

Company registration number 08891864 (England and Wales)

PACE ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2023

PACE ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 22
Governance statement	23 - 28
Statement on regularity, propriety and compliance	29
Statement of trustees' responsibilities	30
Independent auditor's report on the accounts	31 - 34
Independent reporting accountant's report on regularity	35 - 36
Statement of financial activities including income and expenditure account	37 - 38
Balance sheet	39 - 40
Statement of cash flows	41
Notes to the accounts including accounting policies	42 - 65

PACE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Helen Clift (Resigned 21 September 2022)
Edward Denley
David Garrard OBE
Cathy MacDonald (Resigned 05 October 2022)
Roger Capham

Trustees

Zoe Harris (Accounting Officer)
Kevin Bright (Chair of Trustees)
Michael Fuller (Director)
Linda Hall (Director)
Michael Howarth (Director)
Micon Metcalfe (Director - Chair of Finance and Audit committee)
Oladapo Obatusin (Director)
Dipa Patel (Director)
C Wingrave (Director) (Appointed 21 September 2022)

Senior leadership team

- Accounting Officer	Zoe Harris
- Executive Head Teacher	Claire Murphy (resigned 31 August 2023)
- Chief Financial Officer	Linda Weight
- Chief Operating Officer	Jo Grinter
- BPS Head Teacher	Phyllis Sternberg (resigned 31 August 2023)
- BPS Head Teacher	Hayley Lewis (appointed 1 September 2023)
- CVPS Head Teacher	Clare Rackham
- KPS Head Teacher	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
Coulsdon
Surrey
CR5 3BW

Academies operated

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

Location

Merton
Croydon
Croydon
Croydon
Merton

Head Teacher

Hayley Lewis
Clare Rackham
Helen Green
Pete Steward
Francine David

PACE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

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

PACE ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year 1 September 2022 to 31 August 2023. 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 Republic of Ireland (FRS102).

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 1,502 in the school census on 5 October 2023. There is also nursery provision at four of the schools with a capacity across the Trust of 167 pupils. There are specialist provisions 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 2023

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, e-learning programmes. A dynamic in-house training programme is run for trustees including safeguarding, safer recruitment, health and safety, suspensions, Ofsted preparation and performance development.

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, reviewing the risk register on behalf of the Strategic Board and liaising with the auditors. This committee meets at least once in each half term. The board also delegates some responsibilities to the People Committee. Established this year, the People Committee is responsible for overseeing and ensuring high standards of corporate governance in the remuneration and succession planning of the CEO and the Executive Leadership Group, having strategic oversight of employee engagement, wellbeing, recruitment and retention, and employee professional development.

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 determination of pay is carried out by a sub-committee of the Strategic Board.
- Head Teacher/ Head of School - performance management and remuneration is carried out by the Chief Executive, with pay recommendations made to the People Committee.
- Deputy/Assistant Headteacher - 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 pay recommendations made to the People Committee.

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

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 although they were more involved in union facility time than in previous years due to the industrial action taken by the GMB, NEU and other unions. Unions were also consulted on the PACE Absence and Performance Development Policies.

Engagement with employees

PACE Academy Trust continued to engage with its staff during the period of this report, recognising the importance of visibility and regular communication from trust leaders to all stakeholders.

Each of our schools has its own Local Governing Body that 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 at least one position for a staff governor, 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. A fortnightly briefing from the Chief Executive is sent to all staff, directors and to the LGB chairs and vice chairs providing updates, sharing practice and celebrating achievements.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Other engagement activities include:

- Consultation on and then agreement and implementation of a revised Performance Development Policy for Teachers.
- A questionnaire sent to all staff about key issues relating to equality and inclusion, aimed at improving our practice.
- The establishment of an Equality and Diversity group, aimed at improving practice. This included a review of our equal opportunities' recruitment statement.
- Trained coaches within our trust provide coaching sessions to leaders within PACE as well as externally.
- Coaching awareness training for staff.
- A trust-wide INSET day that focused on the teaching of writing, inclusive practice and the values and vision of PACE.
- Workshops were delivered to senior leaders, focusing on coaching, Safeguarding, finance and managing difficult conversations.
- The establishment of a working group to focus on income generation. This relates to one of the strategic priorities identified within the Trust Development Plan
- The further development of a five-year strategic plan aimed at improving organisational ICT, including the establishment of the Microsoft 365 suite of tools in one school.
- Communication with staff about cyber security, with training and strategies provided to enhance security for all.
- Workshops for governors and directors on Health and Safety, Safeguarding and data analysis.
- A detailed programme of professional development, supporting high quality teaching and learning and providing high quality networking opportunities.
- The creation of a PACE flyer and a promotional video that include contributions from staff and governors from across the trust.

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

The trust continued to use its digital presence to engage with stakeholders, including both current and prospective parents. Websites and social media accounts are actively maintained. Social media has continued to be used to enhance the school-parent partnership and raise awareness in both the local and wider community. All schools operate programmes to involve the parents of our students in school life.

PACE has engaged with schools outside of the trust, providing coaching for leaders and other collaborative opportunities, including a catering contract across three PACE schools and two local schools. Our trust benefits from membership of the Confederation of School Trusts and our trust leaders actively use this membership to network and learn from other school and trust leaders.

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 2023

Objectives and activities

Mission, Vision and Values

The Trust's mission is to provide education and care of high quality in happy, inspiring and inclusive environments, in which all children and adults are valued and encouraged to succeed. Our vision is articulated within the Trust Strategic Plan, which identifies strategic goals for 2025 as well as shorter term objectives for the year ahead.

The values (pillars) of the Trust are:

- Partnership
- Achievement
- Community
- Excellence

Each school devises its own vision statements 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 to advance education within the local area by supporting and further developing schools to ensure they offer a rich, broad and balanced curriculum that meet the needs of all pupils and accelerates their progress. The details of the key objectives and actions are outlined in the Trust Strategic Plan and individual School Improvement 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 PACE Academy Trust Strategic Board identified six strategic goals which it wished to achieve in the 2022/23 academic year:

1. For each school to build on their 2022 outcomes, focusing on identified areas of the curriculum in order to secure improvement for all children, particularly those with barriers to learning.
2. To lead our trust in the next stage of its work on appreciating difference and tackling discrimination.
3. To work with schools to develop and implement actions that support long-term financial sustainability.
4. To plan, prepare and explore opportunities for growth.
5. To increase access to high quality professional development and training for all staff, governors and directors, extending opportunities to external partners where relevant.
6. To embed our PACE vision for environmental sustainability - '*Small Changes, Big Impact*'

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Some of our significant achievements, many of which link to the strategic goals above, are as follows:

- The development of a clear growth strategy alongside increased collaboration with other schools and MATs to share good practice and improve outcomes for learners. A PACE video and a promotional flyer have been created; these are now available on our website for interested leaders and schools to view. The video and flyer have also been sent to the RSC Local Area Leaders.
- The completion of Safeguarding audits across all five PACE schools as part of the Trust's internal audit cycle. These reports were highly positive, highlighting effective practice across the trust, which was affirmed again during the Ofsted inspections for three schools.
- During the summer term, the trust was successful in securing Condition Improvement Funding of £1.45m for three projects, which will be completed during the 2023/24 academic year. One of these was awarded after an appeal against the initial decision, demonstrating the tenacity of the Trust Leadership Group. Two further CIF projects, secured in 2021 and 2022, were completed. This included a large heating and water project at Stanford Primary School and the replacement of a flat roof Chipstead Valley.
- Two successful Ofsted inspections during the spring/summer terms of 2023.
- Our flourishing CPD offer across PACE, with the introduction of a course on highly effective teaching, training for all staff on modelled writing and coaching awareness training for leaders. The collaboration taking place across our trust is impressive, with so many examples of sharing practice, visits, and peer support. There have been opportunities too, for children across our schools to work together.
- Our success in minimising the impact of industrial action on children, families and staff, achieving this through a clear, coordinated and consistent approach across the schools. Whilst there was inevitable disruption for children and families, none of the schools closed completely.
- The completion of a Health and Safety audit as part of the trust's internal audit cycle which highlighted: *"The Trust has robust systems and procedures in place for Health & Safety across the schools."*
- The successful tender leading to a new catering contract established for three PACE schools and two other local schools, creating cost-efficiency for the schools as they benefit from being part of a larger contract.
- PACE Academy Trust has successfully managed an incredibly challenging period of financial uncertainty resulting from regional and global factors such as the unfunded pay awards, rising costs and the impact of the Ukraine war.
- Our operational growth including the introduction of a new accounting system across the trust, resulting in time and cost efficiencies. We have also become VAT registered this year as income from extended services has increased.
- The conference on Equality and Inclusive Practice was a very powerful event, leading to further training in individual schools and a session on Unconscious Bias during our INSET day in January. A network group for Equality Leaders has now been established and this is driving forward lots of actions and innovative ideas.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Other Achievements and Indicators of Performance include:

- A review of the wider curriculum, including intent statements and the trust's Knowledge and Skills Documents. These have been refined and now include statements for Early Years.
- Our focus on generating income throughout the year, including an increase in lettings, interest earned from a 32-day savings account and income generated through provision of coaching to leaders outside of PACE.
- The successful recruitment of a new Head of School to Beecholme Primary.
- The review of the appraisal policy for teaching staff, resulting in a new approach to performance development based on coaching techniques.
- A successful pan-trust INSET day involving all our employees. The focus included a session from Equality Leaders on neurodiversity and training on teaching Writing; both of these were linked to our Trust Strategic Priorities.
- An Educational Excellence meeting at each school that provided Directors and Local Governing Boards with insight into the successes and next steps for each setting.
- Recognition from the Global Scholars Programme for the work the Trust has achieved in this important area of the curriculum.
- Continued work on our IT Strategy to support teaching, learning and school operations. This included the development of Microsoft 365 suite of tools, the use of One Drive as communication and storage tool and the implementation of Sage INTACCT cloud based accounting system which went live in September 2023.

Performance - data

Following a period where data has not been published by the DfE, the performance data for the end of Key Stage 2 is published again for 2022/23.

Schools across PACE worked exceptionally hard to try and accelerate progress for all learners and to tackle the gaps created by the pandemic. The pandemic had an impact on children across 2020, 2021 and 2022 and this continues to be reflected in attainment outcomes nationally although in all areas national attainment has improved from last year to this.

Overall, outcomes for KS2 pupils across PACE were positive. In four of the five schools, the Combined Reading, Writing and Maths (Expected) result at the end of Key Stage 2 was in line or above the National Average (NA).

Outcomes across PACE for pupils at the end of KS1 are varied, reflecting the significant impact that the pandemic has had on younger children.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Area	Number of schools at/above National Average – Expected Standard	Number of schools at/above National Average – Higher Standard
GLD	3/5	-
Yr1 Phonics	1/5	-
KS1 - RWM combined	3/5	2/5
KS1 - Reading	3/5	3/5
KS1 - Writing	3/5	2/5
KS1 - Maths	3/5	3/5
KS2 - RWM combined	4/5	0/5
KS2 - Reading	4/5	3/5
KS2 - Writing	2/5	0/5
KS2 - Maths	4/5	3/5
KS2 - GPS	3/5	3/5

The two key areas for improvement across PACE are:

- phonics
- writing

Other Indicators of Performance

Beecholme Primary School

- Monitoring at the end of Summer 2023 indicated that most teaching was effective, with aspects of highly effective practice across the school.
- A Celebrate, Review and Challenge event conducted by Trust leaders (June 2023) highlighted the following:
 - Beecholme has a very positive, inclusive and welcoming ethos that shines through from the moment you walk into the school.
 - Teaching across the school is effective, with some highly effective practice observed.
 - Behaviour throughout the school is very good and there were lots of examples of children being supportive, respectful and considerate towards each other.
- Attendance was in line with the FFT National Average.
- There were no suspensions and no reported incidences of bullying or racism.
- A safeguarding audit completed in the autumn term highlighted practice that was of a very high standard.

Chipstead Valley Primary School

- Monitoring at the end of Summer 2023 indicated that almost all teaching was effective, with aspects of highly effective practice across the school.
- A Teaching and Learning Review (Oct 2022) highlighted the following:
 - There have been impressive developments across the Enhanced Learning Provision.
 - The children in the School Council are very positive about their school experience.
 - In most classes modelling was effective/highly effective.
- The number of suspensions and reported incidences of bullying or racism were low and were addressed in accordance with procedures.
- A safeguarding audit completed in the autumn term highlighted practice that was of a very high standard.
- Overall attendance was above the FFT National Average.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Keston Primary School

- Monitoring at the end of Summer 2023 indicated that almost all teaching was effective, with aspects of highly effective practice across the school.
- An ungraded Ofsted inspection in the spring term confirmed that the school continues to be Good. The report highlighted the following:
 - Leaders have high expectations for all pupils.
 - Teachers encourage pupils to work hard and do their best, including those with special educational needs and/or disabilities (SEND).
 - Staff nurture pupils and keep them safe.
 - Pupils behave well. They are polite and courteous.
- There were very few suspensions and no reported incidences of bullying or racism.
- Overall attendance was above the FFT National Average.
- A safeguarding audit completed in the autumn term highlighted practice that was of a very high standard.

New Valley Primary School

- Monitoring at the end of Summer 2023 indicated that almost all teaching was effective, with aspects of highly effective practice across the school.
- An ungraded Ofsted inspection in the summer term confirmed that the school continues to be Good. The report highlighted the following:
 - The school is a welcoming, happy and inclusive place to learn.
 - Pupils are proud to belong to the school's diverse community.
 - Leaders have prioritised developing pupils' ability to express themselves with confidence.
 - Overall, pupils achieve well. By the end of Year 6, they have a well-developed body of knowledge in a range of subjects, including reading, writing and mathematics.
- There were no suspensions and very few reported incidences of bullying or racism.
- Overall attendance was below the FFT National Average.
- A safeguarding audit completed in the autumn term highlighted practice that was of a very high standard.

Stanford Primary School

- Monitoring at the end of Summer 2023 indicated that most teaching was effective, with aspects of highly effective practice across the school.
- An Ofsted inspection (graded) in the spring term judged the school as 'Requires Improvement'. The report, published towards the end of the summer term highlighted the following:
 - Pupils are happy and kept safe in school.
 - Leaders have created a caring and inclusive environment.
 - Pupils behave well and enjoy positive working relationships with staff and each other.
 - Bullying is rare. Any incidents that do arise are dealt with promptly.
 - Leaders have designed a typically broad and ambitious curriculum.
- There were a number of suspensions and some reported incidences of bullying and racism, which were addressed in accordance with procedures.
- Overall attendance was below the FFT National Average.
- A safeguarding audit completed in the autumn term highlighted practice that was of a very high standard.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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	Not Met	A deficit budget was set for the year supported by brought forward reserves. Results were better than budget.
Level of Reserves	Reserves between 5% and 7% GAG	Not Met (3.06%)	
Pupil Numbers	>90% capacity	Not Met (72%, October 2023)	
Ofsted outcome	Current judgment good or better	Met (Good - July 2019)	

Chipstead Valley Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Not Met	A deficit budget was set for the year supported by brought forward reserves. Results were better than budget.
Level of Reserves	Reserves between 5% and 7% GAG	Not Met (4.8%)	
Pupil Numbers	>90% capacity	Met (96%, October 2023)	
Ofsted outcome	Current judgment good or better	Met (Outstanding)	

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Keston Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Not Met	A deficit budget was set for the year supported by brought forward reserves. Results were better than budget.
Level of Reserves	Reserves between 5% and 7% GAG	Not Met (4.22%)	
Pupil Numbers	>90% capacity	Met (99%, October 2023)	
Ofsted outcome	Current judgment good or better	Met (Good - February 2023)	

New Valley Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Met	A deficit budget was set supported by brought forward reserves. A small surplus was achieved.
Level of Reserves	Reserves between 5% and 7% GAG	Not Met (4.17%)	
Pupil Numbers	>90% capacity	Not met (90% October 2023)	
Ofsted outcome	Current judgment good or better	Met (Good - June 2023)	

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Stanford Primary School

Indicator	Success Criteria	Outcome	Comment
Financial Stability	Expenditure does not exceed income	Not Met	A deficit budget was set for the year supported by brought forward reserves. Results were better than budget.
Level of Reserves	Reserves between 5% and 7% GAG	Not Met (7.67%)	Reserves to be used to support 23/24.
Pupil Numbers	>90% capacity	Not met (56% October 2023)	
Ofsted outcome	Current judgment good or better	Not Met (Required Improvement - March 2023)	

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.

Protecting the success of the academy trust

PACE Academy Trust is a small Multi-Academy Trust that seeks to provide education and care of high quality in happy, inspiring and inclusive environments in which all children and adults are valued and encouraged to succeed. There are active governing boards in each school. These provide scrutiny and challenge to the senior leadership team and provide a broader 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.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 2023 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust has recovered income-generating areas during the year. These are integral to our financial health. Income from in-school wraparound care provision is still volatile but has materially recovered to pre-pandemic levels.

The income generated through coaching offered by leaders to schools outside of the Trust has increased compared to the prior year. The self-generated income is measured for each school against a KPI of 6-10% of total income and meetings are held regularly to share knowledge in order to increase this income.

The Trust has continued a training programme for non-salaried School Direct trainees.

The most significant financial impact in 22/23 across all schools was the unfunded cost of staff pay awards. Whilst funding was received in the summer term to support these costs, the funding received was significantly less than the actual cost of the pay awards, putting pressure on the leadership team and budgets. The financial impact of this has resulted in a significant decrease in reserves for the Trust.

The tri-annual actuarial valuation of the Local Government Pension Scheme resulted an increase in employers pension contributions to the scheme for all schools from 1 April 2023.

The Trust was required to register for VAT with effect from 1 August 2022. Registration was confirmed in December 2022 and returns are submitted monthly.

Surveys completed in the autumn of 2023 confirmed that there is no Reinforced Autoclaved Aerated Concrete (RAAC) in any PACE school.

During the year ended 31 August 2023, total restricted educational expenditure was £11,212,505 (excluding restricted fixed asset funds). Overall, total incoming resources for the year came to £11,372,038 (excluding restricted fixed asset funds). Of this, recurrent grant funding from the ESFA, DfE and Local Authority totalled £10,385,340. The result of income less expenditure for the year (excluding restricted fixed asset funds, inherited funds and actuarial gains) was a deficit of £420,235.

At 31 August 2023 the net book value of fixed assets was £43,855,947 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 1st 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.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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.

Reserves policy

Currently the Trust's reserves (excluding fixed asset funds and the defined benefit pension scheme liability) are 6.5% of GAG income and therefore in line with the reserves policy. The Trust's total reserves stand at £43,850,743. The Trust currently holds free reserves, consisting of restricted general funds plus unrestricted funds, of £634,950. The fixed asset reserves at the year-end stand at £43,869,793.

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 any long-term interest-bearing accounts. £500,000 was deposited into a 32-day GBP notice account in November 2022 which has remained on deposit accruing interest in the year of £7.2k.

Risk Management

The Directors hold responsibility for the management of risks for the Trust. 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 regularly review the financial and compliance controls necessary to mitigate these 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 most significant risk relating to Trust income is the number of surplus school places across London. 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. Currently risk is low at New Valley due to increased popularity and the positive impact of the Ofsted inspection. The impact of falling numbers across Merton is considered a risk for the Trust, due to local demographic changes. Mitigating this risk is a key priority for our Trust.

The operational and financial risk posed by cyber threats continues to be assessed as high, reflecting advice from the government on the level of threat of cyber-attacks on educational institutions. Mitigations have included mandatory training for every member of staff, and a cyber incident response plan being put in place.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 that PACE is exposed to are identified as: operational, reputational and financial.

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

Financial: This covers 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 organisation.

The Trust Finance Policy is reviewed and updated annually.

The Chief Executive and Head 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 as outlined in the Trust's 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 Heads 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 TSO Education Limited to carry out the role of Internal Auditor to undertake a programme of internal checks on financial controls for the 2022/23 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;
- Donations from parents;
- Students and staff engaging in fundraising for external charities.

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

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Streamlined energy and carbon reporting

Emissions data in respect of the 2022-23 reporting period, based on Operational Control is as follows:

Scope Breakdown (Location-Based)

Emission Type	kWh			CO2e tonnes (Location-Based)		
	Previous Year (21-22)	Current Year (22-23)	Var. (%)	Previous Year (21-22)	Current Year (22-23)	Var. (%)
Scope 1: Operation of Facilities	0	0	0.0%	0.00	0.00	0.0%
Scope 1: Combustion	1,765,287	1,585,147	-10.2%	323.33	289.97	-10.3%
Total Scope 1	1,765,287	1,585,147	-10.2%	323.33	289.97	-10.3%
Scope 2: Purchased Energy	514,005	493,027	-4.1%	109.14	102.09	-6.5%
Total Scope 2	514,005	493,027	-4.1%	109.14	102.09	-6.5%
Scope 3: Indirect Energy use	1,366	1,484	8.6%	0.32	0.36	10.3%
Total Scope 3	1,366	1,484	8.6%	0.32	0.36	10.3%
Total	2,280,658	2,079,658	-8.8%	432.79	392.42	-9.3%

Intensity measurement

Intensity Ratio Review (Market-Based)

Total Footprint (Scope 1, Scope 2 and Scope 3) (Location-Based) - CO2e tonnes			
	Previous Year (21-22)	Current Year (22-23)	YoY Variance (%)
Turnover (£)	£11,343,000	£11,372,000	0.3%
Intensity Ratio (tCO2e/£100,000)	3.82	3.45	-9.6%
Number of Employees	287.00	268.00	-6.6%
Intensity Ratio (tCO2e/employee)	1.51	1.46	-2.9%

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 market and location-based method.
- 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 01/09/22 – 31/08/23.
- 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).
- Energy use and emissions figures relate to our UK operation (including offshore energy and emissions) only, except where stated.
- 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 2022-23.
- Conversion factors for UK electricity (market-based methodology) are published at electricityinfo.org/ provided by the relevant supplier.
- PV arrays are in place but data was unavailable, so kWh usage associated has not been included.
- Some Gas and Electricity consumption include supplier estimates.

STATEMENT OF EXCLUSIONS

- No known exclusions

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

ENERGY EFFICIENCY ACTION

During this reporting year, we have undertaken energy efficiency actions across our sites. These include:

- Full boiler room refurbishment is underway at Beecholme Primary School which will improve the energy efficiency and improve control of the energy usage in the school, once in place.
- A full water and heating services project is underway at Keston Primary School to replace an age-expired heating system.
- A Building Management System is now in place at Stanford Primary School and being installed at Keston Primary School.
- At our schools we have made improvements to our IT equipment, such as replacing old equipment with newer energy-efficient equipment, such as:
 - At Chipstead Valley Primary School there has been an IT suite refurbishment which includes desktops and a Smartboard using Energy Efficiency Funds. Also, further desktops and 4 new displays have been installed around the school.
 - At Beecholme Primary School, there has been a new laptop/desktop and a server upgrade.
 - At Keston Primary School, there have been 7 energy-efficient interactive displays installed, replacing the old displays.
 - At New Valley Primary School, there has been 3 energy efficient interactive displays installed, replacing the old displays.
 - At Stanford Primary School, an energy efficient desktop, smartboards and replacement projector have been installed.
- A new filter in point of use water heater has been installed to replace the need to use kettles at Beecholme Primary School and a new toaster installed at Chipstead Valley Primary School.
- A replacement industrial dishwasher, fridge and freezer have been installed at Keston Primary School and a replacement industrial dishwasher, mixer, refrigerator, freezer and 6 grid gas oven have been installed at New Valley Primary School. Stanford Primary School has had an industrial dishwasher installed as well.
- At Chipstead Valley Primary School there has been a replacement of a fragile roof which makes the previous interior quad area fully useable as a learning space and there has been installation of new thermal blinds.
- We have made lighting upgrades at our schools, such as:
 - At Chipstead Valley Primary School, LED lights have been installed in our IT suite.
 - At Keston Primary School, LED lights have been refurbished in two classrooms and there has been a replacement of all outside lighting with LED lights.
- There has been a new swimming pool cover installed at Chipstead Valley Primary School and pool side heaters are replaced at Keston Primary School.
- We have solar electricity generation at Stanford, Beecholme and Chipstead Valley Schools.
- There are school-based eco-working groups in place and driving incremental behavioural change in schools and homes.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Plans for future periods

The PACE Academy Trust Strategic Board has identified six strategic goals which it wishes to achieve by 2025:

1. To have further improved the educational experience for all children across PACE, with many examples of curriculum innovation and highly effective teaching and learning, resulting in excellent achievement for all groups of learners.
2. To demonstrate exemplary practice around equality, diversity and inclusion.
3. To have retained financial stability within an economically challenging climate.
4. To be a thriving trust of a size that enables strong infrastructure, which underpins excellent educational opportunities for children.
5. For there to be a high-quality professional development offer in place for all staff, directors and governors.
6. For our staff and children to be knowledgeable about, and committed to, environmental sustainability.

For 2023-24 our specific priorities are:

1. Further develop the quality and depth of the curriculum.
2. To be robust in our commitment to tackling barriers to learning.
3. To work closely with school leaders to successfully manage a period of financial austerity for all schools.
4. To develop and grow PACE as a trust through systemic and organisational change in our support functions and through targeted networking with schools which have a potential synergy with PACE.
5. To implement a distributed approach to the leadership of Continual Professional Development, maintaining momentum and access for all staff, governors and directors to high quality professional development and training.

Policies towards Employees and Disabled Persons

In PACE Academy Trust we respect, appreciate and value all our staff, children, and communities. We are tackling barriers that could lead to unequal outcomes. Every child and every adult in our community is equally important to us. We have a staff led Equality and Diversity Network which is driving inclusive practice in our classrooms and our staffrooms.

Each school has a comprehensive accessibility plan in place to ensure our facilities and services are as accessible as possible for all pupils, staff and visitors.

PACE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

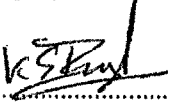
Auditor

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 ~~7.12.2023~~ 7.12.2023 and signed on its behalf by:



.....
Kevin Bright
Chair of Trustees

PACE ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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 on eight occasions during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Zoe Harris (Accounting Officer)	8	8
Kevin Bright (Chair of Trustees)	8	8
Michael Fuller (Director)	7	8
Linda Hall (Director)	7	8
Michael Howarth (Director)	4	8
Micon Metcalfe (Director - Chair of Finance and Audit committee)	7	8
Oladapo Obatusin (Director)	7	8
Dipa Patel (Director)	8	8
C Wingrave (Director) (Appointed 21 September 2022)	8	8

Conflicts of interest

We have in place robust arrangements to declare and manage any conflicts or potential conflicts of interest. All Directors, Members and Governors are required to review and update their interest annually and all meetings will open with a Chair's check on whether any interests need to be declared for the business of the specific meeting. Senior staff and all staff involved in the financial management of our schools are also required to declare, review and update their interest annually.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Governance reviews

The Chair of the Board completes an annual review of its composition and capability and this is replicated by the Chairs of the Local Governing Boards. There is an objective to increase the diversity of the Board of Trustees and to increase the number of Directors from 8 to 10. This is an ongoing action. A trustee was appointed in September 2022. Succession planning for the Board is also in progress.

Termly forums for the chairs and vice chairs of the Trust's local governing bodies were held, led by the Chair of the Strategic Board. The purpose of this forum is to share information, best practice and to increase collaboration between the schools within the Trust.

The Board agreed to establish a People Committee as a sub-committee of the main Board of Trustees. Its purpose is to:

- Oversee and ensure the highest standards of corporate governance in the remuneration and succession planning of the CEO and the Executive Leadership Group comprising Headteachers, Heads of School and members of the Trust Leadership Group;
- Have delegated responsibility for specific aspects of remuneration; and
- Have strategic oversight of the main elements of people strategy in PACE Academy Trust: employee engagement and wellbeing; recruitment and retention; and employee development and training.

The People Committee met twice in the reporting period. The Chief Executive Officer is required to attend the committee. The Chief Executive is not eligible to be a member of the committee. The Chief Executive attended both meetings of the People Committee during the period.

Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Kevin Bright	2	2
Micon Metcalfe	1	2
Dipa Patel	2	2
Clare Wingrave	2	2

The Educational Excellence Committee met twice in the reporting period, once in October 2022 and then again in June 2023. All members of the Strategic Board may form part of this Committee and this includes the Chief Executive Officer. The purpose of the Committee is twofold, (i) to have oversight of the educational standards of all the PACE schools and (ii) to provide a platform for school leaders to share areas of their school's strength, challenges and/or areas of development.

Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Zoe Harris	2	2
Kevin Bright	1	2
Mike Fuller	1	2
Linda Hall	2	2
Mike Howarth	0	2
Micon Metcalfe	1	2
Dapo Obatusin	1	2
Dipa Patel	1	2
Clare Wingrave	1	2

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 Trust 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 budget for each school 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.

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.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The Finance and Audit committee has formally met 7 times during the year. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Zoe Harris (Accounting Officer)	7	7
Kevin Bright (Chair of Trustees)	7	7
Michael Fuller (Director)	7	7
Linda Hall (Director)	7	7
Michael Howarth (Director)	6	7
Micon Metcalfe (Director - Chair of Finance and Audit committee)	7	7

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 leadership team to deliver improved value for money during this year, for example:

- The catering contract for the three Croydon schools went out to tender with a new contractor being appointed with effect from April 2023. The contract covers three PACE schools and two other schools in the local area. The contract resulted in a significant per meal cost for two of the Croydon schools;
- A cloud-based accounting system was installed in the summer term, going live in September 2023. Documents are stored electronically reducing printing costs and processing time.
- Fixed term electricity contracts were secured for the three Croydon schools in October 2023 and for the two Merton schools in April 2023;
- Ensuring that contracting is done, where possible, across all 5 schools: during this period pan-trust contracts were agreed for LGFL mail, photocopying contract at one school with the incumbent supplier at two PACE schools, education welfare services and a number of other service level agreements;

The Chief Operating Officer was the strategic lead on projects that secured Condition Improvement Funding grants for building and site improvements. Grants were awarded for a boiler room refurbishment, a safeguarding upgrade and a heating and water services renewal project. These projects were commenced during the last month of the period and are ongoing.

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 organisations. Monies generated from this are used to maintain the facilities and enhance learning experiences for the pupils.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statement.

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 2022 to 31 August 2023 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;
- decision making for remuneration decisions of all executive leaders, including the Chief Executive Officer, made by the People Committee;
- 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. TSO Education Limited were appointed for the year as internal auditor.

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

- Review of Safeguarding arrangements;
- Review of Health and Safety arrangements; and
- Testing financial controls across the Trust with a focus on bank and cash, procurement and month end close down.

PACE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The internal auditor reports to the Board of Trustees three times a year 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 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:

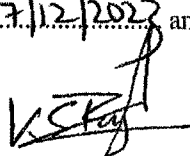
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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 7/12/2023 and signed on its behalf by:



Zoe Harris
Accounting Officer



Kevin Bright
Chair of Trustees

PACE ACADEMY TRUST

**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2023**

As Accounting Officer of PACE Academy Trust, I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022.

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 Academy Trust Handbook 2022.

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

7/12/2023

PACE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023 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:

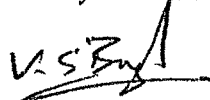
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 7/12/2023 and signed on its behalf by:



Kevin Bright
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACE ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2023**

Opinion

We have audited the financial statements of PACE Academy Trust for the year ended 31 August 2023 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 2022 to 2023 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 2023 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 2022 to 2023.

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 2023

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 2023

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.

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.

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.

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

FOR THE YEAR ENDED 31 AUGUST 2023

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.

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

11/12/2023

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 2023

In accordance with the terms of our engagement letter dated 25 October 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, 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 2022 to 31 August 2023 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 Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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 2023

The work undertaken to draw to our conclusion includes:

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

In line with the Framework and guide for External Auditors and Reporting Accountants of Academy Trusts issued April 2023, we have not performed any additional procedures regarding the academy trust's compliance with safeguarding, health and safety and estates management.

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 2022 to 31 August 2023 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

Dated: *11/12/2023*

PACE ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2023 £	Total 2022 £
Income and endowments from:						
Donations and capital grants	3	51,722	28,661	327,493	407,876	1,037,601
Charitable activities:						
- Funding for educational operations	4	-	10,385,340	-	10,385,340	10,437,627
Other trading activities	5	765,210	133,727	-	898,937	837,768
Investments	6	7,378	-	-	7,378	158
Total		824,310	10,547,728	327,493	11,699,531	12,313,154
Expenditure on:						
Raising funds	7	-	7,415	-	7,415	7,898
Charitable activities:						
- Educational operations	9	572,353	11,212,505	2,097,005	13,881,863	14,135,925
Total	7	572,353	11,219,920	2,097,005	13,889,278	14,143,823
Net income/(expenditure)		251,957	(672,192)	(1,769,512)	(2,189,747)	(1,830,669)
Transfers between funds	19	(142,257)	77,441	64,816	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	1,360,000	-	1,360,000	6,970,000
Net movement in funds		109,700	765,249	(1,704,696)	(829,747)	5,139,331
Reconciliation of funds						
Total funds brought forward		268,095	(1,162,094)	45,574,489	44,680,490	39,541,159
Total funds carried forward		377,795	(396,845)	43,869,793	43,850,743	44,680,490

PACE ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

Comparative year information Year ended 31 August 2022	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2022 £
Income and endowments from:					
Donations and capital grants	3	67,923	-	969,678	1,037,601
Charitable activities:					
- Funding for educational operations	4	-	10,437,627	-	10,437,627
Other trading activities	5	677,406	160,362	-	837,768
Investments	6	158	-	-	158
Total		<u>745,487</u>	<u>10,597,989</u>	<u>969,678</u>	<u>12,313,154</u>
Expenditure on:					
Raising funds	7	3,384	4,514	-	7,898
Charitable activities:					
- Educational operations	9	557,504	11,534,855	2,043,566	14,135,925
Total	7	<u>560,888</u>	<u>11,539,369</u>	<u>2,043,566</u>	<u>14,143,823</u>
Net income/(expenditure)		184,599	(941,380)	(1,073,888)	(1,830,669)
Transfers between funds	19	(33,472)	(57,923)	91,395	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	6,970,000	-	6,970,000
Net movement in funds		151,127	5,970,697	(982,493)	5,139,331
Reconciliation of funds					
Total funds brought forward		116,968	(7,132,791)	46,556,982	39,541,159
Total funds carried forward		<u>268,095</u>	<u>(1,162,094)</u>	<u>45,574,489</u>	<u>44,680,490</u>

PACE ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2023

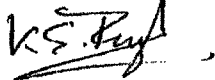
	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	13		43,855,947		45,517,539
Current assets					
Stock	14	4,058		3,399	
Debtors	15	437,475		606,683	
Cash at bank and in hand		1,588,446		1,777,233	
			<u>2,029,979</u>		<u>2,387,315</u>
Current liabilities					
Creditors: amounts falling due within one year	16	(1,378,183)		(1,454,364)	
Net current assets			<u>651,796</u>		<u>932,951</u>
Total assets less current liabilities			<u>44,507,743</u>		<u>46,450,490</u>
Creditors: amounts falling due after more than one year	17		(3,000)		(6,000)
Net assets excluding pension liability			<u>44,504,743</u>		<u>46,444,490</u>
Defined benefit pension scheme liability	21		(654,000)		(1,764,000)
Total net assets			<u><u>43,850,743</u></u>		<u><u>44,680,490</u></u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			43,869,793		45,574,489
- Restricted income funds			257,155		601,906
- Pension reserve			(654,000)		(1,764,000)
Total restricted funds			<u>43,472,948</u>		<u>44,412,395</u>
Unrestricted income funds	19		<u>377,795</u>		<u>268,095</u>
Total funds			<u><u>43,850,743</u></u>		<u><u>44,680,490</u></u>

PACE ACADEMY TRUST

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2023

The accounts on pages 37 to 65 were approved by the trustees and authorised for issue on 7/12/2023 and are signed on their behalf by:



.....
Kevin Bright
Chair of Trustees

Company registration number 08891864 (England and Wales)

PACE ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	22		(85,245)		563,951
Cash flows from investing activities					
Dividends, interest and rents from investments		7,378		158	
Capital grants from DfE Group		318,198		950,729	
Purchase of tangible fixed assets		(426,118)		(1,001,300)	
Net cash used in investing activities			(100,542)		(50,413)
Cash flows from financing activities					
Repayment of other loan		(3,000)		(3,000)	
Net cash used in financing activities			(3,000)		(3,000)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(188,787)		510,538
Cash and cash equivalents at beginning of the year			1,777,233		1,266,695
Cash and cash equivalents at end of the year			<u>1,588,446</u>		<u>1,777,233</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023 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 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. 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 2023

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.

All resources expended are inclusive of irrecoverable VAT.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

Expenditure on raising funds

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

Charitable activities

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

A reclassification has been made during the year to reclassify nursery salary costs from support costs to direct costs.

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 of services it must provide.

1.7 Leased assets

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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 2023

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.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

2 Critical accounting estimates and areas of judgement

(Continued)

Local Government Pension Scheme

The present value of the Local Government Pension Scheme (LGPS) 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 on the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full triennial actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and the next full triennial actuarial valuation would impact on the carrying amount of the pension liability shown in these financial statements.

The ultimate responsibility for setting the assumptions is that of the Academy Trust, as the employer, however each year the LGPS actuary proposes a standard set of assumptions as part of the valuation exercise, using their expert opinion, and which comply with the accounting requirements. The Academy Trust has, in practice with most employers, adopted the recommended actuarial assumptions following further consultation with its auditors to ensure these assumptions are reasonable and in line with those adopted by other academy trusts.

One of the key assumptions is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate of 5.3% is higher than the rate of 4.25% used in 2022.

This is the key driver for the swing that has resulted in the actuarial report and these financial statements showing a reduced defined benefit liability from £1,764,000 to £654,000 during the year.

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 2023	Total 2022
	£	£	£	£
Donated fixed assets	-	9,295	9,295	18,949
Capital grants	-	318,198	318,198	950,729
Other donations	51,722	28,661	80,383	67,923
	<u>51,722</u>	<u>356,154</u>	<u>407,876</u>	<u>1,037,601</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
DfE/ESFA grants				
General annual grant (GAG)	-	7,661,619	7,661,619	7,694,340
Other DfE/ESFA grants:				
- Pupil premium	-	441,331	441,331	419,484
- Others	-	699,264	699,264	654,880
	-	8,802,214	8,802,214	8,768,704
Other government grants				
Local authority grants	-	1,583,126	1,583,126	1,668,923
Total funding	-	10,385,340	10,385,340	10,437,627

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Hire of facilities	139,181	-	139,181	112,490
Catering income	158,162	-	158,162	154,540
Parental contributions	-	84,923	84,923	90,532
Other income	467,867	48,804	516,671	480,206
	765,210	133,727	898,937	837,768

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Other investment income	7,378	-	7,378	158

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2023	2022
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	7,415	7,415	7,898
Academy's educational operations					
- Direct costs	7,880,299	-	530,194	8,410,493	7,965,308
- Allocated support costs	1,719,605	2,792,003	959,762	5,471,370	6,170,617
	<u>9,599,904</u>	<u>2,792,003</u>	<u>1,497,371</u>	<u>13,889,278</u>	<u>14,143,823</u>

Net income/(expenditure) for the year includes:	2023	2022
	£	£
Fees payable to auditor for audit services	20,900	18,500
Depreciation of tangible fixed assets	2,097,005	2,043,566
Net interest on defined benefit pension liability	77,000	132,000
	<u>2,194,905</u>	<u>2,274,066</u>

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.

The amounts charged during the year were as follows:	2023	2022
	£	£
Beecholme Primary School	57,288	92,294
Chipstead Valley Primary School	211,525	227,058
Keston Primary School	138,967	174,056
New Valley Primary School	55,023	87,832
Stanford Primary School	52,851	95,353
	<u>515,654</u>	<u>676,593</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Direct costs				
Educational operations	572,353	7,838,140	8,410,493	7,965,308
Support costs				
Educational operations	-	5,471,370	5,471,370	6,170,617
	<u>572,353</u>	<u>13,309,510</u>	<u>13,881,863</u>	<u>14,135,925</u>

Analysis of support costs

	2023 £	2022 £
Support staff costs	1,727,369	2,419,990
Depreciation	2,097,005	2,043,566
Technology costs	42,087	42,823
Premises costs	694,998	717,605
Legal costs	31,224	38,337
Other support costs	829,572	861,877
Governance costs	49,115	46,419
	<u>5,471,370</u>	<u>6,170,617</u>

10 Staff

Staff costs

Staff costs during the year were:

	2023 £	2022 £
Wages and salaries	7,161,530	6,752,457
Social security costs	596,829	561,161
Pension costs	1,681,888	2,422,948
Staff costs - employees	<u>9,440,247</u>	<u>9,736,566</u>
Agency staff costs	159,657	141,663
	<u>9,599,904</u>	<u>9,878,229</u>
Staff development and other staff costs	55,386	46,211
Total staff expenditure	<u><u>9,655,290</u></u>	<u><u>9,924,440</u></u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

10 Staff

(Continued)

Staff numbers

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

	2023	2022
	Number	Number
Teachers	84	81
Administration and support	166	186
Management	19	20
	<u>269</u>	<u>287</u>

Higher paid staff

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

	2023	2022
	Number	Number
£60,001 - 70,000	2	3
£70,001 - 80,000	5	3
£90,001 - 100,000	-	1
£100,001 - 110,000	1	-
	<u> </u>	<u> </u>

Key management personnel

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

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £888,656 (2022: £857,529).

11 Trustees' remuneration and expenses

The Chief Executive Officer and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer 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:

Z. Harris (Chief Executive Officer and trustee):

Remuneration £100,001 - 110,000 (2022: £90,001 - 100,000)

Employer's pension contributions paid £20,001 - 30,000 (2022: £20,001 - 30,000)

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 2023 the trust was insured by the ESFA's Risk Protection Arrangement.

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2022	55,010,091	444,554	558,089	56,012,734
Additions	250,853	66,956	117,604	435,413
At 31 August 2023	<u>55,260,944</u>	<u>511,510</u>	<u>675,693</u>	<u>56,448,147</u>
Depreciation				
At 1 September 2022	9,908,947	360,496	225,752	10,495,195
Charge for the year	1,940,195	57,265	99,545	2,097,005
At 31 August 2023	<u>11,849,142</u>	<u>417,761</u>	<u>325,297</u>	<u>12,592,200</u>
Net book value				
At 31 August 2023	<u>43,411,802</u>	<u>93,749</u>	<u>350,396</u>	<u>43,855,947</u>
At 31 August 2022	<u>45,101,144</u>	<u>84,058</u>	<u>332,337</u>	<u>45,517,539</u>

14 Stock

	2023	2022
	£	£
Uniforms stock	<u>4,058</u>	<u>3,399</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

15 Debtors

	2023	2022
	£	£
Trade debtors	34,106	1,255
VAT recoverable	56,928	131,199
Other debtors	-	11,730
Prepayments and accrued income	346,441	462,499
	<u>437,475</u>	<u>606,683</u>

Prepayments and accrued income include £75,336 (2022: £72,055) relating to grants due from the ESFA for pupil premium which was not received at the year end.

16 Creditors: amounts falling due within one year

	2023	2022
	£	£
Other loans	3,000	3,000
Trade creditors	154,209	352,593
Other taxation and social security	160,918	146,640
Other creditors	101,270	96,341
Accruals and deferred income	958,786	855,790
	<u>1,378,183</u>	<u>1,454,364</u>

17 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Other loans	<u>3,000</u>	<u>6,000</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

17 Creditors: amounts falling due after more than one year	(Continued)	
	2023	2022
	£	£
Analysis of loans		
Wholly repayable within five years	6,000	9,000
Less: included in current liabilities	(3,000)	(3,000)
	<u>3,000</u>	<u>6,000</u>
Amounts included above	<u>3,000</u>	<u>6,000</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	-	3,000
	<u>6,000</u>	<u>9,000</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.

18 Deferred income	2023	2022
	£	£
Deferred income is included within:		
Creditors due within one year	487,399	326,913
	<u>487,399</u>	<u>326,913</u>
Deferred income at 1 September 2022	326,913	492,582
Released from previous years	(326,913)	(492,582)
Resources deferred in the year	487,399	326,913
	<u>487,399</u>	<u>326,913</u>
Deferred income at 31 August 2023	<u>487,399</u>	<u>326,913</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 2023

19 Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2023 £
Restricted general funds					
General Annual Grant (GAG)	(211,800)	7,661,619	(8,300,772)	92,964	(757,989)
Other DfE/ESFA grants	79,640	1,140,595	(942,810)	-	277,425
Other government grants	608,057	1,583,126	(1,554,208)	(15,523)	621,452
Other restricted funds	126,009	162,388	(172,130)	-	116,267
Pension reserve	(1,764,000)	-	(250,000)	1,360,000	(654,000)
	<u>(1,162,094)</u>	<u>10,547,728</u>	<u>(11,219,920)</u>	<u>1,437,441</u>	<u>(396,845)</u>
Restricted fixed asset funds					
Inherited on conversion	39,245,553	-	-	-	39,245,553
DfE group capital grants	5,692,327	318,198	(2,078,846)	64,816	3,996,495
Donated fixed assets	636,609	9,295	(18,159)	-	627,745
	<u>45,574,489</u>	<u>327,493</u>	<u>(2,097,005)</u>	<u>64,816</u>	<u>43,869,793</u>
Total restricted funds	<u>44,412,395</u>	<u>10,875,221</u>	<u>(13,316,925)</u>	<u>1,502,257</u>	<u>43,472,948</u>
Unrestricted funds					
General funds	268,095	824,310	(572,353)	(142,257)	377,795
Total funds	<u>44,680,490</u>	<u>11,699,531</u>	<u>(13,889,278)</u>	<u>1,360,000</u>	<u>43,850,743</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 2023.

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 2023

19 Funds

(Continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	(201,709)	7,694,340	(7,653,870)	(50,561)	(211,800)
Other DfE/ESFA grants	(95,534)	1,074,364	(899,190)	-	79,640
Other government grants	660,016	1,668,923	(1,713,520)	(7,362)	608,057
Other restricted funds	83,436	160,362	(117,789)	-	126,009
Pension reserve	(7,579,000)	-	(1,155,000)	6,970,000	(1,764,000)
	<u>(7,132,791)</u>	<u>10,597,989</u>	<u>(11,539,369)</u>	<u>6,912,077</u>	<u>(1,162,094)</u>
Restricted fixed asset funds					
Inherited on conversion	39,245,553	-	-	-	39,245,553
DfE group capital grants	6,677,536	950,729	(2,027,333)	91,395	5,692,327
Private sector capital sponsorship	633,893	18,949	(16,233)	-	636,609
	<u>46,556,982</u>	<u>969,678</u>	<u>(2,043,566)</u>	<u>91,395</u>	<u>45,574,489</u>
Total restricted funds	<u>39,424,191</u>	<u>11,567,667</u>	<u>(13,582,935)</u>	<u>7,003,472</u>	<u>44,412,395</u>
Unrestricted funds					
General funds	<u>116,968</u>	<u>745,487</u>	<u>(560,888)</u>	<u>(33,472)</u>	<u>268,095</u>
Total funds	<u>39,541,159</u>	<u>12,313,154</u>	<u>(14,143,823)</u>	<u>6,970,000</u>	<u>44,680,490</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

19 Funds

(Continued)

Total funds analysis by academy

	2023	2022
	£	£
Fund balances at 31 August 2023 were allocated as follows:		
Beecholme Primary School	32,934	60,790
Chipstead Valley Primary School	206,354	265,532
Keston Primary School	111,216	154,493
New Valley Primary School	56,196	50,842
Stanford Primary School	135,925	152,204
Central services	92,325	186,140
	<u>634,950</u>	<u>870,001</u>
Total before fixed assets fund and pension reserve		
Restricted fixed asset fund	43,869,793	45,574,489
Pension reserve	(654,000)	(1,764,000)
	<u>43,850,743</u>	<u>44,680,490</u>
Total funds	<u><u>43,850,743</u></u>	<u><u>44,680,490</u></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 2023	Total 2022
	£	£	£	£	£	£
Beecholme Primary School	923,772	147,789	66,136	221,680	1,359,377	1,323,205
Chipstead Valley Primary School	2,872,821	514,505	133,957	790,376	4,311,659	4,026,499
Keston Primary School	1,734,127	366,787	74,157	525,245	2,700,316	2,721,399
New Valley Primary School	892,203	138,135	73,877	217,939	1,322,154	1,265,664
Stanford Primary School	1,318,708	172,430	99,650	262,047	1,852,835	1,893,433
Central services	227,890	311,633	82,408	137,853	759,784	598,919
	<u>7,969,521</u>	<u>1,651,279</u>	<u>530,185</u>	<u>2,155,140</u>	<u>12,306,125</u>	<u>11,829,119</u>
	<u><u>7,969,521</u></u>	<u><u>1,651,279</u></u>	<u><u>530,185</u></u>	<u><u>2,155,140</u></u>	<u><u>12,306,125</u></u>	<u><u>11,829,119</u></u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	-	-	43,855,947	43,855,947
Current assets	377,795	1,566,696	85,488	2,029,979
Current liabilities	-	(1,306,541)	(71,642)	(1,378,183)
Non-current liabilities	-	(3,000)	-	(3,000)
Pension scheme liability	-	(654,000)	-	(654,000)
Total net assets	377,795	(396,845)	43,869,793	43,850,743

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	45,517,539	45,517,539
Current assets	268,095	1,914,058	205,162	2,387,315
Current liabilities	-	(1,306,152)	(148,212)	(1,454,364)
Non-current liabilities	-	(6,000)	-	(6,000)
Pension scheme liability	-	(1,764,000)	-	(1,764,000)
Total net assets	268,095	(1,162,094)	45,574,489	44,680,490

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 the TPS related to the period ended 31 March 2020.

The latest actuarial valuation of the LGPS related to the period ended 31 March 2022.

At the end of the financial year, outstanding contributions of £101,042 (2022: £95,712) were payable to the Teachers' Pension Scheme.

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% 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 £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million;
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to the TPS in the period amounted to £884,000 (2022: £844,000).

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

21 Pension and similar obligations

(Continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

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 pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are between 5.5% and 12.5% for employees and 12.4% for employers.

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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023	2022
	£	£
Employer's contributions	620,000	547,000
Employees' contributions	168,000	154,000
	<hr/>	<hr/>
Total contributions	788,000	701,000
	<hr/> <hr/>	<hr/> <hr/>
Principal actuarial assumptions	2023	2022
	%	%
Rate of increase in salaries	3.4	3.4
Rate of increase for pensions in payment/inflation	3	3
Discount rate for scheme liabilities	5.3	4.3
Inflation assumption (CPI)	3.0	3.2
	<hr/> <hr/>	<hr/> <hr/>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

21 Pension and similar obligations

(Continued)

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

	2023	2022
	Years	Years
Retiring today		
- Males	21.2	21.5
- Females	24.0	23.9
Retiring in 20 years		
- Males	22.0	22.5
- Females	25.3	25.4

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

Change in assumption at 31 August 2023:	Approximate % Increase to Employer Liability	Approximate Monetary Amount, £'000
0.1% decrease in Real Discount Rate	2.2%	179
0.1% increase in the Salary Increase Rate	0.2%	12
0.1% increase in the Pension Increase Rate	2.1%	172

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

	2023	2022
	Fair value	Fair value
	£	£
Equities	4,727,000	4,371,000
Government bonds	923,000	988,000
Cash	444,000	230,000
Property	812,000	697,000
Other assets	593,000	668,000
Total market value of assets	7,499,000	6,954,000

The actual return on scheme assets was £(82,000) (2022: £(157,000)).

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

21 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2023	2022
	£	£
Current service cost	793,000	1,570,000
Interest income	(307,000)	(110,000)
Interest cost	384,000	242,000
Total operating charge	870,000	1,702,000
Changes in the present value of defined benefit obligations	2023	2022
	£	£
At 1 September 2022	8,718,000	14,052,000
Current service cost	793,000	1,570,000
Interest cost	384,000	242,000
Employee contributions	168,000	154,000
Actuarial gain	(1,749,000)	(7,237,000)
Benefits paid	(161,000)	(63,000)
At 31 August 2023	8,153,000	8,718,000
Changes in the fair value of the academy trust's share of scheme assets	2023	2022
	£	£
At 1 September 2022	6,954,000	6,473,000
Interest income	307,000	110,000
Actuarial loss	(389,000)	(267,000)
Employer contributions	620,000	547,000
Employee contributions	168,000	154,000
Benefits paid	(161,000)	(63,000)
At 31 August 2023	7,499,000	6,954,000

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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

	Notes	2023 £	2022 £
Net expenditure for the reporting period (as per the statement of financial activities)		(2,189,747)	(1,830,669)
Adjusted for:			
Capital grants from DfE and other capital income		(327,493)	(969,678)
Investment income receivable	6	(7,378)	(158)
Defined benefit pension costs less contributions payable	21	173,000	1,023,000
Defined benefit pension scheme finance cost	21	77,000	132,000
Depreciation of tangible fixed assets		2,097,005	2,043,565
(Increase)/decrease in stocks		(659)	266
Decrease/(increase) in debtors		169,208	(126,326)
(Decrease)/increase in creditors		(76,181)	291,951
Net cash (used in)/provided by operating activities		<u>(85,245)</u>	<u>563,951</u>

23 Analysis of changes in net funds

	1 September 2022 £	Cash flows £	31 August 2023 £
Cash	1,777,233	(188,787)	1,588,446
Loans falling due within one year	(3,000)	-	(3,000)
Loans falling due after more than one year	(6,000)	3,000	(3,000)
	<u>1,768,233</u>	<u>(185,787)</u>	<u>1,582,446</u>

24 Long-term commitments

Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Amounts due within one year	8,844	7,576
Amounts due in two and five years	8,055	10,875
	<u>16,899</u>	<u>18,451</u>

PACE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

25 Related party transactions

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

26 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.