# Penwortham Priory Academy Trust

**(A Company Limited by Guarantee)**

## Annual Report and Financial Statements

## Year Ended 31st August 2023

Company Registration Number: 08133703 (England and Wales)

**Penwortham Priory Academy Trust**

**Annual Report and Financial Statements**

**Year Ended 31st August 2023**

**Contents**


| | Page |
|---|---|
| Reference and Administrative Details | 2 |
| Trustees' Report | 3 |
| Governance Statement | 12 |
| Statement on Regularity, Propriety and Compliance | 22 |
| Statement of Trustees' Responsibilities | 23 |
| Independent Auditor's Report to the Members | 24 |
| Independent Reporting Accountant's Assurance Report on Regularity | 27 |
| Statement of Financial Activities incorporating Income & Expenditure Account | 29 |
| Balance Sheet | 30 |
| Statement of Cash Flows | 31 |
| Notes to the Financial Statements | 32 |

**Penwortham Priory Academy Trust**

**Reference and Administrative Details**

**Year Ended 31st August 2023**

| | |
|---|---|
| Members | Mr K Burke (Independent Member)<br>Mr S Grafton (Vice Chair of Trustees)<br>Dr P Range (Chair of Trustees)<br>Mrs M Scrivens (Independent Member)<br>Mr D Taylor (Independent Member) |
| Trustees | Mr D Barnes<br>Mrs E Diamond-Bugler<br>Mr M Eastham (Principal & Accounting Officer)<br>Mr P Faulkner<br>Mr S Grafton (Vice Chairman)<br>Mrs R Lancaster<br>Miss J Oliver (appointed 22nd November 2022)<br>Dr P Range (Chairman)<br>Mr M Russel<br>Mr D Savage |
| Secretary | Mrs S Spencer |
| Senior Leadership Team | Mrs C Barker<br>Mrs L Cowell<br>Mrs D Crank<br>Mr M Eastham<br>Mr N Gee |
| Principal and Registered Office | Crow Hills Road<br>Penwortham<br>Preston<br>PR1 0JE |
| Company Registration Number | 08133703 |
| Independent Auditor | CWR Chartered Accountants<br>20 Mannin Way<br>Lancaster Business Park<br>Caton Road<br>Lancaster<br>LA1 3SW |
| Bankers | Lloyds Bank<br>94 Fishergate<br>Preston<br>PR1 2JB |
| Solicitors | Forbes Solicitors<br>Ribchester House<br>Lancaster Road<br>Preston<br>PR1 2QL |

## Penwortham Priory Academy Trust

## Trustees' Report

## Year Ended 31st August 2023

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from the 1st September 2022 to the 31st August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The Academy Trust operates an academy for pupils aged 11 to 16 serving a catchment area local to the school. It has a pupil capacity of 750 and had a roll of 810 in the school census on 1st October 2022.

### Structure, Governance and Management

### 1.1 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 trustees of Penwortham Priory Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Penwortham Priory Academy Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

### 1.2 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.

### 1.3 Trustees' Indemnities

The Academy has purchased indemnity insurance to protect Trustees and Officers from claims. The insurance provides cover of up to £10,000,000.

### 1.4 Method of Recruitment and Appointment or Election of Trustees

The Trustees make up the Governing Body of the Academy and each Trustee is a Trustee of the Academy.

The Board of Trustees consists of:

(i) 6 Trustees appointed by the Members (2 vacancies)

(ii) 3 Parent Trustees

Parent Trustees are elected by the parents of registered pupils of the Academy and must themselves be parents of a pupil at the time of their election. When a vacancy occurs, every parent is informed of the vacancy and that he/she is entitled to stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

(iii) Co-opted Trustees appointed by the Board of Trustees, there is no set number of these. However, two places are typically allocated to Academy Staff. These Staff Trustees are elected by all staff under a contract of employment with the Academy. When a vacancy occurs, every member of staff is notified and may stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

(iv) The Principal, ex officio

The term of appointment of Trustees is generally for four years except for the Principal who holds their appointment for the term of their office. Also, if a Staff Trustee leaves the employment of the Academy, they are deemed to have resigned from the Board of Trustees.

A comprehensive campaign to fill the Trustee vacancies was held and resulted in five potential new Trustees expressing an interest. We are currently in the process of identifying where they can best be used in order to strengthen the Board.

### 1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.

Newly appointed Trustees are provided with recent minutes and other key documents prior to an induction session with the Principal and Chair of Trustees. Training opportunities are discussed with the Clerk to the Trustees.

### 1.6 Organisational Structure

The Academy is governed by its Governing Body, whose members are Directors of the Charitable Company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. The organisational structure of the Academy consists of 3 levels: the Governing Body, the Principal and the Senior Leadership Team.

The Governing Body is responsible for setting general policies, adopting a school development plan and budget, monitoring the school's performance, making major policy decisions, and appointing senior staff. Certain elements of these responsibilities are delegated to the following sub-committees who make recommendations to the Full Governing Body:

- Curriculum and Standards Committee
- Resources, Audit and Risk Committee
- Pay Committee

The Terms of Reference of these Committees were revised in 2022-2023.

The Principal is also the Accounting Officer and has responsibility for ensuring that grant income is spent in line with the Funding Agreement.

The Senior Leadership Team comprises:

| | |
|---|---|
| Principal | Mr Matthew Eastham |
| Vice Principal | Mrs Lisa Cowell |
| Assistant Principal | Mrs Donna Crank |
| Assistant Principal | Mr Neil Gee |
| Strategic Business Development Manager | Mrs Cheryl Barker |

### 1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Governing Body has adopted a whole school Pay Policy to provide a clear framework to exercise its powers in relation to the pay of individual members of staff. These powers will be exercised to take account of the specific needs of the school, in the light of flexibility inherent in the Teachers' Pay & Conditions Document.

The Governing Body has established a Pay Committee with clearly delegated responsibilities to exercise its functions in relation to this Pay Policy.

The remit of the Pay Committee is:

a) To implement the school's pay policy including pay for individual members of staff.
b) Following the annual appraisal/performance management process, to hear recommendations from appraisal reviewers and make decisions on salary progression for the Principal, Vice Principal, Assistant Principal and any other teacher in school.
c) To provide staff with an annual salary statement.

### 1.8 Related Parties and Other Connected Charities and Organisations

PPA Facilities CIC (company number: 13586824) is a subsidiary of Penwortham Priory Academy Trust. PPA Facilities CIC began trading in September 2022 with a view to managing third party trading services on behalf of the school which mainly related to lettings in the accounting period. All of the profits of PPA Facilities CIC were donated to Penwortham Priory Academy Trust in the accounting year. An overview of the trade of PPA Facilities CIC in the year is as follows:

| | £,000 |
|---|---|
| Lettings income | 178 |
| Wages costs | (56) |
| Other costs | (6) |
| Donations | (116) |
| Surplus/(deficit) | - |

## Objectives and Activities

### 2.1 Objects and Aims

The principal object and activity of the Charitable Company is the operation of Penwortham Priory Academy to provide education for pupils of different abilities between the ages of 11 and 16. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the Academy.

In accordance with the Articles of Association, the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the year ended 31st August 2023 are summarised below:

- to raise the standard of educational achievement of all pupils;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory requirements;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity, and openness;
- to maintain the number of pupils at the academy towards the targets set.

The principal long-term objectives of the Academy are laid out in the Funding Agreement in addition to the points summarised above.

### 2.2 Objectives, Strategies and Activities

The objectives and associated actions from last year have been, or continue to be, addressed. We can summarise our strategy and activities as follows:

Activities continue to be focused around four key strategic aims, which feed into our vision of *'Making Priory a great place to learn and a great place to succeed':*

1. The highest quality of teaching and learning.
2. Strong engagement of stakeholders, within primary schools and the wider community.
3. Maintaining a great reputation for all our pastoral and academic activities.
4. Efficient and effective use of our funding

### 2.3 Public Benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. Trustees are confident that Penwortham Priory Academy has complied with its requirements for the public benefit of secondary education for all its pupils. This can be demonstrated by not only academic outcomes but also by the very high numbers of pupils who move on to further education. Additionally, and of equal significance, the school has now had several years with no NEETS which is a testimony to the individualised nature of the curriculum offered to all its pupils.

In relation to the community, the school continues to have extensive links with a variety of partners ranging from our partner primary schools, teaching school alliances, academy partners, further education colleges, and local business and community groups. The school actively encourages their involvement in the curriculum of the school as well as the use of its facilities by and for the community beyond the school day. We are also intrinsically linked with South Ribble Borough Council for a range of sporting activities. Our engagement with the community demonstrates our commitment to:

- Education
- Community cohesion
- Provision of services for the community
- Extended use of buildings and premises

### Strategic report

### 3. Achievements and Performance

We have now received our 2023 GCSE results and the school has achieved a Progress 8 score of -0.19 (this is likely to improve to around -0.17 when the final set of school data is published in February 2024 which will include a number of remarks). This score shows how much progress pupils at this school made across 8 qualifications between the end of key stage 2 and the end of key stage 4, compared to other similar pupils nationally.

GCSE subjects Combined Science, Maths, Geography and History have performed very strongly this year and have all demonstrated a positive P8 score/SPI score. Childcare, Vocational courses including Drama, Engineering, Graphics and Health and Fitness (Sport) have also performed strongly, all demonstrating a significant SPI score.

Despite this year being the year when there has been an expected fall in grades nationally, and most of this year's GCSE students being in Year 8 when the pandemic hit, results are a real celebration for our students and staff here at Priory, as we have continued to maintain our strong academic outcomes from previous years.

**English**

52% of all pupils achieved a grade 5+ (strong pass) in English

72% achieved a grade 4+ (standard pass)

**Maths**

59% of all pupils achieved a grade 5+ (strong pass) in Maths

75% achieved a grade 4+ (standard pass)

**English and Maths**

41% of all pupils achieved a grade 5+ (strong pass) in English and Maths

63% achieved a grade 4+ (standard pass)

**Furthermore**

70% of all pupils achieved a grade 4+ (standard pass) in 2 Sciences.

67% of all pupils achieved a grade 4+ (standard pass) in Languages.

Over 20% of pupils sitting the following subjects achieved a grade 7, 8 or 9 – Art and Design, Chemistry, Physics, French, Geography and Maths.

Vocational subjects also performed fantastically well with Health and Fitness, Dance, Childcare, Engineering, Graphics, Creative iMedia and Drama all demonstrating outstanding results once again.

Congratulations, therefore, first and foremost, to our students. We all know how hard it's been at times, but also how hard they have worked. They should be very proud.

Congratulations too, to everyone associated with the school; staff, parents guardians, Trustees; in supporting our young people throughout their time with us. We want to take this moment to say that what you have collectively done to get students to this point does not go unnoticed.

These results, in a year when there has been an expected fall in grades nationally, are a real celebration for all, after 5 years of hard work, to get our young people to where they are now and are testimony to the dedication of everyone.

They will ensure our students can now leave Priory, equipped with the right skills and attitudes to help them succeed in life, contribute positively to society, and go on to further education, employment, or training.

Regardless of the results however, we recognise our 2023 leavers as precious and unique individuals, and throughout their final year with us, they have shown how determined and hopeful they are, demonstrating remarkable levels of resilience.

Results are only ever part of a bigger picture. While they provide a platform from which our young people can now embark on the next stage of their lives, they do not define them or their future successes.

We ask them never to forget the contributions they have made to Priory, whether that be in the classroom, on the sport's pitch, on stage, fundraising or in extra-curricular activities.

We ask them to remember too, their entire time with us, their accomplishments throughout that time and how they have developed in so many different ways. Their health, happiness, their ability to work with others. All these things matter, too.

We hope in their time with us, they have felt supported in developing not only academically, but also pastorally, where their all-round personal abilities have been cared for, encouraged and nurtured, allowing them to leave Priory as fully engaged, caring, and contributing members of our society.

We feel proud, as adults in the school, to have been a part of our young people's lives, their achievements and, based on their individual abilities and resilience, proud of the unique accomplishments each of them has made.

The school was inspected in March 2020 and the overall effectiveness of the school was judged to be good across all areas.

In the period that our external adviser has worked with the school he has seen clear evidence of a Principal who has been relentless in his drive to ensure the school achieved a good outcome at the next section 5 inspection. This drive and vision were evident in the leadership of the wider Senior Leadership Team, in leaders across the school and across all staff, evidenced through CPD sessions delivered to Curriculum Leaders and deep dive activities carried out in a significant sample of subjects.

Strong support and guidance were provided by Senior Leaders for the whole school curriculum review process. Through the deep dive activities undertaken by the subject specialist Local Authority advisers and consultants, the Curriculum Leaders consistently and clearly outlined the whole school vision for what learners should expect from the curriculum at Penwortham Priory Academy and their plans to achieve this through their individual subjects and associated curriculum development process.

Lesson visits provided clear evidence of the impact of the journey the school had been on, starting from Curriculum Leaders and departments developing their curriculum intent and developing a curriculum that aimed to deliver this.

Lesson visits, student voice and book sampling provided further evidence that the staff training on effective pedagogy based upon the findings from educational research was clearly impacting on the quality of education that all learners were routinely experiencing across the curriculum.
This was reflected in the extremely positive section 5 inspection that took place in March 2020, as outlined by the extracts below.

Adviser discussions in the summer and early autumn term 2023 further highlighted the importance of the curriculum development the school had undertaken and that the Covid period had not impacted on the Leaders' ambition that all students should still access a high-quality curriculum. Bitesize training for staff delivered by the Lead Practitioner has continued to maintain the high profile of the curriculum and the pedagogy to deliver this to secure the longer-term knowledge and understanding.

Effective leadership has been critical to the improvements that have been made and any concerns regarding leadership have been addressed with urgency and the identification of appropriate support. Where support has not made the required improvements to the leadership, appropriate action has been taken by senior leaders to address the situation.

The following extracts from the OfSTED report provide evidence which supports the achievement and performance of the school:

Extract 1:

- Leaders are ambitious for all pupils, including those with special educational needs and/or disabilities (SEND) and those who are disadvantaged. Most pupils are keen to meet the high expectations that staff have of their learning and wider personal development.
- Pupils are now learning more than in the past. This is because of the widespread improvements that have been made to the quality of education.

Extract 2:

- Penwortham Priory Academy is a rapidly improving school. Leaders have made significant improvements to most aspects of the school's work.

Extract 3:

- Leaders have focused on developing the quality of the curriculum. Pupils now study a curriculum that is more ambitious than in the past. As a result, pupils' performance in external examinations at the end of Year 11 has already improved. Many pupils who left the school in 2018 had not learned well during their time at the school. However, those leaving the school in 2019 made overall progress that was in line with the national average. They attained well in many subjects, including English, Mathematics, and Modern Foreign Languages.
- Leaders and teachers of most subjects have thought carefully about what they want pupils to know and be able to do. They plan pupils' learning thoughtfully to help pupils to know and remember more over time. The activities that they set pupils during lessons also help pupils to remember important information. As a result, pupils can confidently recall prior learning. For example, pupils told inspectors about their understanding of different musical elements, such as tempo and texture.

Extract 4:

- 'Leaders are ambitious for all pupils'.
- 'Leaders have skilfully overseen the improvements made'.
- 'Leaders have made significant improvements to most aspects of the school's work'.

- 'The staff are extremely motivated and keen to improve the school further'.
- 'Leaders think that pupils' wider personal development is very important. They have planned opportunities carefully to help pupils become healthy, responsible, and moral citizens'.
- 'Leaders have made sure that the curriculum is ambitious for all pupils, including those with SEND and those who are disadvantaged'.

### 3.1 Key Performance Indicators

The Academy Trust complies with all the terms and conditions of its Funding Agreement with the DfE. Financial performance is measured using a series of control and monitoring systems and procedures as follows:

1. Budget planning
2. Budget monitoring and reporting
3. Income generation targets
4. Regular review of staffing needs and structures
5. Review of best value of supplies and services

### 3.2 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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements (note 1).

## 4. Financial Review

### 4.1 Operating and Financial Review

The majority of the Academy's income is obtained from the DfE via the Education & Skills Funding Agency (ESFA) 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 31st August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2023, total expenditure was covered by recurrent grant funding from the DfE together with other incoming resources and brought forward reserves. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

### 4.2 Reserves Policy

Penwortham Priory Academy has produced budgets that are sustainable and allowed a reserve to be maintained during the year to 31st August 2023 to safeguard against any future budget income fluctuations. The value of this reserve is included in the Statement of Financial Activities.

### 4.3 Investment Policy

Any significant unrestricted reserves are placed on deposit for a period that the Academy deems will maintain sufficient operating liquidity.

### 4.4 Principal Risks and Uncertainties

The main risk to the academy for the immediate future is how it responds to and plans for ongoing economic uncertainty related primarily to the effects of Covid-19, and any future education funding reforms.

### 4.5 Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, public profile, health and safety, school trips, child protection, finances, staffing issues and Trustees. These risks are reviewed regularly by the Governing Body and the Senior Leadership Team.

The internal financial systems are based on the Academies Trust Handbook 2022 and are documented in the financial procedures. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to the Trustees termly.

The Internal Scrutiny / Audit role has been performed during the period 1st September 2022 to 31st August 2023 and these reports have been presented to the Governing Body. No major issues have been identified.

### 4.6 Financial and Risk Management Objectives and Policies

The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash, and trade creditors, with limited trade (and other) debtors. The Academy's systems of internal control ensure risk is minimal in these areas. The Local Government Pension Scheme deficit is no longer deemed a risk as the scheme is now in a surplus, but the scheme will continue to be monitored carefully for any changes in risk. Details of the scheme are given in the financial statements.

### 5. Plans for Future Periods

Plans for the period from 1st September 2023 include the maintenance of a capital reserve to enable further refurbishment of buildings and development of infrastructure during 2023-2024. Additionally, further income generation and community engagement through the use of school facilities outside of school hours and grant applications will continue. Ongoing aims are to continue responsible financial management that provides opportunities to further the educational aims of the Academy.

With the educational landscape changing and the white paper statements still a Government objective, the MAT agenda and working in partnership with other schools will continue during 2023-2024. Work on this commenced in 2021-2022 and continued in 2022-2023 with meetings undertaken between the schools and the DfE Regional Schools Commissioners office.

**6. 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.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 21st November 2023 and signed on the board's behalf by:

P K Range

.....

**Dr P Range**
**Chair of Trustees**

## Penwortham Priory Academy Trust

## Governance Statement

## Year Ended 31st August 2023

### 7.1 Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Penwortham Priory 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 Principal, 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 Penwortham Priory 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.

### 7.2 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 formally meet 3 times during the year, attendance during the year at meetings of the Board of Trustees was as follows:

Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|---|---|
| D. Barnes | 1 | 3 |
| E. Diamond-Bugler (maternity leave) | 1 | 1 |
| M. Eastham (Principal & Accounting Officer) | 3 | 3 |
| P. Faulkner | 2 | 3 |
| S. Grafton | 3 | 3 |
| R. Lancaster | 3 | 3 |
| J. Oliver | 3 | 3 |
| P. Range | 3 | 3 |
| M. Russel | 3 | 3 |
| D. Savage | 2 | 3 |

The Resources, Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is financial policy, planning, and monitoring, premises, staffing, audit and risk. Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|---|---|
| M. Eastham (Principal & Accounting Officer) | 4 | 4 |
| S. Grafton | 4 | 4 |
| R. Lancaster | 2 | 2 |
| J. Oliver | 2 | 2 |
| M. Russel | 2 | 4 |
| D. Savage | 1 | 4 |

The Curriculum and Standards Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor the strategic school improvement plan (learning and teaching) and the strategic improvement plan (reputation and stakeholders). Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|---|---|
| D. Barnes | 2 | 3 |
| E. Diamond-Bugler (maternity leave) | 1 | 1 |
| M. Eastham (Principal and Accounting Officer) | 3 | 3 |
| P. Faulkner | 3 | 3 |
| R. Lancaster | 1 | 1 |
| P. Range | 3 | 3 |

### 7.3 Review of Value for Money

As Accounting Officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

As Accounting Officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

***Key Aspects of 2023-2024:***

- Maintained pupil roll
- A continued unremitting focus on Learning and Teaching
- A focus on staffing:
    - Further development of the extended leadership staff in school
    - Promoting and further development of the support staff structure
    - Teaching staff restructures including SLT intern posts and lead teachers in department areas
    - Continued succession planning allowing for opportunity for staff development
- Increased engagement with our partner primaries – both pupil and parents
- Positive reputation within the community aided by a more focused publicity/media presence/accolades
- A curriculum we can afford and a timetable and staffing to deliver that curriculum
- Best use of INSET time – increasing collaboration and communication
- Low exclusion rate
- Increased positive feedback on the school
- A sustained, positive working relationship with Trustees – more Trustee involvement in the life of the school and review of the Trustee Improvement Plan
- Clear strategic direction for the school including work on future growth and the MAT landscape
- Embedding improved structures, procedures, and policies in place
- Growth of partnerships and more positive relationships with external agencies:
    - Colleges
    - Primaries
    - Teaching School Alliances
    - 'Families' of schools
    - Universities
    - Employers
    - Other Headteachers
    - PRU's (Pupil Referral Units)
    - Pupils access
- Ongoing more thorough self-evaluation of all areas and subsequent improvement planning

***Sustained Educational Results***

Our focus around our School Improvement Key Objectives this academic year, means that I and my team of leaders will continue to carry out our roles with professionalism and a quiet, confident determination to ensure Priory remains the right school for our young people. We all remain firmly committed, as always, to providing a quality education for

every one of our pupils, and whilst remaining caring, we will continue to be progressive with high academic standards, to ensure that we are a school where individual pupils learn to succeed.

***Quality Assurance***

The most recent review of the School Improvement Plan (SIP) has been discussed at Trustee level and subsequently approved.

We continue to put into action our procedures this year that include not only the normal strategies such as 1:1 meetings with subject leaders and teaching staff, but also the continued involvement of external partners to provide us with a 'fresh pair of eyes' and 'critical friend' approach.

***Strategic Direction***

Our ***Trustee Improvement Plan*** will continue to be monitored and reviewed in smaller working parties through our sub-committees and at full Trustee meetings.

Prior to these meetings, our Principal and SLT's report to Trustees will follow a slightly different format and layout to include our ***strategic school improvement key improvement priorities for trustees,*** as subheadings at the start of the report. In other words, we have now condensed the overall school SIP document into a Trustee's 'Key' objectives document. Whilst the overall school SIP is still in operation, this highlights **the top 6 key priorities for Trustees**. So, despite everything that we do on a day-to-day basis, if asked, *'what are the key priorities for the school presently'*, these would be them. We hope that this will allow trustees to focus on these areas in particular:

| | **Key Priority** | **SLT Lead/s** |
|---|---|---|
| 1 | Ebacc Uptake | NG |
| 2 | Reading/Supporting the weakest readers | LC |
| 3 | Assessment | LC |
| 4 | Metacognition | LC/KT |
| 5 | Addressing progress in English | ME/LC |
| 6 | Suspensions and permanent exclusions | DC |

As mentioned, we have now revisited our school improvement objectives as an SLT and through this year's subcommittee meetings, Trustee discussions with SLT, our self-evaluation reports, as well as our meetings held to outline the vision of the school on the next stage of our journey alongside our accompanying 'Journey to Great' document', it is clear as to how we are continuing to drive forward our improvement agenda with our vision at its core, *"Making Priory a great place to learn and a great place to succeed, every day, for every pupil".*

At Priory, we want a system in which all children and young people achieve. We believe we can have a great school that delivers quality and equality for all our pupils. This involves imagination, courage, and collective action, with capacity building at its heart – leadership capacity, pedagogical capacity and the capacity for creativity and action.

This journey to great, and our ability to stay there, relies upon the values and behaviours of us, the staff, to propel continuing improvement. Therefore, our ongoing focus will be to continue working collaboratively to improve the quality both of new staff and existing staff, cultivating peer learning within school and between schools, encouraging innovation to discover future leading practices and ultimately ownership and accountability by ourselves of outcomes and the quality of a pupil's educational experience at Priory. The role of the SLT and extended leadership team (ELT), will be to continue to remove obstacles and create the conditions that will allow our self-improving system to evolve and be sustained.

Our culture at Priory; therefore, the way we work and what then makes us unique; is having a school where, first and foremost, all pupils feel safe, feel happy and feel that they belong to our school community. Their pastoral care.

When we have pupils, who feel safe and happy in school, we can focus on providing each with a varied and rich curriculum in order for them to gain good individual results as a stepping-stone into their futures. Their academic care.

Whilst all the time, gaining opportunities, from reliable adults, on how to become good citizens of the future. Their 'Learning for Life'.

In other words, a school where the attention we give to the pastoral care of our pupils is just as important as the attention we give to their academic progress and to the development of those skills we know our pupils are going to need to be successful in their lives beyond Priory – their 'Learning for Life'.

So, here at Priory, we have our Pastoral Vertical House System, to ensure the best pastoral care of each of our pupils. This means there are children from each year group in our tutor groups. All members of the same family will have the same tutor and will be in the same form. Your child will be in the same house with the same House Progress Tutor, allowing us to really get to know each family, whilst allowing pupils to contribute to, and feel a valued part of, their own House – Calder, Douglas, Hodder or Ribble.

We also have our Academic Year Group System, to ensure the best academic care for our pupils. This means that your child will have a specialist Head of Year who will closely track and monitor their ongoing academic progress from one year to the next, across all subjects.

Complementing both, we have our 'Learning for Life' programme.

This consists of our taught Personal Development sessions, delivered through our PSHE and Citizenship curriculum.

Our taught Character Development sessions, teaching our pupils the skills, knowledge, and competencies, distinct from their academic work, which will help them succeed in their futures – the skills of Leadership, Organisation, Resilience, Initiative and Communication (LORIC).

As well as our taught Culture Development sessions, to shape our pupils' understanding and attitudes towards the importance of community cohesion and how we can truly live together more harmoniously through a focus on kindness, respect and living without harm.

Of course, we know that teaching a skill or an attitude is one thing, seeing that become a reality in our pupils is another. So, when pupils put their Character and Culture learning into practice, when they demonstrate LORIC skills and actively behave in ways that demonstrate what they have learnt in their culture sessions, this will be noticed, valued, and accredited through our certification process, just as academic progress is accredited through the awarding of GCSEs or other equivalent certificates of achievement.

We believe therefore that the curriculum offered to all our pupils, delivered in a caring and creative environment, by means of innovative resources and facilities, should reflect individual needs and aspirations, and maximise our pupils' chances to achieve not only in the time they are with us in school, but in their life beyond Priory too.

So, it's our combined, equal focus on a curriculum that best supports the pastoral progress of all our pupils, the academic progress of all our pupils, their personal development through PSHE and Citizenship, as well as the development of their Character and Culture, that I believe makes Priory unique and what I believe makes Priory pupils unique.

It is this outstanding care and guidance, coupled with the learning experience each individual pupil receives, that is of the utmost importance to us as adults in the school.

There is no doubt that our pupils' achievements continue to strengthen our local and national recognition as a school, where both girls and boys thrive, succeed academically, and excel in all areas.

In choosing Penwortham Priory Academy as their school, our pupils and parents can be sure that we will provide access to the best possible all-round education for every pupil in our care, in order to secure high standards in their

learning journey with us, and our most recent Ofsted report in March 2020, was overwhelmingly positive, providing a very strong vote of confidence for what we do as a school and for what we believe in.

**Where do we want to be?**

Priory's shared vision (our Journey) is: "Making Priory a great place to learn and a great place to succeed, every day, for every pupil".

The Ofsted report provided a strong indication that we already have solid foundations on which to base the future success of Penwortham Priory Academy, but of course, we will not be complacent. We believe it is important now to move forward on the next phase of our journey. This 'good to great' vision for the school, is based around the following principles:

- Who are we? We are Penwortham Priory Academy – a great school, where every pupil *'Learns to Succeed'*
- What's our Vision? "Making Priory a great place to learn and a great place to succeed".
- What's our value set as staff to achieve this vision?: We are Committed, Positive and Willing to Evolve
- How do we achieve this Vision? By all our adult teams being part of our daily, ongoing mission to achieve our vision.

Our daily mission is to uphold our 'Priory Standard' – ensuring the highest expectations of all, from all, so that all pupils *'Learn to Succeed'* and leave Priory, equipped with the right skills and attitudes to help them succeed in life, contribute positively to society, and go on to further education, employment, or training.

- We have the teams, facilities, and motivation to become an even better school: a great school.
- We are on our journey together: "to make Priory a great place to learn and a great place to succeed".
- We have the same overall generic school vision, value set and daily mission.
- The next stage of our development includes a specific focus on how each individual adult team in school (Trustees, support staff, teachers etc), will contribute uniquely, by the specific work they do, to our shared vision, through their own specific team's missions.
- Each team's missions ensures that we are continuously focussing on and holding ourselves to account to, those aspects that Ofsted consider to be essential to be a great school:

A. Quality of Education:
    i. Intent
        a. Curriculum design, coverage, and appropriateness.
    ii. Implementation
        a. Curriculum delivery
        b. Teaching (pedagogy)
        c. Assessment (formative and summative)
    iii. Impact
        a. Attainment & Progress (national tests and assessments)
        b. Reading
        c. Destinations

B. Behaviour and Attitudes:
    i. Attitudes to learning
    ii. Behaviour
    iii. Exclusions
    iv. Attendance
    v. Bullying

C. Personal Development:
    i. SMSC
    ii. FBV
    iii. Career's guidance

iv. Healthy living
v. Citizenship
vi. Preparation for next stage

D. Leadership & management:
i. Vision & ethos
ii. Staff development
iii. Staff workload and wellbeing
iv. Equality & Diversity
v. Governance/oversight
vi. Safeguarding

We believe we can have a great school, one in which all children and young people achieve, and we have set out a series of principles that underpin our Journey to Great. The central premise is that deep and sustained development of Priory's education system will not come from outside: it depends on all of us.

Our Journey to Great, and our ability to stay there, relies upon the values and behaviors of us, the adults in school, in all our teams, to propel continuing improvement, and will involve a mindset. We must be active, passionate, ethical, and driven by our collective dedication and effort, continuously challenging any mindset that chain us to accept certain beliefs or ways of doing things. This involves imagination, courage, and collective action, with capacity building at its heart – leadership capacity, pedagogical capacity and the capacity for creativity and action.

Our focus will be to continue working collaboratively to improve the quality both of new staff and existing staff, cultivating peer learning within school and between schools, encouraging innovation to discover future leading practices and ultimately ownership and accountability by ourselves of outcomes and the quality of a pupil's educational experience at Priory.

We look forward to continuing our work together throughout this next academic year on this ongoing phase of our journey – taking priory from good to great.

***Targeted Intervention***

Interventions to address those year 11 (and 10) pupils underachieving in the core subjects of English, Maths and Science continue for this academic year and this takes place for all option subjects too. Our raising attainment agenda is based around the 3 principles of:

- Diagnosis
- Intervention
- Testing

The key focus is on 'Targeted Support' through our new process of weekly RAG meetings at SLT and middle leadership level. Extra classes are delivered after school for **specific** pupils, but this is targeted intervention for those pupils specifically identified. Year 11 continue to have English and Maths staff as their personal progress tutors for extra support.

Part of our catch-up, funding will continue to be used to cover the cost of bringing in external support where necessary for aspects such as to support small group tuition of Yr 8 and 9 pupils who have specific gaps in knowledge. As the gaps are addressed, new groups of pupils with different and specific gaps will be tutored.

The impact of previous catch-up funding that curriculum areas bid for is being ascertained through 1:1 curriculum review meetings with subject leaders.

Learning walks take place in all departments and of all teaching staff. Necessary interventions and support programmes are put in place for specific staff and the outcomes and impact of these interventions recorded. A support

package for staff is now well established so staff are more able to be proactive in their own continuing professional development.

All departments are required to produce a DIP, focussing on their Key Objectives for the coming year which the SLT collates and actively monitors. SLT have also produced our overall school self-evaluation reports and improvement plan.

***Individual Students' Intervention***

Specific, focussed interventions for our Disadvantaged Pupils (DP) in school will continue to have a clear focus on Quality First Teaching in the classroom this year. These include:

1. A DP panel of senior staff. All have specific roles and are held to account for these.
2. A DP specific Trustee has been appointed distinct from the SEND Trustee.
3. Tracking of the numbers of DP pupils that achieve awards and are rewarded for their progress. Ensure that this is proportionate to the numbers of DP in the school.
4. For those DP that are harder to reach/not engaging, alternative rewards have been designed to promote progress.

All students in all years continue to be monitored individually in all subjects with a particular focus on the core subjects. Their target grades are constantly referenced to their predicted grades using the Sims tracking system and where necessary intervention strategies such as 1:1 work, after school sessions, lunchtime revision and parental involvement are all used. TA's support in curriculum areas has impacted more positively on the progress of all pupils, but particularly DP.

Academic Heads of Year for each year group are now responsible for tracking progress of pupils across subjects and therefore look for and address any patterns that the data highlights to them. Such interventions are deemed to be both an effective and efficient use of staff resources.

***Collaboration***

As a school we continue to collaborate with a wide variety of stakeholders.

We continue to be an active member of the South Ribble Learning Federation as well as the Preston School's Alliance with subject staff participating in all curriculum groups that operate.

Identified departments have been involved with more targeted collaborative work with other secondary schools known as our 'family of schools'. This focus has been on leadership, curriculum and learning and teaching.

We are an active member of 3 local school alliances.

We have also entered into several, now formal, agreements with other schools, providing support across curriculum areas from our leaders in school.

***New Initiatives***

As an innovative and forward-thinking school, we continue to look at ways to improve the opportunities and experiences of pupils. Twilight meetings continue to take place on a Wednesday after school each week and involve all staff. These have been predominantly focussed on Teaching and Learning, where the majority of the meeting is given to the planning of lessons. This is to ensure that staff are working together to enhance the quality of lessons, think about strategies to employ and talk about teaching and learning, keeping it at the forefront of what we do. This approach continues to have a significant impact on the quality of the lessons being observed.

We hold raising attainment breakfast meetings with all members of our SLT, which provide support to the work associated with our diagnosis and intervention format.

We have a much clearer focus on what is required to improve the academic outcomes of our pupils, distinct from the pastoral progress.

We also have a fundamental belief, that positive outcomes start with the **culture** of the school and the people that work at Penwortham Priory Academy.

Results, or Currency, for the pupils' matter, but will only come about through a shared purpose, where people feel valued and recognised and where leaders have their own self-awareness. Therefore, we will continue to develop a framework that focusses more specifically on the Mental Health, Physical Health, and Nutritional Health of our workforce, all of which is wrapped around culture (the driving force). Phase one of all activity, is understanding where we are (the audit/evaluation process). This has already taken place and included evaluating what the propensity may be for the wider audience to engage with such a programme and identifying what the measurable outcomes will be (points of focus). The development of the programme is now more bespoke and is based on the information we have gathered, reflecting the approach below:

**Our Employee Wellbeing Team's Mission:**

**"Reflecting on what we can do to ensure everyone can cope with their workload"**

**Through our key strategies:**

A. **Team Care –** All adults playing their part in supporting the well-being of others.

B. **Self-Care –** Individual employees showing a commitment to manage their own personal well-being.

- **Centred around Priory's 5 pillars of well-being:**

  i. **Helping juggle the demands of day-to-day life (see also Priory's 'Shop of Support')**
  ii. **Nutrition (Diet)**
  iii. **Sleep**
  iv. **Relaxation**
  v. **Exercise**

We believe we have established an excellent foundation; and to hammer the metaphor, the foundation is strong enough to build substantial extensions – such as this Healthy Leaders journey.

***Financial Governance and Oversight***

Regular and detailed auditing linked to clear and precise oversight by Trustees provides a strong and clear system of financial governance. Termly financial reports are provided for Trustees which are scrutinised carefully and precisely to ensure value for money. Trustees constantly challenge the school to provide evidence of rigour in their purchasing strategies particularly in relation to the re-negotiation of any service level agreements or contracts and tendering procedures. Savings continue to be made in these areas.

Equally, internal school procedures within the leadership team provide the checks and balances necessary to ensure sound financial decisions are taken when considering against educational and curriculum need. Systems, processes, and controls have all been externally evaluated and considered to be of the highest order and in no need of amendment.

***Maximising Income Generation***

With such an extensive site, opportunities to generate additional income are continually reviewed. The contractual relationship with South Ribble Borough Council under the dual use agreement ended on 31st March 2021 and all sporting facilities returned to sole use of the school. The benefits of having all facilities for community use under the school have been seen since April 2021 with a big increase in income generated from hiring out the facilities.

As a result, a subsidiary company was established in August 2021 and commenced trading in September 2022. PPA Facilities CIC is wholly owned by the Academy to manage the lettings business and remove the budgetary and risk aspects away from the day to day running of the Academy. This has opened up additional grant application streams to enhance funding in addition to income received from hirers. The aim is to continue to grow the lettings business and increase income from lettings activities at no detriment to the educational opportunities of pupils. The increase in income will be reinvested in the school facilities enhancing the environment for the local community and pupils at Priory.

As a school we continue to link with the community and other stakeholders. We continue to support a range of out of hour's community use to ensure more of our local community 'get into' Priory and some of these links make a financial contribution to the school. These include:

- &Fitness with Heather Singleton
- DiddiKicks Football Training
- Zumba with Louise Ross
- Penwortham Town Football Club
- Bulgarian Community CIC
- One Voice Community Choir
- Enso Martial Arts
- Preston North End Women's Junior Football Club
- Baby Boutique Sale Company
- Bulgarian Language School
- South Ribble District Schools Football
- Emily Cowell Netball
- Eden Singleton Dance Company
- Leyland Warriors Rugby Club
- AFC Penwortham Junior Football Club
- New Longton Rovers Football Club
- Penwortham St Teresa's Football Club
- Penwortham Zumba Fitness
- Preston Hockey Club
- South Ribble Futsal
- Lostock Hall Football Club
- Lancon Football Club
- Leyland Pirates Junior Football Club
- Total Taekwondo
- Kick-Kwondo
- Pauline Quirk Academy with Aimee Leigh
- Newman Netball Club
- Kings Methodist Church, Penwortham
- South Ribble Borough Council Holiday Club
- Just Kick It Football
- Walmer Bridge Junior Football Club
- Kids United After School Club
- Badminton England
- Bounceback Netball
- Cadley Football Club
- Fit Football
- England Netball
- Lancashire Football Association
- National Elite Sports Coaching
- New Longton Cricket Club
- Orange Soccer Academy
- Play Netball
- Leyland Excel Netball Club
- Rock Choir
- South Ribble District Scouts
- Preston District Scouts
- Howarth Cheer & Dance Group
- Sporting STFC
- NSKA Kick Boxing
- Bulgarian Embassy

### 7.4 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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's 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 Penwortham Priory Academy Trust for the year ended 31st August 2023 and up to the date of approval of the annual report and financial statements.

### 7.5 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 on-going process for identifying, evaluating, and managing the Academy Trust's significant risks that has been in place for the year ended 31st 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.

### 7.6 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. It includes:

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

The Board of Trustees has considered the need for a specific internal audit function and have decided to appoint an internal auditor. The Trustees have appointed RedRambler, as Internal Auditors during the 2022-2023 financial year. The Internal Auditors role includes performing a range of checks and giving advice on the Academy Trust's financial systems, governance, audit arrangements, payroll and personnel management, risk management, premises management and health and safety, assets, lettings, pupil premium, GDPR and cyber risk management.

On a termly basis, the Internal Auditor reports to the Trustees, through the Resources. Audit and Risk Committee on the operation of the systems of control and on the discharge of the Trustee's financial responsibilities. The internal audit function has been fully delivered in line with the ESFA's requirements and no material control issues arose because of the Internal Auditors work.

### 7.7 Review of Effectiveness

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

- the Board;
- the Audit and Risk Committee (where applicable);
- the independent risk review function (eg. Internal Auditor);
- external audit;
- other explicit review/assurance mechanisms.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources, Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 21st November 2023 and signed on its behalf by:

.....
**Dr P Range**
**Chair of Trustees**

.....
**Mr M Eastham**
**Accounting Officer**

**Penwortham Priory Academy Trust**

**Statement on Regularity, Propriety and Compliance**

**Year Ended 31st August 2023**

As Accounting Officer of Penwortham Priory Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, 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 Board of Trustees are able to identify any material irregular or improper use of all 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.

.....

**Mr M Eastham**
**Accounting Officer**

Date: 21st November 2023

## Penwortham Priory Academy Trust

## Statement of Trustees' Responsibilities

## Year Ended 31st August 2023

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 financial statements 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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education & Skills Funding Agency and Department for Education 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 21st November 2023 and signed on its behalf by:

P K Range

**Dr P Range**
**Chair of Trustees**

## Penwortham Priory Academy Trust

## Independent Auditor's Report to the Members of Penwortham Priory Academy Trust

## Year Ended 31st August 2023

### Opinion

We have audited the financial statements of Penwortham Priory Academy Trust (the 'Academy Trust') for the year ended 31st August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education & 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 the 31st August 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education & Skills Funding Agency.

### 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.

### Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

*(Continued)*

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 which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees report have been prepared in accordance with applicable legal requirements.

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

In the light of our 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 strategic report and the directors' 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 directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the Academy Trust for the purposes of company law) 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 financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

*(Continued)*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the Academy Trust'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 Academy Trust'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 Academy Trust and the Academy Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

.....

Mr Robert Mitchell FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 06/12/2023

## Penwortham Priory Academy Trust

## Independent Reporting Accountant's Assurance Report on Regularity to Penwortham Priory Academy Trust and the Education & Skills Funding Agency

## Year Ended 31st August 2023

In accordance with the terms of our engagement letter dated 31st August 2023 and further to the requirements of the Education & 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 Penwortham Priory Academy Trust during the year from the 1st September 2022 to the 31st 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 Penwortham Priory Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Penwortham Priory 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 Penwortham Priory Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### Respective responsibilities of Penwortham Priory Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Penwortham Priory Academy Trust's funding agreement with the Secretary of State for Education and the Academy Trust Handbook, extant from 1st 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 year from the 1st September 2022 to the 31st 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 Academies Accounts Direction 2022 to 2023 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.

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 4 of the Guide For External Auditors section of the Academies Accounts Direction 2022 to 2023 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express and opinion on regularity.

*(Continued)*

**Penwortham Priory Academy Trust**

## Independent Reporting Accountant's Assurance Report on Regularity to Penwortham Priory Academy Trust and the Education & Skills Funding Agency

## Year Ended 31st August 2023

### 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 year from the 1st September 2022 to the 31st August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....

Mr Robert Mitchell FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 06/12/2023

## Penwortham Priory Academy Trust

## Statement of Financial Activities incorporating Income & Expenditure Account

## Year Ended 31st August 2023

| | Note | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | **Total 2023 £000** | **Total 2022 £000** |
|---|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | | |
| Donations and capital grants | 2 | - | 261 | 478 | 739 | 565 |
| Charitable activities: | | | | | | |
| Funding for the Academy Trust's educational operations | 3 | - | 5,290 | - | 5,290 | 4,802 |
| Other trading activities | 4 | 218 | - | - | 218 | 354 |
| **Total** | | 218 | 5,551 | 478 | 6,247 | 5,721 |
| **Expenditure on:** | | | | | | |
| Charitable activities: | | | | | | |
| Academy trust's educational operations | 5,6 | 219 | 5,229 | 197 | 5,645 | 5,420 |
| **Total** | | 219 | 5,229 | 197 | 5,645 | 5,420 |
| **Net income/(expenditure)** | | (1) | 322 | 281 | 602 | 301 |
| **Transfers between funds** | 14 | - | (289) | 289 | - | - |
| **Other recognised gains/(losses)** | | | | | | |
| Revaluation of land and buildings | | - | - | (2,923) | (2,923) | - |
| Actuarial gains on defined benefit pension schemes | 14, 25 | - | 661 | - | 661 | 2,666 |
| **Net movement in funds** | | (1) | 694 | (2,353) | (1,660) | 2,967 |
| **Reconciliation of funds:** | | | | | | |
| Total funds brought forward | 14 | 18 | 610 | 10,473 | 11,101 | 8,134 |
| **Total funds carried forward** | 14 | 17 | 1,304 | 8,120 | 9,441 | 11,101 |

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

## Penwortham Priory Academy Trust

## Balance Sheet

## Year Ended 31st August 2023

| | Notes | 2023 £000 | 2023 £000 | 2022 £000 | 2022 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | | 7,686 | | 10,171 |
| **Current assets** | | | | | |
| Debtors | 11 | 499 | | 398 | |
| Cash at bank and in hand | | 1,103 | | 1,236 | |
| | | 1,602 | | 1,634 | |
| **Liabilities** | | | | | |
| Creditors: Amounts falling due within one year | 12 | (426) | | (636) | |
| **Net current assets** | | | 1,176 | | 998 |
| **Total assets less current liabilities** | | | 8,862 | | 11,169 |
| Creditors: Amounts falling due after more than one year | 13 | | (11) | | (17) |
| **Net assets excluding pension liability** | | | 8,851 | | 11,152 |
| Defined benefit pension scheme surplus/(liability) | 25 | | 590 | | (51) |
| **Net assets including pension liability** | | | 9,441 | | 11,101 |
| **Funds of the Academy Trust:** | | | | | |
| **Restricted funds** | | | | | |
| Fixed asset fund | 14 | 8,120 | | 10,473 | |
| Restricted income fund | 14 | 714 | | 661 | |
| Pension reserve | 14 | 590 | | (51) | |
| **Total restricted funds** | | | 9,424 | | 11,083 |
| **Unrestricted income funds** | 14 | | 17 | | 18 |
| **Total funds** | | | 9,441 | | 11,101 |

The financial statements on pages 29 to 52 were approved by the trustees, and authorised for issue on the 21st November 2023 and are signed on their behalf by:

**Dr P Range**
**Chair of Trustees**

Company Limited by Guarantee
Registration Number: 08133703

## Penwortham Priory Academy Trust

## Statement of Cash Flows

## Year Ended 31st August 2023

| | Notes | 2023 £000 | 2022 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net cash provided by operating activities | 18 | 30 | 338 |
| **Cash flows from investing activities** | 20 | (158) | 30 |
| **Cash flows from financing activities** | 19 | (5) | (15) |
| **Change in cash and cash equivalents in the reporting period** | | (133) | 353 |
| **Cash and cash equivalents at 1st September 2022** | | 1,236 | 883 |
| **Cash and cash equivalents at 31st August 2023** | 21/22 | 1,103 | 1,236 |

## 1 Accounting policies

### General information and basis of preparation

Penwortham Priory Academy Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is Crows Hill Road, Penwortham, Preston, PR1 0JE. The nature of the Academy Trusts operations and principal activities are set out in the Trustees' Report on page 3.

The financial statements 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) 2019), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

### Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 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 receivable**

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

  General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

  Capital grants are recognised when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

1 Accounting policies (continued)

Income (continued)

- **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 goods or services.

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

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.

- **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.

All resources expended are inclusive of irrecoverable VAT.

## 1 Accounting policies (continued)

### Tangible fixed assets

Assets costing £3,000 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 restrictions attached to the funding requiring 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows:

| | |
|---|---|
| Leasehold buildings | Over 125 years' straight line |
| Furniture and equipment | Over 3 years' straight line |
| Computer hardware | Over 5 years' straight line |
| Motor vehicles | Over 5 years' straight line |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

The leasehold assets were revalued on the 31st August 2022 using a RICS approved valuation at a depreciated replacement cost of £7,090,000 and the buildings have been revalued to this amount this year and are to be depreciated over a 125 year period.

### Liabilities

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

### Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## 1 Accounting policies (continued)

### Leased assets

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

### 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 as detailed in note 11. 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 as detailed in notes 12 and 13. 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.

### 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 Part 11, Chapter 3 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.

### 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.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. 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 recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net operating income/(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 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 Accounting policies (continued)

### Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

### Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2019 has been used by the actuary in valuing the pensions liability at 31st August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2 Donations and capital grants

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|---|
| Capital grants | - | 454 | 454 | 416 |
| Other capital income | - | 24 | 24 | 51 |
| Trips and other non public funds | - | 159 | 159 | 98 |
| Donations from PPA Facilities CIC | - | 102 | 102 | - |
| | - | 739 | 739 | 565 |

Income from donations and capital grants was £739,000 (2022 - £565,000) of which £nil (2022 - £nil) was attributable to unrestricted funds, £271,000 (2022 - £98,000) was attributable to restricted general funds and £468,000 (2022 - £467,000) was attributable to restricted fixed asset funds.

£454,000 (2022 - £416,000) of government grants were received for capital and maintenance works.

## 3 Funding for Academy Trust's educational operations

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|---|
| **DfE/ESFA grants** | | | | |
| General Annual Grant (GAG) | - | 4,635 | 4,635 | 4,279 |
| Other DfE Group grants: | | | | |
| Pupil Premium | - | 231 | 231 | 216 |
| Supplementary grant | - | 144 | 144 | 60 |
| Mainstream Schools Additional grant | - | 75 | 75 | - |
| Rates grant | - | 19 | 19 | 17 |
| Other grants | - | 8 | 8 | - |
| | | 5,112 | 5,112 | 4,572 |
| **Other Government grants** | | | | |
| Local Authority grants | - | 107 | 107 | 103 |
| Other Government grants | - | - | - | 52 |
| | - | 107 | 107 | 155 |
| **Exceptional Government funding** | | | | |
| Other DfE/ESFA Covid-19 funding | - | 71 | 71 | 75 |
| | - | 71 | 71 | 75 |
| **Total** | - | 5,290 | 5,290 | 4,802 |

Funding for Academy Trust's educational operations was £5,290,000 (2022 - £4,802,000) of which £nil (2022 - £nil) was attributable to unrestricted funds, £5,290,000 (2022 - £4,802,000) was attributable to restricted general funds and £nil (2022 - £nil) was attributable to restricted fixed asset funds.

£5,290,000 (2022 - £4,802,000) of government grants were received for the purposes of the day to day running costs of the Academy and its charitable objectives.

## 4 Other trading activities

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|---|
| Hire of facilities | 1 | - | 1 | 187 |
| Catering income | 131 | - | 131 | 97 |
| Sale of educational goods and services | 35 | - | 35 | 25 |
| Receipts from other schools | 15 | - | 15 | - |
| Transport income | 36 | - | 36 | 45 |
| | 218 | - | 218 | 354 |

Income from other trading activities was £218,000 (2022 - £354,000) of which £218,000 (2022 - £354,000) was attributable to unrestricted funds, £nil (2022 - £nil) was attributable to restricted general funds and £nil (2022 - £nil) was attributable to restricted fixed asset funds.

## 5 Expenditure

| | Staff Costs £000 | Non Pay Expenditure Premises £000 | Non Pay Expenditure Other Costs £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|---|---|
| Academy Trust's educational operations | | | | | |
| Direct costs | 3,175 | 48 | 580 | 3,803 | 3,546 |
| Allocated support costs | 716 | 717 | 409 | 1,842 | 1,874 |
| | 3,891 | 765 | 989 | 5,645 | 5,420 |

£219,000 (2022 - £358,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £5,229,000 (2022 - £4,864,000) was attributable to restricted general funds and £197,000 (2022 - £197,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Operating lease rentals | 14 | 15 |
| Depreciation | 197 | 198 |
| Fees payable to the auditor for: | | - |
| Audit | 4 | 4 |
| Other services | 7 | 7 |
| | 222 | 224 |

## 6 Charitable activities

| | Total 2023 £000 | Total 2022 £000 |
|---|---|---|
| **Direct costs – educational operations** | 3,803 | 3,546 |
| **Support costs – educational operations** | 1,842 | 1,874 |
| | 5,645 | 5,420 |

| **Analysis of direct costs** | Educational operations £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|
| Direct staff costs | 3,175 | 3,175 | 2,961 |
| Learning resources | 123 | 123 | 112 |
| ICT costs | 77 | 77 | 90 |
| Examination fees | 75 | 75 | 56 |
| School trips and visits | 159 | 159 | 98 |
| Depreciation | 48 | 48 | 81 |
| Other direct costs | 146 | 146 | 148 |
| **Total direct costs** | 3,803 | 3,803 | 3,546 |

| **Analysis of support costs** | Educational operations £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|
| Support staff costs | 716 | 716 | 923 |
| Depreciation | 149 | 149 | 117 |
| Premises costs | 568 | 568 | 459 |
| Other support costs | 398 | 398 | 364 |
| Governance costs | 11 | 11 | 11 |
| **Total support costs** | 1,842 | 1,842 | 1,874 |

## 7 Staff

### (a) Staff costs

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Staff costs during the period were: | | |
| Wages and salaries | 2,863 | 2,734 |
| Social security costs | 284 | 268 |
| Pension costs | 648 | 848 |
| | 3,795 | 3,850 |
| Agency staff costs | 83 | 34 |
| Staff restructuring costs | 13 | - |
| | 3,891 | 3,884 |
| Staff restructuring costs comprise: | | |
| Redundancy payments | - | - |
| Severance payments | 13 | - |
| Other restructuring costs | - | - |
| | 13 | - |

### (b) Severance payments

The Academy Trust paid 1 severance payment in the year, disclosed in the following bands:

| | No. |
|---|---|
| £0 - £25,000 | 1 |
| | 1 |

### (c) Special severance payments

Included in staff restructuring costs are special severance payments totalling £6,000 (2022: £nil). Individually, the payments were £6,000.

### (d) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full-time equivalents, was as follows:

| | 2023 Number | 2023 Full-time equivalent | 2022 Number | 2022 Full-time equivalent |
|---|---|---|---|---|
| Teachers | 40 | 37 | 40 | 38 |
| Administration and support | 45 | 32 | 46 | 33 |
| Management | 5 | 5 | 4 | 5 |
| | 90 | 74 | 90 | 76 |

## 7 Staff (continued)

### (e) Higher paid staff

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

| | 2023 No. | 2022 No. |
|---|---|---|
| £60,001 - £70,000 | 3 | 3 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | - | - |
| £90,001 - £100,000 | - | 1 |
| £100,001 - £110,000 | 1 | - |
| | 5 | 4 |

### (f) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £494,000 (2022: £449,000).

## 8 Related party transactions - Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from employment with the Academy Trust. The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

| | |
|---|---|
| Mr M Eastham (Principal and trustee): | |
| Remuneration | £100,000 - £105,000. (2022: £90,000 - £95,000) |
| Employers' pension contributions | £20,000 - £25,000. (2022: £20,000 - £25,000) |
| Mr P Faulkner (staff trustee): | |
| Remuneration | £30,000 - £35,000. (2022: £35,000 - £40,000) |
| Employers' pension contributions | £nil - £5,000. (2022: £5,000 - £10,000) |
| Mrs E Diamond-Bugler (staff trustee): | |
| Remuneration | £20,000 - £25,000. (2022: £20,000 - £25,000) |
| Employers' pension contributions | £nil - £5,000. (2022: £nil - £5,000) |

During the year ended 31st August 2023, travel and subsistence expenses totalling £nil were reimbursed or paid directly to trustees (2022: £nil trustees).

Other related party transactions involving the trustees are set out in note 26.

## 9 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers' indemnity element from the overall cost of the RPA scheme.

## 10 Tangible fixed assets

| | Leasehold Land and Buildings £000 | Furniture and Fixtures £000 | ICT Equipment £000 | Motor Vehicles £000 | **Total £000** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1st September 2022 | 10,665 | 164 | 223 | 26 | **11,078** |
| Additions | 498 | 75 | 48 | 14 | **635** |
| Disposals | - | - | - | - | **-** |
| Re-valuation | (2,923) | - | - | - | **(2,923)** |
| At 31st August 2023 | 8,240 | 239 | 271 | 40 | **8,790** |
| **Depreciation** | | | | | |
| At 1st September 2022 | 652 | 94 | 136 | 25 | **907** |
| Charged in period | 50 | 73 | 71 | 3 | **197** |
| Disposals | - | - | - | - | **-** |
| At 31st August 2023 | 702 | 167 | 207 | 28 | **1,104** |
| **Net book values** | | | | | |
| At 31st August 2022 | 10,013 | 70 | 87 | 1 | **10,171** |
| At 31st August 2023 | 7,538 | 72 | 64 | 12 | **7,686** |

The leasehold assets were revalued on the 31st August 2022 using a RICS approved valuation at a depreciated replacement cost of £7,090,000 and the buildings have been revalued to this amount this year.

## 11 Debtors

| | **2023 £000** | **2022 £000** |
|---|---|---|
| Trade debtors | 1 | 1 |
| VAT recoverable | 130 | 47 |
| Other debtors | 291 | 282 |
| Prepayments and accrued income | 77 | 68 |
| | 499 | 398 |

## 12 Creditors: amounts falling due within one year

| | **2023 £000** | **2022 £000** |
|---|---|---|
| Trade creditors | 86 | 176 |
| Other taxation and social security | 68 | 65 |
| Other creditors | 89 | 113 |
| Accruals and deferred income | 183 | 282 |
| | 426 | 636 |

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

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Loans | 11 | 17 |
| | 11 | 17 |

Creditors falling due after more than one year relates to a loan received to fund energy efficient projects in the academy, funded via the ESFA Salix scheme with no interest charged on the balance outstanding. The cost of repaying the loan will be offset by the energy cost savings resulting from the works carried out. Loan repayments are made in September and March of each year for the life of the loan.

The total repayable after more than five years is £nil.

## 14 Funds

| | Balance at 1st September 2022 £000 | Income £000 | Expenditure £000 | Gains, Losses and Transfers £000 | Balance at 31st August 2023 £000 |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | 630 | 4,635 | (4,369) | (289) | 607 |
| Pupil premium grant | - | 231 | (231) | - | - |
| Rates grant | - | 19 | (19) | - | - |
| Other DfE/ESFA grants | - | 227 | (227) | - | - |
| Local Authority grants | - | 107 | (107) | - | - |
| Other Covid-19 funding | 31 | 71 | (46) | - | 56 |
| Other restricted funds | - | 261 | (210) | - | 51 |
| Pension reserve | (51) | - | (20) | 661 | 590 |
| | 610 | 5,551 | (5,229) | 372 | 1,304 |
| **Restricted fixed asset funds** | | | | | |
| DfE/ESFA capital grants | 302 | 454 | - | (322) | 434 |
| Capital assets post conversion | 5,868 | - | (113) | (1,119) | 4,636 |
| Assets on conversion | 4,303 | - | (84) | (1,169) | 3,050 |
| Other capital donations | - | 24 | - | (24) | - |
| | 10,473 | 478 | (197) | (2,634) | 8,120 |
| **Total restricted funds** | 11,083 | 6,029 | (5,426) | (2,262) | 9,424 |
| **Total unrestricted funds** | 18 | 218 | (219) | - | 17 |
| **Total funds** | 11,101 | 6,247 | (5,645) | (2,262) | 9,441 |

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2023. At the period end the carry forward of GAG funding was £607,000.

Other DfE/ESFA grants includes monies received outside of GAG funding for example the Supplementary Grant and MSAG Funding. These funds have been spent in full by the 31st August 2023.

## 14 Funds (continued)

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. As at the 31st August 2023 all of these funds had been spent in full.

Other restricted funds include monies from trips & non public funds and donations receivable. As at the 31st August 2023, £51,000 remained unspent.

The pension reserve represents the value of the academy's share of the deficit/surplus in the Local Government Pension Scheme. There was a surplus of £590,000 at the 31st August 2023.

DfE/ESFA capital grants represent capital monies received during the period from the ESFA. The funds received are restricted for specific capital projects and as at the year end £434,000 remained unspent.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1. As described in note 1 the buildings were revalued during the accounting period.

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

| | Balance at 1st September 2021 £000 | Income £000 | Expenditure £000 | Gains, Losses and Transfers £000 | Balance at 31st August 2022 £000 |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | 648 | 4,279 | (4,025) | (272) | 630 |
| Pupil premium grant | - | 216 | (216) | - | - |
| Rates grant | - | 17 | (17) | - | - |
| Other DfE/ESFA grants | - | 60 | (60) | - | - |
| Other Government grants | - | 52 | (52) | - | - |
| Local Authority grants | - | 103 | (103) | - | - |
| Other Covid-19 funding | - | 75 | (44) | - | 31 |
| Other restricted funds | - | 98 | (98) | - | - |
| Pension reserve | (2,468) | - | (249) | 2,666 | (51) |
| | (1,820) | 4,900 | (4,864) | 2,394 | 610 |
| **Restricted fixed asset funds** | | | | | |
| DfE/ESFA capital grants | - | 416 | - | (114) | 302 |
| DfE/ESFA donated capital assets | - | 41 | - | (41) | - |
| Capital assets post conversion | 5,469 | - | (38) | 437 | 5,868 |
| Assets on conversion | 4,463 | - | (160) | - | 4,303 |
| Other donated assets | - | 10 | - | (10) | - |
| | 9,932 | 467 | (198) | 272 | 10,473 |
| **Total restricted funds** | 8,112 | 5,367 | (5,062) | 2,666 | 11,083 |
| **Total unrestricted funds** | 22 | 354 | (358) | - | 18 |
| **Total funds** | 8,134 | 5,721 | (5,420) | 2,666 | 11,101 |

## 15 Analysis of net assets between funds

Fund balances at 31st August 2023 are represented by:

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|---|---|---|---|---|
| Tangible fixed assets | - | - | 7,686 | 7,686 |
| Current assets | 17 | 1,151 | 434 | 1,602 |
| Current liabilities | - | (426) | - | (426) |
| Non-current liabilities | - | (11) | - | (11) |
| Pension scheme asset | - | 590 | - | 590 |
| **Total net assets** | 17 | 1,304 | 8,120 | 9,441 |

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

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|---|---|---|---|---|
| Tangible fixed assets | - | - | 10,171 | 10,171 |
| Current assets | 18 | 1,314 | 302 | 1,634 |
| Current liabilities | - | (636) | - | (636) |
| Non-current liabilities | - | (17) | - | (17) |
| Pension scheme liability | - | (51) | - | (51) |
| **Total net assets** | 18 | 610 | 10,473 | 11,101 |

## 16 Capital commitments

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Contracted for, but not provided in the financial statements | 434 | 302 |

## 17 Commitments under operating leases

### Operating leases

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

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Amounts due within one year | 13 | 15 |
| Amounts due between one and five years | 26 | 6 |
| Amounts due after five years | - | - |
| | 39 | 21 |

## 18 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Net income for the reporting period (as per the Statement of Financial Activities) | 602 | 301 |
| Adjusted for: | | |
| Depreciation (note 10) | 197 | 198 |
| Capital grants from DfE and other capital income | (478) | (467) |
| Defined benefit pension scheme cost less contributions payable (note 25) | 21 | 209 |
| Defined benefit pension scheme finance cost (note 25) | (1) | 40 |
| (Increase) in debtors | (101) | (309) |
| (Decrease)/increase in creditors | (210) | 366 |
| **Net cash provided by operating activities** | 30 | 338 |

## 19 Cash flows from financing activities

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Repayments of borrowing | (5) | (15) |
| Cash inflows from borrowing | - | - |
| **Net cash (used in) financing activities** | (5) | (15) |

## 20 Cash flows from investing activities

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Interest receivable | | - |
| Proceeds from sale of tangible fixed assets | | - |
| Purchase of tangible fixed assets | (636) | (437) |
| Capital grants from DfE/ESFA | 454 | 456 |
| Capital funding received from others | 24 | 11 |
| **Net cash (used in)/provided by investing activities** | (158) | 30 |

## 21 Analysis of cash and cash equivalents

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Cash at bank and in hand | 1,103 | 1,236 |
| Notice deposits (less than 3 months) | - | - |
| **Total cash and cash equivalents** | 1,103 | 1,236 |

## 22 Analysis of changes in net debt

| | At 1st September 2022 | Cash flows | Acquisition / disposal of subsidiaries | Finance leases | Other non-cash changes | At 31st August 2023 |
|---|---|---|---|---|---|---|
| Cash | 1,236 | (133) | - | - | - | **1,103** |
| Cash equivalents | - | - | - | - | - | **-** |
| Overdraft facilities repayable on demand | - | - | - | - | - | **-** |
| | 1,236 | (133) | - | - | - | **1,103** |
| Loans falling due within one year | (6) | - | - | - | - | **(6)** |
| Loans falling due after more than one year | (17) | 6 | - | - | - | **(11)** |
| Finance lease obligations | - | - | - | - | - | **-** |
| | (23) | 6 | - | - | - | **(17)** |
| **Total** | 1,213 | (127) | - | - | - | **1,086** |

## 23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

## 24 Members' Liability

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

## 25 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31st March 2016 and of the LGPS 31st March 2019.

Contributions amounting to £68,000 (2022: £68,000) were payable to the schemes at 31st August 2023 and are included within creditors.

## 25 Pension and similar obligations (continued)

### Teachers' Pension Scheme

#### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

#### Valuation of the Teachers' Pension Scheme

The 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 31st March 2016. The valuation report was published by the Department for Education on 5th March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1st April 2024.

The employer's pension costs paid to the TPS in the period amounted to £453,000 (2022: £429,000).

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

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

## 25 Pension and similar obligations (continued)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2023 was £234,000 (2022: £209,000), of which employer's contributions totalled £177,000 (2022: £161,000), and employees' contributions totalled £57,000 (2022: £48,000). The agreed contribution rates for future years are 18.4% for employers and the rate for employees remains dependant on the earnings of the employee.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an Academy Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18th July 2013 and on 21st July 2022 the Department for Education reaffirmed its commitment with a parliamentary minute.

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

| **Principal Actuarial Assumptions** | **At 31st August 2023** | **At 31st August 2022** |
|---|---|---|
| Rate of increase in salaries | 4.3% | 4.3% |
| Rate of increase for pensions in payment / inflation | 2.9% | 2.9% |
| Discount rate for scheme liabilities | 4.3% | 5.3% |
| Inflation assumption (CPI) | 2.8% | 2.8% |

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

| | **At 31st August 2023** | **At 31st August 2022** |
|---|---|---|
| *Retiring today* | | |
| Males | 21.0 | 22.3 |
| Females | 23.4 | 25.0 |
| *Retiring in 20 years* | | |
| Males | 22.2 | 23.7 |
| Females | 25.2 | 26.8 |

**Sensitivity analysis**

| | **Central £000** | **Sensitivity 1 +0.5% pa discount rate £000** | **Sensitivity 2 +0.25% pa inflation £000** | **Sensitivity 3 +0.25% pa pay growth £000** | **Sensitivity 4 1 year inc in life expectancy £000** |
|---|---|---|---|---|---|
| Liabilities | 3,414 | 3,103 | 3,581 | 3,465 | 3,483 |
| Assets | (4,004) | (4004) | (4,004) | (4,004) | (4,004) |
| Surplus | (590) | (901) | (423) | (539) | (521) |
| Projected service cost | 136 | 116 | 148 | 136 | 140 |
| Projected net interest | (36) | (57) | (27) | (33) | (32) |

## 25 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

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

| | Fair value at 31st August 2023 | Fair value at 31st August 2022 |
|---|---|---|
| Equities | 1,938 | 1,661 |
| Other bonds | - | 155 |
| Gilts | 16 | - |
| Corporate bonds | - | - |
| Property | 380 | 383 |
| Cash and other liquid assets | 24 | 56 |
| Other | 1,646 | 1,263 |
| **Total market value of assets** | 4,004 | 3,518 |

The actual return on scheme assets was £82,000 (2022: £244,000).

**Amounts recognised in the statement of financial activities**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Current service cost (net of employer contributions) | (16) | (204) |
| Past service cost | - | - |
| Interest income | 155 | 55 |
| Interest expense | (154) | (95) |
| Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement | - | - |
| Admin expenses | (5) | (5) |
| Total operating charge | (20) | (249) |

## 25 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

**Changes in the present value of defined benefit obligations were as follows:**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **At 1st September** | 3,569 | 5,645 |
| Current service cost | 193 | 365 |
| Past service cost | - | - |
| Interest cost | 154 | 95 |
| Employee contributions | 57 | 48 |
| Actuarial (gain) | (521) | (2,477) |
| Benefits paid | (38) | (107) |
| Losses or gains on curtailments | - | - |
| Past service costs | - | - |
| **At 31st August** | 3,414 | 3,569 |

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

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **At 1st September** | 3,518 | 3,177 |
| Interest income | 155 | 55 |
| Return on plan assets (excluding interest income) | - | - |
| Assets distributed on settlements | - | - |
| Actuarial gain | 140 | 189 |
| Employer contributions | 177 | 161 |
| Employee contributions | 57 | 48 |
| Benefits paid | (38) | (107) |
| Administration expenses | (5) | (5) |
| Effect of non-routine settlements | - | - |
| **At 31st August** | 4,004 | 3,518 |

## 26 Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1st April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the financial period:

*Income related party transactions:*

PPA Facilities CIC (company number: 13586824) is a subsidiary of Penwortham Priory Academy Trust. PPA Facilities CIC began trading in September 2022 with a view to managing third party trading services on behalf of the school which mainly related to lettings in the accounting period. All of the profits of PPA Facilities CIC were donated to Penwortham Priory Academy Trust in the accounting year totalling £116,000.

*Expenditure related party transactions:*

During the year, a relative of a Trustee attended World Book Day to complete an educational class with pupils. The fee charged was £450 which was commensurate with other attendees. No further transactions took place with this individual during the accounting period.