

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 2021

PACE ACADEMY TRUST

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PACE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Helen Clift
Edward Denley
David Garrard OBE
Cathy MacDonald
Gary Pankhurst

Trustees

Mark Rosewell (Accounting Officer) (Resigned 31 August 2021)
Zoe Harris (Accounting Officer) (Appointed 1 September 2021)
Kevin Bright (Chair)
Lisa Beach (Director) (Resigned 4 March 2021)
Roger Capham (Director)
Michael Fuller (Director)
Linda Hall (Director)
Hannah Hamilton (Director) (Resigned 13 July 2021)
Michael Howarth (Director) (Appointed 13 July 2021)
Micon Metcalfe (Director) (Appointed 4 March 2021)
Oladapo Obatusin (Director) (Appointed 27 May 2021)
Dipa Patel (Director)

Senior leadership team

- Chief Executive	Mark Rosewell (resigned 31 August 2021)
- Chief Executive	Zoe Harris (appointed 1 September 2021)
- Executive Head Teacher	Claire Murphy
- Chief Financial Officer	Linda Weight
- Chief Operating Officer	Jo Grinter
- BPS Head Teacher	Phyllis Sternberg
- CVPS Head of School	Clare Rackham
- KPS Head of School	Helen Green
- NVPS Head Teacher	Pete Steward
- SPS Head of School	Francine David

Company registration number

08891864 (England and Wales)

Principal and registered office

Chipstead Valley Primary School
Chipstead Valley Road
Coulston
Surrey
CR5 3BW

PACE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated	Location	Head Teacher
Beechoime Primary School	Merton	Phyllis Sternberg
Chipstead Valley Primary School	Croydon	Clare Rackham
Keston Primary School	Croydon	Helen Green
New Valley Primary School	Croydon	Pete Steward
Stanford Primary School	Merton	Francine David

Independent auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
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PACE ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year 1 September 2020 to 31 August 2021. This report serves the purposes of both a trustees' report, and a directors' report under company law.

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

The Academy Trust operates as a multi-academy trust for pupils aged 2-11 serving a catchment area on the South London/Surrey borders. It comprises 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 1,539 in the school census on 7 October 2021. There is also nursery provision at four of the schools with a capacity across the Trust of 167 pupils. There are specialist provision units at two schools. An Enhanced Learning Provision for 14 pupils at Chipstead Valley Primary and an Additional Resource Provision for 24 pupils at Stanford Primary.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The charitable company is known as PACE Academy Trust.

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

Members' liability

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

Trustees' indemnities

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

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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. The Chief Executive is “ex officio”. Directors are recruited so that the Board 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.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees depends on their previous experience of governance within a school or trust. 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 range of support and development tools including access to the National Governance Association for training, webinars and their e-learning programme.

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 Executive Leadership Group, led by the Chief Executive, implements the agreed policies and reports back to the trustees. The group 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 Executive Leadership Group. The Chief Executive is the Accounting Officer for the Academy Trust.

The trustees meet at least once each half term.

The Board 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.

Arrangements for setting pay and remuneration of key management personnel

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

- Chief Executive - performance management and remuneration is carried out by a subcommittee of the Strategic Board.
- Executive Head Teacher - performance management and remuneration is carried out by the Chief Executive
- Head Teacher/ Head of School - performance management and remuneration is carried out by the Chief Executive or Executive Head Teacher.
- Deputy/Assistant Head Teacher - performance management and remuneration is carried out by Head Teacher/Head of School.
- The Chief Operating Officer and Chief Financial Officer - performance management and remuneration is carried out by the Chief Executive.

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

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Trade union facility time

The Trust employed more than 49 full time employees during the financial year and therefore it must disclose trade union facility time in accordance with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017. The Trust recognise the valuable support and advice trade unions provide to teaching and non-teaching staff. Some employees at the Trust's schools are trade union members with union representatives appointed, who, where necessary, provide advice to union members during work hours. During the year 5 employees were union representatives and the total time spent fulfilling their role was not significant.

Engagement with employees

The Trust continued to engage with its staff during the period of this report.

There has been specific school level engagement and consultation with all staff concerning arrangements to mitigate the risks of COVID-19. Consultations extended to governors who agreed the risk assessments and mitigations put in place.

The Trust consulted on and then agreed and implemented a new Equalities Policy to promote and celebrate diversity, equality and inclusion.

Each of our schools has its own Local Governing Body which supports the leadership of the school and whose responsibilities include the safeguarding, health, safety and wellbeing of staff and pupils in the school. Each Local Governing Body has two members of staff on it, providing strong representation of the employee voice within the strategic leadership of the school.

Local briefings are routinely used in all our schools as a forum for providing information and consulting our employees about matters that affect them.

Engagement with suppliers, customers and others in a business relationship with the academy trust

The Trust enhanced its digital presence during the period to continue to improve engagement with stakeholders, in particular with parents and prospective parents. Social media was used more actively during the period of home learning in early 2021 to enhance the school-parent partnership. Our schools use regular newsletters to parents as one of a number of ways to provide information for parents. Whilst there were few in person opportunities for parents to attend physical events in schools during the year due to social distancing and Covid related mitigations, increased use was made of digital methods of retaining active dialogue with parents, for example, by the use of virtual parent/teacher meetings.

The Trust continued to operate exceptional contractual arrangements with some suppliers due to the pandemic. These were achieved through dialogue and mutual agreement.

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 2021

Objectives and activities

Objects and aims

The object of the Academy Trust is to provide education and care of great quality in happy, vibrant, inspiring environments, in which all children and adults are valued and encouraged to succeed. The aims are drawn from the Trust's vision statements, which are built on four, interconnecting pillars. These are:

- Standards and achievement
- Care
- Provision
- Partnership and community

Each school devises its own vision statements, based on these pillars, with its various stakeholders. Over the past year, schools have refreshed these through 'Vision 2023' work.

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 the Trust Improvement Plan and individual school development plans.

Public Benefit

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

Strategic Report - Achievements and Performance

Achievements

The objectives that were set for the 2020/21 academic year are set out below. Throughout the autumn term, schools were significantly disrupted due to increasing cases of Covid-19 and DfE expectations around self-isolation for any member of staff or child with symptoms, or who had tested positive and/or been in contact with someone who had tested positive. This resulted in high levels absence amongst staff and pupils, creating disruption to the smooth running of schools nationally. A considerable amount of time was dedicated to managing the risks around Covid, with Covid Risk Assessments in place for each school. These were reviewed regularly to ensure they remained up to date and in line with government guidance.

Under government direction from the start of the Spring term 2021, all schools in the Trust moved to a programme of remote education, with only the children of Key Workers and vulnerable children attending in person. It is important to note that considerably more pupils attended school under these categories when compared to the lockdown of Spring/Summer 2020, creating a challenge for schools as they balanced the leadership and delivery of a high-quality remote education experience alongside the educational experience for bubbles of children in school. This arrangement remained in place until 8 March 2021 when all children were permitted to return to school. From this date until the end of the summer term, Covid Risk Assessments were reviewed regularly and schools remained open, with safety measures in place including enhanced cleaning and social distancing.

Exceptional safeguarding arrangements were also adapted and proactively put in place for periods of remote education.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The continuation of the pandemic into the 2020/21 academic year, impacted on the Trust performance against its objectives. Nonetheless, significant progress was made in a number of areas.

Key Trust objectives for 2020/21 included:

- To secure appropriate succession planning for the role of Chief Executive:

Throughout the spring term, Directors focused on the recruitment of a new Chief Executive Officer (CEO). This was a robust process, directly involving a number of Directors, the outgoing CEO and all of the Executive Leaders - at various points and to varying degrees. Directors appointed Zoe Harris to the position of Chief Executive Officer from 1 September 2021. Mark Rosewell, outgoing CEO, stepped down from the role of CEO and Accounting Officer as at 31 August 2021 and remains employed on a part-time basis by the trust as a leadership consultant.

- To take all necessary measures to ensure that children who may have fallen behind educationally, as a result of the effects of the pandemic, 'catch-up':

Throughout the year, the Executive Leadership Group met on a fortnightly basis to share important communication and good practice around the measures in place to ensure pupils were provided with programmes to address gaps in learning resulting from the pandemic. Covid Recovery Funding has been used in each of the schools to support individual learners in a range of areas, including core subjects and mental health and wellbeing. Each school produced a Covid Catch Up Strategy, which sat alongside the school's strategy for supporting disadvantaged learners. These were published on individual school websites.

- To ensure that all vulnerable children and families, whose needs may have become more significant during the pandemic, are well supported:

In addition to the above, vulnerable learners were well supported through a range of measures across each school, personalised to the context of the individual school. A large number of vulnerable learners attended school during periods of remote education. Where remote education was being provided, measures were put into place to ensure vulnerable learners were provided with technology support in order to access education.

- To increase the proportions of Black, Asian and Ethnic Minority group members at both Director and Local Governing Body level:

This is an ongoing objective and included in the 2021-22 Trust Improvement Plan and associated School Improvement Plans. Within each plan, there is an objective, success criteria and key actions linked to an area of equality, diversity or inclusive practice.

- To continue to establish effective systems for managing HR, business and finance operations, including best use of current and future staffing arrangements:

Systems for managing HR, business and financial operations have been reviewed across the year.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

- To secure the financial stability of the Trust's smaller, one form of entry, schools:

The Trust still maintains significant reserves, however the medium-term financial situation for the smaller schools remains a concern and is a focus within the Trust Improvement Plan. Communication with Merton Council has been continued to ensure the Trust has a clear understanding of the long-term impact of pupil numbers across the borough, which are falling and require a reduction of approximately ten forms of entry in the next few years.

- To further develop the new Additional Resource Provision at Stanford to be a high performing, effective provision for autistic children:

The provision is now fully completed, staffed and attended by 24 children (October 2021). An external review is due to take place before the end of the autumn term (2021) to validate the performance of the provision.

- To work with Croydon Council to ensure the viability of the Enhanced Learning Provision (ELP) at Chipstead Valley:

Discussions with Croydon Council around the funding of the ELP have taken place and an external review is planned for 2021/22.

- To secure a 'Good' Ofsted judgment for Stanford in 2020/2021:

Ofsted have confirmed that their inspection schedule is delayed due to the pandemic and schools may be waiting for an extra 6 terms before being inspected. The school is working closely with trust leaders to prepare for the inspection and are using the Ofsted Handbook as a framework to support these preparations.

- The Directors are actively seeking to expand the Trust by one or two schools:

The pandemic and the need to recruit a new CEO disrupted this objective.

Other achievements and indicators of performance include:

- A successful SRMA review with key recommendations already implemented or considered for future budgets. The report noted that Directors challenged the Trust Leaders at an appropriate level.
- Use of COVID recovery funds to support children impacted by the pandemic with a focus on wellbeing, learning and the curriculum (including outdoor learning as much as possible).
- Development of Trust Level Priorities – Strategic Board Goals, Educational Excellence, Operational and Financial Excellence.
- A change in the approach to calculating trust level charges to its schools from using percentage of GAG to using a per pupil formula.
- A review of delegation and decision-making processes across the trust to ensure consistency and clarity.
- Work on the Trust's 'Vision for 2023' and the development of curriculum, operational and financial resources and guidance to support consistency and secure excellence across the individual schools.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Performance

Given another disrupted year that included an exceptional period of closure, the DfE cancelled national assessments for the 2020-21 school year, including Key Stage One and Two tests and Year 1 and 2 phonics screening. The school-by-school information below therefore relates to 2019 and repeats that shown in the Trustee's Report for the year ending 31st August 2019.

During the period of national lockdown, the five schools performed exceptionally to build on and further improve the comprehensive packages of remote education that had been implemented during the previous period of remote education. Safeguarding procedures were enhanced in order to ensure vulnerable children and families were supported throughout and all families eligible for free school meals received vouchers or meals produced in school.

Children of keyworkers and any vulnerable children able to attend school were taught throughout the lockdown period by a rota of teachers and support assistants. Headteachers attended throughout. The quality of both the education in school and via home learning was widely recognised by parents.

The below reports 2019 school performance, this being the last publicly available data.

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;
- The quality of teaching was identified as 'strong' overall in the inspection report.
- Monitoring at the end of Summer 2021 indicated that almost all teaching is good or better with 50% featuring elements of outstanding practice.

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;
- Monitoring at the end of Summer 2021 indicated that most teaching is at least good with over 40% featuring elements of outstanding practice.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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;
- Monitoring at the end of Summer 2021 indicated that almost all teaching is at least good with over 40% featuring elements of outstanding practice.

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;
- Monitoring at the end of Summer 2021 indicated that almost all teaching is at least good with over 40% featuring elements 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;
- Monitoring at the end of Summer 2021 indicated that most teaching is at least good with over 40% featuring elements of outstanding practice.

Monitoring of teaching at the end of the summer term 2021 found no inadequate teaching across the trust. In the very few cases of teaching that was assessed as being within or close to the category of 'Requires Improvement', this was mainly due to the impact of the pandemic, where teachers at the early stage of their careers were not being able to access some of the usual forms of support such as peer-to-peer support.

Internal assessments for Phonics, Reading, Writing and Maths were completed at the end of the summer term 2021, highlighting the fact that in many year groups across the trust, writing outcomes were comparatively lower than reading and mathematics; an analysis of the reasons for this indicate that it is due to difficulty in teaching writing and maintaining writing standards in the home learning environment. Schools across the trust have writing as a priority within their 2021/22 School Improvement Plans.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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	A deficit was forecast but a surplus achieved
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (6.4%)	
Pupil Numbers	>90% capacity	Not Met (81.9%, October 2021)	
Attainment Data	At least in line with similar schools	Not published	
Ofsted outcome	Current judgment good or better	Met (Good)	

Chipstead Valley Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Met	Impacted by Covid-19 pandemic
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (6.6%)	
Pupil Numbers	>90% capacity	Met (98.7%, October 2021)	
Attainment Data	At least in line with similar schools	Not published	
Ofsted outcome	Current judgment good or better	Met (Outstanding)	

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Keston Primary School

Indicator	Success Criteria	Outcome	Comment
Financial stability	Expenditure does not exceed income	Met	Impacted by Covid-19 pandemic
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Met (5%)	
Pupil Numbers	>90% capacity	Met (98.3%), October 2021	
Attainment Data	At least in line with similar schools	Not published	
Ofsted outcome	Current judgment good or better	No current judgement	

New Valley 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 (6.5%)	
Pupil Numbers	>90% capacity	Not met (86.2%, October 2021)	
Attainment Data	At least in line with similar schools	Not published	
Ofsted outcome	Current judgment good or better	Met (Good)	

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Stanford Primary School

Indicator	Success Criteria	Outcome	Comment
General financial stability	Expenditure does not exceed income	Met	
Level of Reserves	Reserves between 2% and 8% GAG and not exceeding 12%	Not met (20.8%)	Reserves to be used to support 21/22
Pupil Numbers	>90% capacity	Not met (71.9% October 2021)	
Attainment Data	At least in line with similar schools	Not published	
Ofsted outcome	Current judgment good or better	No current judgment	

Going concern

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

Promoting the success of the company

PACE Academy Trust is a small Multi-Academy Trust that seeks to provide education and care of a high quality in happy, inspiring environments in which all children and adults are valued and encouraged to succeed. Within the Trust, Directors are supported at a local level in each school by active Local Governing Bodies. These governing bodies provide scrutiny and challenge to the senior leadership of the schools and provide broad representation of our communities and stakeholders.

The Directors of PACE act in accordance with their duties as Trustees of a Multi-Academy Trust and act both collectively and individually in the interests of the Trust for the benefit of its stakeholders. The period covered by this report has been dominated by the global pandemic, which has presented many additional demands and challenges for the Trust and its schools. The Directors of the Trust have continued to ensure a strong focus on the core purpose of our Trust that is to provide high quality education to our children under abnormal operating conditions. Negotiations with suppliers during the exceptional period have been conducted carefully, mindful of the financial interests of the Trust and the long-term interest for both parties that services are maintained beyond the pandemic. Our values drive our engagements with suppliers and reflect our goal of working in partnership with these suppliers and organisations.

During the period of this report each school within the Trust used digital platforms to highlight the ongoing engagement between teachers and children whether learning was taking place in school or from home.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Financial review

Most of the Academy Trust's income is derived from the Education and Skills Funding Agency (ESFA), an agent of the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2021 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust has suffered loss of income across a number of income generating areas, which are integral to our financial health. Parental income from paid for school meals and income from a range of lets was reduced due to restrictions in place during the autumn term 2020 and the closure of schools for much of the spring term 2021. Income from in-school wraparound care provision was reduced for much of the year without a reduction in staffing due to restrictions on the mixing of children. Most of this income was eliminated during January and February 2021. There was approximately £154,000 income lost in relation to the above. The flexible furlough scheme was used to partially assist with staffing costs in areas where private income had been reduced or eliminated.

During 2020/21, the Trust continued its responsibilities as a teaching school, delivering teacher training, including a training programme for salaried and non-salaried School Direct trainees and a borough wide programme for NQT support.

At the year end, central reserves are in deficit by £791. There was a planned deficit for the year, using reserves brought forward. This increased due to costs associated with the appointment of the new Chief Executive Officer. The budget for 2021/22 addresses the deficit.

During the year ended 31 August 2021, total restricted educational expenditure was £10,830,009 (excluding restricted fixed asset funds). Overall, total incoming resources for the year came to £10,589,421 (excluding restricted fixed asset funds). Of this, recurrent grant funding from the ESFA, DfE and Local Authority totalled £10,082,764. The result of income less expenditure for the year (excluding restricted fixed asset funds, inherited funds and actuarial gains) was a deficit of £653,296.

At 31 August 2021 the net book value of fixed assets was £46,540,855 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 Academy 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 for three schools and at 1 October 2018 for the two schools joining on that date. The revalued amounts are reflected in the financial statements. Additions to assets are capitalised at cost and depreciated over their useful life.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated with in the Statement of Financial Activity with details in note 21 to the financial statements.

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

The Strategic Board recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 21 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.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Reserves policy

Currently the Trust's reserves (excluding fixed asset funds and the defined benefit pension scheme liability) are 5% of annual income and therefore in line with the target stated. The Trust's total reserves stand at £39,541,159. The Trust currently holds free reserves, consisting of restricted general funds plus unrestricted funds, of £563,177. The fixed asset reserves at the year-end stand at £46,556,982.

The Trust has a prudent approach in relation to maintaining an appropriate level of reserves to ensure its long-term financial sustainability.

Investment policy

Currently the Trust does not hold interest-bearing accounts.

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 Strategic Board considers this element of funding to be reasonably secure.

The pandemic created by COVID-19 had a significant impact on the risk profile of the schools in the Trust potentially affecting the safeguarding and education for the children and its financial stability. This has been and continues to be managed closely.

The most significant risk relating to Trust income is falling in pupil numbers. The Strategic Board considers this to be a minimal risk at Chipstead Valley and Keston Primary Schools due to the on-going popularity, reputation and locations of the schools, although Chipstead Valley saw a dip in pupil numbers around the 2021 autumn census. The impact of falling numbers across Croydon and Merton is considered a risk for the Trust, due to local demographic changes. Mitigating this risk is a key priority for the Trust.

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

The Directors met throughout the year, including during periods of remote education, maintaining their responsibility for the management of risk and the additional risk mitigation arrangements. Directors had oversight of the risk mitigation arrangements put in place for the return of pupils from March 2021 and again from the start of the autumn term 2021 when the government lifted many of the social distancing measures in school.

The Directors elevated the operational and financial risk posed by cyber threats reflecting advice from government of the rising threat of cyber-attacks on educational institutions. Mitigations included mandatory training for every member of staff.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 academy Trust (including the capacity of staff and facilities to meet the needs of pupils), the quality of education which it provides, failure of information security and unforeseen large-scale catastrophic events. The Trust is not alone in having a business contingency plan that did not foresee a lengthy period of closure during a global pandemic.

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.

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 the Strategic Board are required to approve expenditure; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Chief Executive and Executive Head Teacher are responsible for the appointment of staff and a Director presence is required for senior appointments.

The Chief Executive is the Accounting Officer.

The Strategic Board appointed Buzzacott to carry out the role of Internal Auditor to undertake a programme of internal checks on financial controls for the 2020/21 financial year. The Strategic Board received termly reports of recommendations from them.

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.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Parent Teacher Association activities have largely been impossible during this academic year and therefore there has been a significant loss of income in some of our schools.

Streamlined energy and carbon reporting

Emissions data in respect of the 2020-21 reporting period, based on Operational Control is as follows:

Emission Type	kWh			CO2e tonnes (Location Based)		
	Previous Year (2019-20)	Current Year (2020-21)	Var. %	Previous Year (2019-20)	Current Year (2020-21)	Var. %
Scope 1: Combustion	1,669,792	1,683,560	0.8%	307.05	309.56	0.8%
TOTAL Scope 1	1,667,792	1,683,560	0.8%	307.05	309.56	0.8%
Scope 2: Purchased Energy	527,647	662,629	25.6%	123.02	154.49	25.6%
TOTAL Scope 2	527,649	662,629	25.6%	123.02	154.49	25.6%
Scope 3: Indirect Energy use	2,403	1,539	-36.0%	0.50	0.37	-26.0%
TOTAL Scope 3	2,403	1,539	-36.0%	0.50	0.37	-26.0%
Total	2,199,844	2,347,728	6.7%	430.57	464.42	7.9%

Intensity measurement

Total Footprint (Scope 1, Scope 2 and Scope 3) - CO2e tonnes			
	Previous Year (2019-20)	Current Year (2020-21)	Year on Year Variance
Turnover (£)	9,851,300	10,589,421	7.5%
Intensity Ratio (tCO2e/£100,000)	4.37	4.39	0.4%
Number of Employees	284	287	1.1%
Intensity Ratio (tCO2e/employee)	1.52	1.62	6.5%

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Measures taken to improve energy efficiency

Emission Type	CO2e tonnes (Dual Reporting Methodology)		
	Location Based	Market Based (Supplier Specific)	Var. %
Scope 1: Combustion	309.56	309.56	0.0%
TOTAL Scope 1	309.56	309.56	0.0%
Scope 2: Purchased Energy	154.49	138.95	-10.1%
TOTAL Scope 2	154.49	138.95	-10.1%
Scope 3: Indirect Energy use	0.37	0.37	0.0%
TOTAL Scope 3	0.37	0.37	0.0%
Total	464.42	448.88	-3.3%

NOTES

- Our methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions. In the 'Total Footprint' summary above, purchased electricity is reported on a location-based method.
- The electricity consumption at New Valley Primary School main school supply has been estimated using provided supplier estimated data due to a known meter fault during the reporting period. This issues is currently ongoing and once the issues has been resolved, the actual data will be reviewed in the next reporting year to assess the impact of the difference between the actual data for this supply against the provided supplier estimates.
- We have reported on all the measured emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, except where stated.
- The period of our report is 01/09/2020 – 31/08/2021.
- This includes limited emissions under Scope 1 and 2 (gas & fuel used in transport; purchased electricity), except where stated, and limited emissions under Scope 3 (fuel used in personal/hire cars for business purposes).
- Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2020-21.
- Conversion factors for UK electricity (market-based methodology) are published by the relevant supplier on the fuel mix disclosure sections of their websites.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

STATEMENT OF EXCLUSIONS

- No known exclusions

ENERGY EFFICIENCY ACTION

During the year the Trust:

- Continued to generate and use energy from solar installations at three schools;
- Replaced failing gas boilers in two swimming pools and in the (old) caretaker house at New Valley Primary School;
- Secured Condition Improvement Funding to replace the failing water and heating systems at Stanford Primary School; and
- Installed LED lighting in the refurbishment of three rooms at Chipstead Valley Primary School.

During the year, the Trust was awarded a grant under the Public Sector Low Carbon Skills Fund and subsequently completed a comprehensive energy audit across all schools. The Trust used this to develop and inform the creation of a sustainability strategy for the Trust and have agreed a programme of activity for 2021/22.

Covid risk mitigations in place across all schools during the winter of 2020/21 required extensive ventilation in schools removing the scope for reducing energy consumption costs.

APPENDIX A: CARBON FACTORS

Location-Based Factors:

Type	Factor (tCO ₂ e per unit)	Unit
Electricity (per kWh) - United Kingdom	0.00023314	kWh
Gas (Natural gas - from grid)	0.00018387	kWh
Car - Petrol - Small (miles travelled)	0.00022082	Miles
Car - Petrol - Medium (miles travelled)	0.00026775	Miles
Car - Petrol - Large (miles travelled)	0.00032863	Miles

Market-Based (Supplier Specific) Factors – Electricity Only:

Supplier	Factor (tCO ₂ e per unit)	Unit
PAT - Scottish & Southern	0.000193	kWh
PAT - Total Gas & Power	0.000203	kWh
PAT - Scottish Power	0.000326	kWh

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

The PACE Academy Trust Strategic Board has identified six strategic goals which it wishes to achieve in the 2021/2022 academic year.

1. To ensure the effective performance of the Chief Executive Officer (CEO)

The Strategic Board appointed a new CEO from September 2021. It is important that the new CEO becomes established in the role as quickly as possible, taking an active, leading role, as the Trust pursues its educational and operational vision.

2. Improve the diversity and effectiveness of our Strategic Board and Local Governing Boards

The Strategic Board recognises that high performing boards are likely to fully embrace diversity of membership and are therefore committed to engaging directors who represent different ages, ethnicities and genders as well as skills, competencies and life experiences. Our school communities are greatly enhanced by our ethnically diverse families; however, this richness is not currently reflected at Strategic Board and local governance level. We wish to change this.

The Strategic and Local Governing Boards have evolved in terms of membership and ways of working, with several individuals being both Directors and Governors. We want to review our ways of working, establish 'best practice', and ensure all Directors and Governors feel involved, relevant and enabled.

3. Oversee a strategy for improving the environmental sustainability of our schools

Environmental sustainability is rapidly becoming a central focus across all aspects of our work and life. Whilst a number of initiatives are developing across the Trust, The Strategic Board wishes our schools to actively engage in coordinated activities both within our schools and more widely across our operations.

4. Develop and implement a plan to ensure the medium and long-term financial sustainability of the Trust's one form of entry schools

Primary schools with one form of entry tend to bring greater financial challenge and this is exacerbated when schools are not full. With three such schools within the Trust, the Strategic Board will need to plan carefully in order to identify financial efficiencies whilst not affecting the quality of educational delivery.

5. Explore opportunities for operational and educational partnerships with other local trusts and potential Trust expansion.

The Trust is in a financially and operationally stable position. Whilst, continuing to liaise with the two boroughs and local schools in order to grow, directors wish to pursue informal partnerships with other trusts and schools with both an educational and operational focus.

6. Ensure every school across the trust is aspiring towards educational excellence for all children, particularly those with barriers to learning.

The pandemic has impacted significantly on outcomes for children, both academically and in terms of their mental health, well-being and social development. As we move through this academic year, every school must ensure that the highest expectations are in place across all aspects of teaching and learning and that progress is accelerated for all children, particularly those who are Disadvantaged or have other barriers to learning.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Teaching school

In line with DfE changes to system organisation, with effect from 1 September 2021, Chipstead Valley no longer holds Teaching School status.

Policies towards employees and disabled persons

PACE Academy Trust:

- Welcomes applications from people from all backgrounds and with diverse characteristics;
- At application stage we ask candidates to tell us whether and how they would like us to make adjustments or arrangements to assist them during the selection process if they have disability or impairment; and
- Has a comprehensive accessibility plan in place for each of our schools, which shows how that school has made sure its facilities can be used with ease by all staff, pupils and visitors. We want our schools to be an accessible and comfortable place for everyone who uses them.

Local briefings are routinely used in all our schools as a forum for providing information and consulting our employees about matters that affect them. During this period, our staff were formally consulted on intended arrangements put in place to mitigate and reduce risks associated with COVID-19.

Auditor

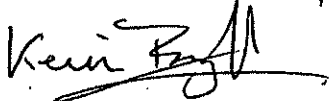
In so far as the trustees are aware:

- 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 9/12/21..... and signed on its behalf by:



Kevin Bright
Chair

PACE ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

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) (Resigned 31 August 2021)	8	8
Zoe Harris (Accounting Officer) (Appointed 1 September 2021)	0	0
Kevin Bright (Chair)	8	8
Lisa Beach (Director) (Resigned 4 March 2021)	4	5
Roger Capham (Director)	8	8
Michael Fuller (Director)	7	8
Linda Hall (Director)	8	8
Hannah Hamilton (Director) (Resigned 13 July 2021)	7	8
Michael Howarth (Director) (Appointed 13 July 2021)	1	1
Micon Metcalfe (Director) (Appointed 4 March 2021)	3	4
Oladapo Obatusin (Director) (Appointed 27 May 2021)	1	2
Dipa Patel (Director)	7	8

The Board of Trustees was fully engaged in strategic decision making and governance throughout the ongoing pandemic. The Board challenged thinking and decision making as necessary, supporting decisions that had to be made as a result of remote learning for some pupils, including the scrutiny and approval of risk assessments and the revision of school budgets. Meetings were held remotely during the year. Comprehensive data was provided by the leadership team in relation to educational, financial and operational aspects of the Trust.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Governance Reviews

The Chair completed a review of its composition and capability. Following the review, an objective was agreed to increase the diversity of the Board of Trustees and to increase the number of Directors from 8 to 10. The Trust advertised for three Directors using Academy Ambassadors and three appointments were made during the year which have built further the capability of the Board of Trustees'.

A forum was created for chairs and vice chairs of the Trust's local governing bodies to meet in order to share best practice and to increase collaboration between schools within the Trust. The first meeting produced a number of actions which have been incorporated into the Trust Improvement Plan.

A forum of Trustees, Governors and Governance Professionals met to discuss 'Effective Governance' with the aim of increasing shared learning, promoting two way feedback, and exploring ways to further build the capability and diversity of our governing bodies.

Finance and Audit Committee

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

- Act as the Audit and Risk Committee of the Trust;
- 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;
- Direct the Trust's programme of internal scrutiny;
- Ensure that risks are being addressed appropriately through internal scrutiny; and
- Report to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

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 Strategic Board for approval.
- To recommend the annual spending target to be set for the budget of each school in the Trust to the Strategic Board 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 Strategic Board for approval.
- To consider plans with significant financial implications prior to presentation to the Strategic Board for approval.
- To monitor the Trust's exposure to pensions costs.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 Strategic Board.
- 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 Strategic Board.
- 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.

Risk Management Responsibilities

- To recommend to the Board any new and emerging risks both financial and non-financial which the Board ought to consider as part of the Board's review of the Strategic Risk Register.
- To review, at each meeting, actions being taken to address and mitigate risks identified in the Trust's Risk Register.

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) (Resigned 31 August 2021)	6	6
Kevin Bright (Chair)	6	6
Lisa Beach (Director) (Resigned 4 March 2021)	3	3
Michael Fuller (Director)	6	6
Linda Hall (Director)	6	6

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 worked with the Chief Financial Officer and the Executive Headteacher to deliver improved value for money during this year, for example:

- through the review of staffing structures and roles: roles were reconfigured across two schools following the resignation of a School Business Manager;
- ensuring that contracting is done, where possible, across all 5 schools: during this period pan-trust contracts were agreed for a new assessment system, education welfare services and a number of other service level agreements.

Two applications were made through the Public Sector Decarbonisation Scheme, with one grant of £21,850 being awarded by the Low Carbon Skills Fund to enable feasibility work to support the creation of a decarbonisation plan for the Trust and to identify opportunities for decarbonisation. Whilst the second application was unsuccessful, the feasibility work has enabled the Trust to create a sustainability strategy.

The Chief Operating Officer led on the securing of Condition Improvement Funding grants for building and site improvements. Grants have been awarded for safeguarding improvements such as perimeter fencing, kitchen and fire alarm upgrades and a new heating and water system.

The Trust was in the second year of its funding agreement with the Merton Local Authority regarding funding support for its Additional Resource Provision.

The Trust actively promotes the hire of its premises and grounds to the local community including hall hire to various clubs, swimming pool hire to other primary schools and swimming clubs. Monies generated from this are used to maintain the facilities and enhance learning experiences for the pupils. In the summer of 2021 one school was hired to a summer camp organisation, providing childcare to local children, including those from disadvantaged backgrounds.

Following a review of spending undertaken by a Senior Resource Management Adviser, the Chief Executive undertook further financial analysis to consider in detail the recommendations made. The Chair of Trustees wrote to the SRMA setting out the Trust's conclusions.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in PACE Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

During the year, our internal risk management reporting has been improved with the aim of prioritising action planning on the most significant risks. The internal risk register is reviewed in detail six times a year by the Finance & Audit Committee and twice a year by the Board of Trustees (one of which meetings is also attended by the Members).

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

- To appoint Buzzacott LLP as internal auditor.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial and governance systems. In particular, the checks carried out in the current period included:

- Testing the adequacy of our governance recording system;
- Testing the compliance of the websites across the Trust; and
- Testing financial controls at one school in the Trust where finance and operational staff had changed during the year.

Three times a year, 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 and prepares an annual summary to the Board outlining the areas reviewed, key findings, recommendations and conclusions to help the Board consider actions and assess year on year progress.

The internal auditor delivered their schedule of work as planned and no material control issues were identified.

Review of effectiveness

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

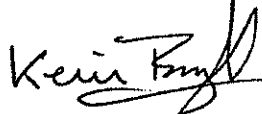
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control.

Approved by order of the Board of Trustees, on 9/12/21 and signed on its behalf by:



Zoe Harris
Accounting Officer



Kevin Bright
Chair

PACE ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2021

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 academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust's Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that no instances of material irregularity, impropriety or funding non-compliance 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.



Zoe Harris
Accounting Officer

9/12/21

PACE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

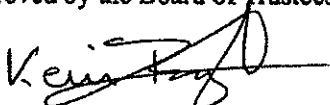
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by the Board of Trustees on 9/12/21 and signed on its behalf by:



Kevin Bright
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACE ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2021**

Opinion

We have audited the financial statements of PACE Academy Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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

FOR THE YEAR ENDED 31 AUGUST 2021

Other information

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

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

We have nothing to report in this regard.

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 financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

FOR THE YEAR ENDED 31 AUGUST 2021

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy 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 academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the academy trust and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the academy trust, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated income and the academy trust's net income for the year.

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

FOR THE YEAR ENDED 31 AUGUST 2021

Audit procedures performed included:

- reviewing the financial statement disclosures to underlying supporting documentation;
- enquiry of trust staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- review of correspondence with and reports to the regulators, including correspondence with the ESFA;
- enquiries of management, those charged with governance and the academy trust's legal advisors and the review of relevant correspondence around actual and potential litigation and claims;
- reviewing minutes of meetings with those charged with governance;
- review of internal audit reports during the year and discussion and consideration of any significant matters raised; and
- assessing the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements 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.

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

FOR THE YEAR ENDED 31 AUGUST 2021

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**

10 December 2021
.....

**Chartered Accountants
Statutory Auditor**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO PACE ACADEMY TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY
FOR THE YEAR ENDED 31 AUGUST 2021**

In accordance with the terms of our engagement letter dated 6 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by PACE Academy Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO PACE ACADEMY TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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 trustees, 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;
- consideration of whether prior approval has been sought from the Secretary of State for transactions where approval is required;
- consideration of whether special payments and certain transactions have been made in line with ESFA requirements;
- consideration of whether any related party transactions have been made in accordance with the ESFA's limits and requirements;
- consideration of whether the Academies Trust Handbook's governance requirements have been met;
- 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 and its funding agreement;
- 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;
- enquiry and testing of procurement with regard to limits and required tendering policies and procedures;
- consideration of whether specialist grant income has been spent on the purposes intended; and
- formal representations have been obtained from the trustees 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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

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

Dated: *10 December 2021*

PACE ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds: General	Fixed asset £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	3	10,624	-	152,641	163,265	967,858
Charitable activities:						
- Funding for educational operations	4	-	10,082,764	-	10,082,764	9,294,980
Other trading activities	5	407,294	88,608	-	495,902	550,154
Investments	6	131	-	-	131	570
Total		418,049	10,171,372	152,641	10,742,062	10,813,562
Expenditure on:						
Raising funds	7	-	7,543	-	7,543	4,965
Charitable activities:						
- Educational operations	9	405,165	10,830,009	2,022,251	13,257,425	12,469,173
Total	7	405,165	10,837,552	2,022,251	13,264,968	12,474,138
Net income/(expenditure)		12,884	(666,180)	(1,869,610)	(2,522,906)	(1,660,576)
Transfers between funds	19	(9,604)	(45,548)	55,152	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	21	-	(1,208,000)	-	(1,208,000)	(70,000)
Net movement in funds		3,280	(1,919,728)	(1,814,458)	(3,730,906)	(1,730,576)
Reconciliation of funds						
Total funds brought forward		113,688	(5,213,063)	48,371,440	43,272,065	45,002,641
Total funds carried forward		116,968	(7,132,791)	46,556,982	39,541,159	43,272,065

PACE ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2020		funds	General	Fixed asset	2020
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	5,609	-	962,249	967,858
Charitable activities:					
- Funding for educational operations	4	-	9,294,980	-	9,294,980
Other trading activities	5	410,363	139,791	-	550,154
Investments	6	570	-	-	570
Total		<u>416,542</u>	<u>9,434,771</u>	<u>962,249</u>	<u>10,813,562</u>
Expenditure on:					
Raising funds	7	-	4,965	-	4,965
Charitable activities:					
- Educational operations	9	416,542	10,092,172	1,960,459	12,469,173
Total	7	<u>416,542</u>	<u>10,097,137</u>	<u>1,960,459</u>	<u>12,474,138</u>
Net expenditure		-	(662,366)	(998,210)	(1,660,576)
Transfers between funds	19	(68,940)	(61,967)	130,907	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	21	-	(70,000)	-	(70,000)
Net movement in funds		(68,940)	(794,333)	(867,303)	(1,730,576)
Reconciliation of funds					
Total funds brought forward		182,628	(4,418,730)	49,238,743	45,002,641
Total funds carried forward		<u>113,688</u>	<u>(5,213,063)</u>	<u>48,371,440</u>	<u>43,272,065</u>

PACE ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	13		46,540,855		48,296,838
Current assets					
Stocks	14	3,665		4,011	
Debtors	15	480,357		455,046	
Cash at bank and in hand		1,266,695		994,357	
			<u>1,750,717</u>		<u>1,453,414</u>
Current liabilities					
Creditors: amounts falling due within one year	16	(1,162,413)		(916,187)	
Net current assets			<u>588,304</u>		<u>537,227</u>
Total assets less current liabilities			<u>47,129,159</u>		<u>48,834,065</u>
Creditors: amounts falling due after more than one year	17		(9,000)		(12,000)
Net assets before defined benefit pension scheme liability			<u>47,120,159</u>		<u>48,822,065</u>
Defined benefit pension scheme liability	21		(7,579,000)		(5,550,000)
Total net assets			<u><u>39,541,159</u></u>		<u><u>43,272,065</u></u>
Funds of the academy trust:					
Restricted funds					
- Fixed asset funds	19		46,556,982		48,371,440
- Restricted income funds			446,209		336,937
- Pension reserve			(7,579,000)		(5,550,000)
Total restricted funds			<u>39,424,191</u>		<u>43,158,377</u>
Unrestricted income funds	19		116,968		113,688
Total funds			<u><u>39,541,159</u></u>		<u><u>43,272,065</u></u>

PACE ACADEMY TRUST

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2021

The accounts on pages 37 to 67 were approved by the trustees and authorised for issue on ...9/12/21...
and are signed on their behalf by:



Kevin Bright
Chair

Company Number 08891864

PACE ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	22		388,834		130,829
Cash flows from investing activities					
Dividends, interest and rents from investments		131		570	
Capital grants from DfE Group		107,216		240,049	
Purchase of tangible fixed assets		(220,843)		(330,746)	
Net cash used in investing activities			(113,496)		(90,127)
Cash flows from financing activities					
Cash flow from borrowings		(3,000)		15,000	
Net cash (used in)/provided by financing activities			(3,000)		15,000
Net increase in cash and cash equivalents in the reporting period			272,338		55,702
Cash and cash equivalents at beginning of the year			994,357		938,655
Cash and cash equivalents at end of the year			<u>1,266,695</u>		<u>994,357</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

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

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 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

At the time of approving the financial statements, the trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions, including the current and future impact of COVID-19, that may cast significant doubt on the ability of the trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. It is difficult to determine the full impact of COVID-19 to the trust, however after due considerations the trustees 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 its operational activities and continue as a going concern. The trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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

Sponsorship income

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	5-10%
Computer equipment	33%
Fixtures, fittings & equipment	20%

No depreciation is provided in respect of freehold land.

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

1.6 Liabilities

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

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies **(Continued)**

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Stock

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

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

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

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

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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

1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Critical accounting estimates and areas of judgement (Continued)

Critical areas of judgement

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

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Donated fixed assets	-	45,425	45,425	722,200
Capital grants	-	107,216	107,216	240,049
Other donations	10,624	-	10,624	5,609
	<u>10,624</u>	<u>152,641</u>	<u>163,265</u>	<u>967,858</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE / ESFA grants				
General annual grant (GAG)	-	7,013,165	7,013,165	6,420,472
Other DfE group grants	-	1,185,552	1,185,552	1,121,644
	-	8,198,717	8,198,717	7,542,116
Other government grants				
Local authority grants	-	1,829,894	1,829,894	1,705,309
Other funding				
Teaching School income	-	-	-	23,585
Coronavirus Job Retention Scheme Grant	-	54,153	54,153	22,248
Coronavirus exceptional support	-	-	-	1,722
	-	54,153	54,153	47,555
Total funding	-	10,082,764	10,082,764	9,294,980

- The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under other funding.

- The academy furloughed some of its support staff including swimming teachers, breakfast, after school club and nursery staff under the government's CJRS. The funding received of £54,153 (2020: £22,248) relates to staff costs in respect of 34 (2020:18) staff which are included within note 10 below as appropriate.

- The funding received for coronavirus exceptional support covers £nil (2020: £1,722) of other costs. These costs are included in notes 7 and 9 below as appropriate.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	48,999	-	48,999	56,006
Catering income	125,689	-	125,689	103,583
Parental contributions	-	17,740	17,740	46,291
Teaching School income	-	20,784	20,784	-
Other income	232,606	50,084	282,690	344,274
	<u>407,294</u>	<u>88,608</u>	<u>495,902</u>	<u>550,154</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Other investment income	131	-	131	570
	<u>131</u>	<u>-</u>	<u>131</u>	<u>570</u>

7 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2021 £	Total 2020 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	-	-	7,543	7,543	4,965
Academy's educational operations					
- Direct costs	6,887,032	-	254,218	7,141,250	6,695,503
- Allocated support costs	2,499,018	2,737,327	879,830	6,116,175	5,773,670
	<u>9,386,050</u>	<u>2,737,327</u>	<u>1,141,591</u>	<u>13,264,968</u>	<u>12,474,138</u>

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for audit services	17,000	16,500
Depreciation of tangible fixed assets	2,022,251	1,963,020
Net interest on defined benefit pension liability	98,000	92,000
	<u>2,137,251</u>	<u>2,071,520</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 Central services

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

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

	2021	2020
	£	£
The amounts charged during the year were as follows:		
Beecholme Primary School	40,312	36,605
Chipstead Valley Primary School	115,935	93,624
Keston Primary School	78,879	49,160
New Valley Primary School	38,991	10,998
Stanford Primary School	43,078	57,500
	<u>317,195</u>	<u>247,887</u>

9 Charitable activities

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Direct costs				
Educational operations	405,165	6,736,085	7,141,250	6,695,503
Support costs				
Educational operations	-	6,116,175	6,116,175	5,773,670
	<u>405,165</u>	<u>12,852,260</u>	<u>13,257,425</u>	<u>12,469,173</u>

Analysis of support costs

	2021	2020
	£	£
Support staff costs	2,492,230	2,279,228
Depreciation	2,022,251	1,963,020
Technology costs	76,321	68,852
Premises costs	715,076	676,800
Legal costs	115,853	88,429
Other support costs	661,183	665,321
Governance costs	33,261	32,020
	<u>6,116,175</u>	<u>5,773,670</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

Staff costs

Staff costs during the year were:

	2021	2020
	£	£
Wages and salaries	6,594,062	6,220,997
Social security costs	525,464	478,379
Pension costs	2,109,269	1,904,708
	<u>9,228,795</u>	<u>8,604,084</u>
Staff costs - employees	9,228,795	8,604,084
Agency staff costs	157,255	89,852
	<u>9,386,050</u>	<u>8,693,936</u>
Staff development and other staff costs	36,621	44,179
	<u>9,422,671</u>	<u>8,738,115</u>

Staff numbers

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

	2021	2020
	Number	Number
Teachers	88	88
Administration and support	189	173
Management	9	9
	<u>286</u>	<u>270</u>

Higher paid staff

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

	2021	2020
	Number	Number
60,001 - 70,000	2	2
70,001 - 80,000	4	3
80,001 - 90,000	-	1
90,001 - 100,000	1	1
	<u>7</u>	<u>7</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

(Continued)

Key management personnel

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

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £821,016 (2020: £797,501).

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 £70,001 - 80,000 (2020: £70,001 - £80,000)

Employer's pension contributions paid £Nil (2020: £Nil)

12 Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim, for the year ended 31 August 2021 the trust was insured by the ESFA's Risk Protection Arrangement.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2020	54,163,126	340,754	245,188	54,749,068
Additions	61,682	74,708	129,878	266,268
At 31 August 2021	<u>54,224,808</u>	<u>415,462</u>	<u>375,066</u>	<u>55,015,336</u>
Depreciation				
At 1 September 2020	6,119,733	226,097	106,400	6,452,230
Charge for the year	1,891,536	74,389	56,326	2,022,251
At 31 August 2021	<u>8,011,269</u>	<u>300,486</u>	<u>162,726</u>	<u>8,474,481</u>
Net book value				
At 31 August 2021	<u>46,213,539</u>	<u>114,976</u>	<u>212,340</u>	<u>46,540,855</u>
At 31 August 2020	<u>48,043,393</u>	<u>114,657</u>	<u>138,788</u>	<u>48,296,838</u>

14 Stocks

	2021	2020
	£	£
Uniforms stock	<u>3,665</u>	<u>4,011</u>

15 Debtors

	2021	2020
	£	£
Trade debtors	19,178	45,396
VAT recoverable	45,185	60,667
Prepayments and accrued income	415,994	348,983
	<u>480,357</u>	<u>455,046</u>

Prepayments and accrued income include £67,629 (2020: £69,868) relating to grants due from the ESFA for pupil premium which was not received at the year end.

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

16 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other loans	3,000	3,000
Trade creditors	175,461	179,228
Other taxation and social security	145,712	132,806
Other creditors	98,159	70
Accruals and deferred income	740,081	601,083
	<u>1,162,413</u>	<u>916,187</u>

17 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Other loans	<u>9,000</u>	<u>12,000</u>
	2021	2020
	£	£
Analysis of loans		
Wholly repayable within five years	12,000	15,000
Less: included in current liabilities	(3,000)	(3,000)
	<u>9,000</u>	<u>12,000</u>
Loan maturity		
Debt due in one year or less	3,000	3,000
Due in more than one year but not more than two years	3,000	3,000
Due in more than two years but not more than five years	6,000	9,000
	<u>12,000</u>	<u>15,000</u>

Other loans are comprised of one public benefit entity concessionary loan. The loan bears interest at 2.01% per annum and is repaid over 60 equal instalments over a five year period.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Deferred income

	2021	2020
	£	£
Deferred income is included within:		
Creditors due within one year	492,582	410,835
	<u> </u>	<u> </u>
Deferred income at 1 September 2020	410,835	462,059
Released from previous years	(410,835)	(462,059)
Resources deferred in the year	492,582	410,835
	<u> </u>	<u> </u>
Deferred income at 31 August 2021	<u>492,582</u>	<u>410,835</u>

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

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	(81,653)	7,013,165	(7,118,559)	(14,662)	(201,709)
Other DfE / ESFA grants	(98,927)	1,185,552	(1,182,159)	-	(95,534)
Other government grants	436,746	1,829,894	(1,575,738)	(30,886)	660,016
Coronavirus Job Retention Scheme Grant	-	54,153	(54,153)	-	-
Other restricted funds	80,771	88,608	(85,943)	-	83,436
Pension reserve	(5,550,000)	-	(821,000)	(1,208,000)	(7,579,000)
	<u>(5,213,063)</u>	<u>10,171,372</u>	<u>(10,837,552)</u>	<u>(1,253,548)</u>	<u>(7,132,791)</u>
Restricted fixed asset funds					
Inherited on conversion	39,245,553	-	-	-	39,245,553
DfE group capital grants	8,457,852	107,216	(1,942,684)	55,152	6,677,536
Donated fixed assets	668,035	45,425	(79,567)	-	633,893
	<u>48,371,440</u>	<u>152,641</u>	<u>(2,022,251)</u>	<u>55,152</u>	<u>46,556,982</u>
Total restricted funds	<u>43,158,377</u>	<u>10,324,013</u>	<u>(12,859,803)</u>	<u>(1,198,396)</u>	<u>39,424,191</u>
Unrestricted funds					
General funds	<u>113,688</u>	<u>418,049</u>	<u>(405,165)</u>	<u>(9,604)</u>	<u>116,968</u>
Total funds	<u>43,272,065</u>	<u>10,742,062</u>	<u>(13,264,968)</u>	<u>(1,208,000)</u>	<u>39,541,159</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 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 2021.

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 21).

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 2021

19 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	230,713	6,420,472	(6,798,195)	65,357	(81,653)
Start up grants	29,666	-	(29,666)	-	-
Other DfE / ESFA grants	(103,345)	1,145,614	(1,136,747)	(4,449)	(98,927)
Other government grants	118,454	1,728,894	(1,287,727)	(122,875)	436,746
Other restricted funds	26,782	139,791	(85,802)	-	80,771
Pension reserve	(4,721,000)	-	(759,000)	(70,000)	(5,550,000)
	<u>(4,418,730)</u>	<u>9,434,771</u>	<u>(10,097,137)</u>	<u>(131,967)</u>	<u>(5,213,063)</u>
Restricted fixed asset funds					
Transfer on conversion	39,245,553	-	-	-	39,245,553
DfE group capital grants	9,993,190	240,049	(1,906,294)	130,907	8,457,852
Donated fixed assets	-	722,200	(54,165)	-	668,035
	<u>49,238,743</u>	<u>962,249</u>	<u>(1,960,459)</u>	<u>130,907</u>	<u>48,371,440</u>
Total restricted funds	<u>44,820,013</u>	<u>10,397,020</u>	<u>(12,057,596)</u>	<u>(1,060)</u>	<u>43,158,377</u>
Unrestricted funds					
General funds	<u>182,628</u>	<u>416,542</u>	<u>(416,542)</u>	<u>(68,940)</u>	<u>113,688</u>
Total funds	<u>45,002,641</u>	<u>10,813,562</u>	<u>(12,474,138)</u>	<u>(70,000)</u>	<u>43,272,065</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

(Continued)

Total funds analysis by academy

	2021	2020
	£	£
Fund balances at 31 August 2021 were allocated as follows:		
Beecholme Primary School	57,315	47,461
Chipstead Valley Primary School	163,070	83,560
Keston Primary School	87,773	63,282
New Valley Primary School	56,275	34,471
Stanford Primary School	199,534	199,421
Central services	(791)	22,430
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	563,176	450,625
Restricted fixed asset fund	46,556,982	48,371,440
Pension reserve	(7,579,000)	(5,550,000)
	<hr/>	<hr/>
Total funds	<u>39,541,158</u>	<u>43,272,065</u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2021	Total 2020
	£	£	£	£	£	£
Beecholme Primary School	854,739	142,897	50,949	215,180	1,263,765	1,237,035
Chipstead Valley Primary School	2,314,442	652,064	87,053	744,032	3,797,591	3,558,318
Keston Primary School	1,612,367	366,589	67,485	420,678	2,467,119	2,331,195
New Valley Primary School	749,269	118,284	44,398	222,493	1,134,444	993,920
Stanford Primary School	1,243,310	265,053	61,387	266,462	1,836,212	1,677,232
Central services	127,580	231,597	826	107,086	467,089	395,903
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>6,901,707</u>	<u>1,776,484</u>	<u>312,098</u>	<u>1,975,931</u>	<u>10,966,220</u>	<u>10,193,603</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	46,540,855	46,540,855
Current assets	141,020	1,546,476	63,221	1,750,717
Creditors falling due within one year	(24,052)	(1,091,267)	(47,094)	(1,162,413)
Creditors falling due after one year	-	(9,000)	-	(9,000)
Defined benefit pension liability	-	(7,579,000)	-	(7,579,000)
Total net assets	116,968	(7,132,791)	46,556,982	39,541,159

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	48,296,838	48,296,838
Current assets	179,974	1,198,838	74,602	1,453,414
Creditors falling due within one year	(66,286)	(849,901)	-	(916,187)
Creditors falling due after one year	-	(12,000)	-	(12,000)
Defined benefit pension liability	-	(5,550,000)	-	(5,550,000)
Total net assets	113,688	(5,213,063)	48,371,440	43,272,065

21 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of both schemes related to the period ended 31 March 2020.

At the end of the financial year, outstanding contributions of £97,545 (2020: £nil) were payable to the Teachers' Pension Scheme.

21 Pension and similar obligations

(Continued)

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 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 £830,010 (2020: £771,455).

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

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

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.

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

Total contributions made	2021	2020
	£	£
Employer's contributions	553,000	497,000
Employees' contributions	153,000	139,000
Total contributions	706,000	636,000

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations (Continued)

Principal actuarial assumptions	2021	2020
	%	%
Rate of increase in salaries	3.3	2.6
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.7	1.7
Inflation assumption (CPI)	2.8	2.4
	<u> </u>	<u> </u>

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

	2021	2020
	Years	Years
Retiring today		
- Males	21.8	21.7
- Females	24	24
Retiring in 20 years		
- Males	22.9	22.6
- Females	25.8	25.4
	<u> </u>	<u> </u>

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

Change in assumption at 31 August 2021:	Approximate % Increase to Employer Liability	Approximate Monetary Amount, £'000
0.1% decrease in Real Discount Rate	2%	347
0.1% increase in the Salary Increase Rate	0%	25
0.1% increase in the Pension Increase Rate	2%	317

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations

(Continued)

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

	2021	2020
	Fair value	Fair value
	£	£
Equities	4,283,000	3,063,000
Bonds	1,000,000	948,000
Cash	183,000	66,000
Property	579,000	506,000
Other assets	428,000	330,000
	<u>6,473,000</u>	<u>4,913,000</u>

The actual return on scheme assets was £913,000 (2020: £505,000).

Amount recognised in the Statement of Financial Activities

	2021	2020
	£	£
Current service cost	1,276,000	1,164,000
Interest income	(86,000)	(73,000)
Interest cost	184,000	165,000
	<u>1,374,000</u>	<u>1,256,000</u>

Changes in the present value of defined benefit obligations

	2021	2020
	£	£
At 1 September 2020	10,463,000	8,531,000
Current service cost	1,276,000	1,164,000
Interest cost	184,000	165,000
Employee contributions	153,000	139,000
Actuarial loss	2,035,000	502,000
Benefits paid	(59,000)	(38,000)
	<u>14,052,000</u>	<u>10,463,000</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations (Continued)

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

	2021	2020
	£	£
At 1 September 2020	4,913,000	3,810,000
Interest income	86,000	73,000
Actuarial gain	827,000	432,000
Employer contributions	553,000	497,000
Employee contributions	153,000	139,000
Benefits paid	(59,000)	(38,000)
	<u>6,473,000</u>	<u>4,913,000</u>
At 31 August 2021	<u>6,473,000</u>	<u>4,913,000</u>

22 Reconciliation of net expenditure to net cash flow from operating activities

	2021	2020
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(2,522,906)	(1,660,576)
Adjusted for:		
Capital grants from DfE and other capital income	(152,641)	(962,249)
Investment income receivable	(131)	(570)
Defined benefit pension costs less contributions payable	723,000	667,000
Defined benefit pension scheme finance cost	98,000	92,000
Depreciation of tangible fixed assets	2,022,251	1,963,020
Decrease in stocks	346	820
(Increase)/decrease in debtors	(25,311)	215,028
Increase/(decrease) in creditors	246,226	(183,644)
	<u>388,834</u>	<u>130,829</u>
Net cash provided by operating activities	<u>388,834</u>	<u>130,829</u>

PACE ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

23 Analysis of changes in net funds

	1 September 2020	Cash flows	31 August 2021
	£	£	£
Cash	994,357	272,338	1,266,695
Loans falling due within one year	(3,000)	-	(3,000)
Loans falling due after more than one year	(12,000)	3,000	(9,000)
	<u>979,357</u>	<u>275,338</u>	<u>1,254,695</u>

24 Long-term commitments, including operating leases

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

	2021	2020
	£	£
Amounts due within one year	5,843	10,412
Amounts due in two and five years	1,576	3,478
	<u>7,419</u>	<u>13,890</u>

25 Related party transactions

There were no related party transactions during the year other than Trustees' remuneration disclosed in note 11.

26 Post balance sheet events

There were no post balance sheet events.

27 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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

28 Teaching School trading account

	2021		2020	
	£	£	£	£
Direct income				
External funding		20,784		23,585
Direct costs				
Direct staff costs	20,784		23,585	
Total expenditure		(20,784)		(23,585)
Surplus from all sources		-		-
Teaching School balances at 1 September 2020		-		-
Teaching School balances at 31 August 2021		-		-