenditure	<u><u>7,636,305</u></u>	<u><u>4,148,070</u></u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

(Continued)

Staff numbers

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

	2019	2018
	Number	Number
Teachers	81	71
Administration and support	176	125
Management	10	12
	<u>267</u>	<u>208</u>

Higher paid staff

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

	2019	2018
	Number	Number
60,001 - 70,000	1	-
70,001 - 80,000	3	2
120,001 - 130,000	-	1
130,001 - 140,000	1	-
	<u>1</u>	<u>3</u>

Key management personnel

The key management personnel of the 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 Trust was £673,710 (2018: £538,637).

11 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 £130,001 - £140,000 (2018: £120,000 - £130,000)

Employer's pension contributions paid £20,000 - £25,000 (2018: £20,000 - £25,000)

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Trustees and officers insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim, for the year ended 31 August 2019 the trust was insured by the ESFA's Risk Protection Arrangement.

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2018	28,219,364	175,292	119,236	28,513,892
Transfer on conversion (note 27)	24,894,000	-	-	24,894,000
Additions	161,159	103,587	25,551	290,297
At 31 August 2019	<u>53,274,523</u>	<u>278,879</u>	<u>144,787</u>	<u>53,698,189</u>
Depreciation				
At 1 September 2018	2,529,069	111,386	56,244	2,696,699
Charge for the year	1,727,087	46,140	21,351	1,794,578
At 31 August 2019	<u>4,256,156</u>	<u>157,526</u>	<u>77,595</u>	<u>4,491,277</u>
Net book value				
At 31 August 2019	<u>49,018,367</u>	<u>121,353</u>	<u>67,192</u>	<u>49,206,912</u>
At 31 August 2018	<u>25,690,295</u>	<u>63,906</u>	<u>62,992</u>	<u>25,817,193</u>

14 Stocks

	2019	2018
	£	£
Uniforms stock	<u>4,831</u>	<u>2,391</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Debtors	2019	2018
	£	£
Trade debtors	123,147	66,925
VAT recoverable	110,310	53,394
Other debtors	7,030	-
Prepayments and accrued income	429,587	257,401
	<u>670,074</u>	<u>377,720</u>

Prepayments and accrued income include £58,450 (2018: £65,867) relating to grants due from the ESFA for pupil premium which was not received at the year end.

16 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	374,759	135,691
Other taxation and social security	128,570	56,295
Other creditors	243	226
Accruals and deferred income	593,259	345,769
	<u>1,096,831</u>	<u>537,981</u>

17 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	<u>462,059</u>	<u>263,973</u>
Deferred income at 1 September 2018	263,973	322,672
Released from previous years	(263,973)	(322,672)
Resources deferred in the year	<u>462,059</u>	<u>263,973</u>
Deferred income at 31 August 2019	<u><u>462,059</u></u>	<u><u>263,973</u></u>

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

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	172,258	6,170,232	(6,111,777)	-	230,713
Start up grants	17,466	61,500	(49,300)	-	29,666
Other DfE / ESFA grants	194	785,887	(954,644)	65,218	(103,345)
Other government grants	15,970	1,255,142	(1,152,658)	-	118,454
Other restricted funds	(5,408)	154,274	(122,084)	-	26,782
Pension reserve	(1,905,000)	(1,164,000)	(557,000)	(1,095,000)	(4,721,000)
	<u>(1,704,520)</u>	<u>7,263,035</u>	<u>(8,947,463)</u>	<u>(1,029,782)</u>	<u>(4,418,730)</u>
Restricted fixed asset funds					
Inherited on conversion	15,112,203	24,894,000	(760,650)	-	39,245,553
DfE group capital grants	10,731,412	271,249	(1,036,491)	27,020	9,993,190
	<u>25,843,615</u>	<u>25,165,249</u>	<u>(1,797,141)</u>	<u>27,020</u>	<u>49,238,743</u>
Total restricted funds	<u>24,139,095</u>	<u>32,428,284</u>	<u>(10,744,604)</u>	<u>(1,002,762)</u>	<u>44,820,013</u>
Unrestricted funds					
General funds	222,993	563,441	(511,568)	(92,238)	182,628
Teaching School	-	26,186	(26,186)	-	-
	<u>222,993</u>	<u>589,627</u>	<u>(537,754)</u>	<u>(92,238)</u>	<u>182,628</u>
Total funds	<u>24,362,088</u>	<u>33,017,911</u>	<u>(11,282,358)</u>	<u>(1,095,000)</u>	<u>45,002,641</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 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 2019.

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 19).

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 2019

18 Funds

(Continued)

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

	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 group 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	-	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 2019

18 Funds

(Continued)

Total funds analysis by academy

	2019	2018
	£	£
Fund balances at 31 August 2019 were allocated as follows:		
Beecholme Primary School	108,597	99,905
Chipstead Valley Primary School	137,189	178,995
Keston Primary School	42,912	-
New Valley Primary School	78,179	94,979
Stanford Primary School	57,783	-
Central services	60,238	49,594
	<u>484,898</u>	<u>423,473</u>
Total before fixed assets fund and pension reserve		
Restricted fixed asset fund	49,238,743	25,843,616
Pension reserve	(4,721,000)	(1,905,000)
	<u>45,002,641</u>	<u>24,362,089</u>

Total cost analysis by academy

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Beecholme Primary School	809,148	140,494	47,103	217,033	1,213,778	1,446,379
Chipstead Valley Primary School	1,963,398	612,900	97,160	748,829	3,422,287	3,137,878
Keston Primary School	1,332,883	220,730	39,853	358,288	1,951,754	-
New Valley Primary School	623,749	93,293	37,526	229,471	984,039	1,382,668
Stanford Primary School	750,718	297,831	46,576	259,980	1,355,105	-
Central services	240,319	120,440	11,529	104,131	372,288	694,511
	<u>5,720,215</u>	<u>1,485,688</u>	<u>279,747</u>	<u>1,917,732</u>	<u>9,299,251</u>	<u>6,661,436</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

The 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 both schemes related to the period ended 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year 2019 (2018: £nil).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The teachers' pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £481,046 (2018: 253,583).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 per cent for employers and per cent for employees.

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.

The LGPS obligation relates to the employees of the Trust, being the employees transferred as part of the conversion from the maintained schools and new employees who joined the scheme. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the Trust at the balance sheet date.

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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations (Continued)

Total contributions made	2019	2018
	£	£
Employer's contributions	449,000	305,000
Employees' contributions	119,000	83,000
Total contributions	568,000	388,000

Principal actuarial assumptions	2019	2018
	%	%
Rate of increase in salaries	3.2	2.9
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	1.9	2.4

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

	2019	2018
	Years	Years
Retiring today		
- Males	22.1	22.3
- Females	24	24.4
Retiring in 20 years		
- Males	23.4	24.0
- Females	25.5	26.2

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

Change in assumption at 31 August 2019:	Approximate % Increase to Employer Liability	Approximate Monetary amount £
0.5% decrease in Real Discount Rate	14%	502
0.5% increase in the Salary Increase Rate	1%	45
0.5% increase in the Pension Increase Rate	12%	448

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations	(Continued)	
The Trust's share of the assets in the scheme	2019	2018
	Fair value	Fair value
	£	£
Equities	2,376,000	1,500,230
Bonds	964,000	337,990
Cash	48,000	253,650
Property	398,000	21,130
Other assets	24,000	-
	<u>3,810,000</u>	<u>2,113,000</u>
	<u><u>3,810,000</u></u>	<u><u>2,113,000</u></u>
Amount recognised in the Statement of Financial Activities	2019	2018
	£	£
Current service cost	853,000	319,000
Past service cost	67,000	-
Interest income	(88,000)	-
Interest cost	174,000	51,000
	<u>1,006,000</u>	<u>370,000</u>
	<u><u>1,006,000</u></u>	<u><u>370,000</u></u>
Changes in the present value of defined benefit obligations	2019	2018
	£	£
At 1 September 2018	4,018,000	3,633,000
Transferred in on existing academies joining the Trust	2,043,000	-
Current service cost	853,000	624,000
Interest cost	174,000	98,000
Employee contributions	119,000	83,000
Actuarial loss/(gain)	1,279,000	(343,000)
Benefits paid	(22,000)	(77,000)
Past service cost	67,000	-
	<u>8,531,000</u>	<u>4,018,000</u>
	<u><u>8,531,000</u></u>	<u><u>4,018,000</u></u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations (Continued)

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

	2019 £	2018 £
At 1 September 2018	2,113,000	1,687,000
Transferred in on existing academies joining the Trust	879,000	-
Interest income	88,000	47,000
Actuarial gain	184,000	68,000
Employer contributions	449,000	305,000
Employee contributions	119,000	83,000
Benefits paid	(22,000)	(77,000)
	<u>3,810,000</u>	<u>2,113,000</u>
At 31 August 2019	<u>3,810,000</u>	<u>2,113,000</u>

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	49,206,912	49,206,912
Current assets	337,734	1,243,995	31,831	1,613,560
Creditors falling due within one year	(155,106)	(941,725)	-	(1,096,831)
Defined benefit pension liability	-	(4,721,000)	-	(4,721,000)
	<u>182,628</u>	<u>(4,418,730)</u>	<u>49,238,743</u>	<u>45,002,641</u>
Total net assets	<u>182,628</u>	<u>(4,418,730)</u>	<u>49,238,743</u>	<u>45,002,641</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	25,817,193	25,817,193
Current assets	222,994	738,460	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>
Total net assets	<u>222,994</u>	<u>(1,704,521)</u>	<u>25,843,616</u>	<u>24,362,089</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019	2018
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	21,735,553	(1,169,859)
Adjusted for:		
Net surplus on conversion to academy	(23,730,000)	-
Capital grants from DfE and other capital income	(271,249)	(31,284)
Investment income receivable	(490)	(355)
Defined benefit pension costs less contributions payable	471,000	319,000
Defined benefit pension scheme finance cost	86,000	51,000
Depreciation of tangible fixed assets	1,794,577	1,012,707
(Increase) in stocks	(2,440)	(2,391)
(Increase) in debtors	(292,354)	(72,537)
Increase/(decrease) in creditors	558,850	(40,889)
Net cash provided by operating activities	349,447	65,392

22 Commitments under operating leases

At 31 August 2019 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Amounts due within one year	12,882	5,709
Amounts due in two and five years	20,592	4,562
	33,474	10,271

23 Related party transactions

There were no related party transactions during the year.

24 Post balance sheet events

During the year, Merton Local Authority and PACE Academy Trust negotiated the implementation of an Additional Resource Provision as Stanford Primary School for autistic children. Works on the new unit began in July 2019 and were completed in October 2019 at a cost to Merton Local Authority of £722,200. The unit will open in January 2020.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

25 Members' liability

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

26 Teaching School trading account	2019		2018	
	£	£	£	£
Direct income				
External funding		26,186		25,655
Direct costs				
Direct staff costs	26,186		25,655	
Total expenditure		(26,186)		(25,655)
Surplus from all sources		-		-
Teaching School balances at 1 September 2018		-		-
Teaching School balances at 31 August 2019		-		-

27 Conversion to an academy

On 1 September 2018 Keston Primary School and Stanford Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to PACE Academy Trust from Croydon Council and London Borough of Merton for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations.

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

Academy	Location	Date of conversion
Keston Primary School	Croydon	1 October 2018
Stanford Primary School	Merton	1 October 2018

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

27 Conversion to an academy

(Continued)

Net assets transferred:	2019
	£
Leasehold land and buildings	24,894,000
Pension scheme deficit	(1,164,000)
	<u>23,730,000</u>

	Unrestricted Funds	Restricted funds:		Total 2019
		General	Fixed asset	
Funds surplus/(deficit) transferred:	£	£	£	£
Fixed assets funds	-	-	24,894,000	24,894,000
LGPS pension funds	-	(1,164,000)	-	(1,164,000)
	<u>-</u>	<u>(1,164,000)</u>	<u>24,894,000</u>	<u>23,730,000</u>
	<u>-</u>	<u>(1,164,000)</u>	<u>24,894,000</u>	<u>23,730,000</u>