

Registered number: 10647453

Potteries Educational Trust

Trustees' Report and Financial Statements

For the Year Ended 31 August 2021



Potteries Educational Trust
(A Company Limited by Guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 15
Governance statement	16 - 20
Statement on regularity, propriety and compliance	21
Statement of Trustees' responsibilities	22
Independent auditors' report on the financial statements	23 - 26
Independent reporting accountant's report on regularity	27 - 28
Statement of financial activities incorporating income and expenditure account	29 - 30
Balance sheet	31 - 32
Statement of cash flows	33
Notes to the financial statements	34 - 69

Potteries Educational Trust
(A Company Limited by Guarantee)

Reference and Administrative Details

Members	L Barnes M Herbert M Jones T McMillan I Starkie
Trustees	M Astley ⁴ P Buttery (resigned 30 September 2021) ¹ C Freeman ^{1,3,4} P Gavin ² M Johnstone ⁴ R Johnstone ⁴ M Jones, Chair ³ M Kent ^{1,4} P Mangnall ² C Mayer ² J Smart ¹ K Smith ⁴ J Hunter (appointed 1 February 2021) ¹ ¹ Finance and Resources Committee ² Audit Committee ³ Remuneration Committee ⁴ Teaching and Learning Committee
Company registered number	10647453
Company name	Potteries Educational Trust
Principal and registered office	Leek Road Stoke-On-Trent Staffordshire ST4 2RU
Company secretary	S Hawley
Senior management team	M Kent, Chief Executive Officer and Principal of City of Stoke-On-Trent Sixth Form College S Ascroft, Headteacher - Biddulph High School (To 31 December 2020) E Robinson, Headteacher - Biddulph High School (From 1 January 2021) S Clarke, Headteacher - Moorside High School P McLauchlan, Headteacher - Werrington Primary School E Wortley-Shotton, Chief Financial Officer S Hawley, Company Secretary
Independent auditors	Dains LLP Chartered Accountants Suite 2, Albion House 2 Etruria Office Village Forge Lane Etruria Stoke on Trent ST1 5RQ

Potteries Educational Trust
(A Company Limited by Guarantee)

Reference and Administrative Details (continued)
For the Year Ended 31 August 2021

Bankers	Lloyds Bank Fountain Square Hanley Stoke-On-Trent ST1 1LE
Solicitors	Eversheds Sutherland LLP Two New Bailey 6 Stanley Street Salford M3 5GX

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 August 2021

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

At the start of the year, the academy trust operated two academies in Stoke-on-Trent and Staffordshire. These were the City of Stoke-on-Trent Sixth Form College and Biddulph High School. In addition to this Moorside High School and Werrington Primary School both fully joined the Trust on 1 April 2021 following a successful period as associate members.

Its academies have a combined student capacity of 3,972 students and had a roll of 3,813 in the college and school census returns in October 2021. The sixth form college also provides a foundation degree programme for around a further 85 students from Staffordshire University.

Structure, governance and management

Constitution

The academy trust is a charitable 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 Potteries Educational Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the Potteries Educational Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

Members' liability

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

. Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the trust's expense to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of duty of which they may be guilty in relation to the academy trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the trustees knew to be a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as Directors of the academy trust.

Method of recruitment and appointment or election of Trustees

Eligibility to act as a trustee of the academy trust is within the Constitutional Framework and Clauses 45-80 of the Articles of Association.

Up to eight trustees are appointed by the Members. Up to five trustees are co-opted by the Trust Board. The Trust Board has Trustees available that can convene when there is a requirement to attract, recruit and appoint new trustees with a range of skills and background to provide the Trust with the best possible advice and support. Elected parents, staff or students are appointed to serve the Local Governing Bodies.

Structure, governance and management (continued)

Policies adopted for the induction and training of Trustees

The majority of training and induction provided for each new trustee will be based on a core programme and induction pack supplemented by additional content depending on their existing skills and experience and where necessary will provide training on charity, educational, legal and financial matters. In-house training with specialist staff is provided prior to trustee meetings. An annual strategic development day is held to update trustees and governors on latest developments in the sector and the possible impact on the Trust policies and priorities. Skills audits are undertaken on a regular basis to identify gaps and techniques implemented to review effective governance.

Organisational structure

The Trustees are responsible for setting general policy, adopting a three year annual strategic plan and budget which is reviewed annually, monitoring performance and appointment of Senior Postholders. The Chief Executive Officer, the Chief Financial Officer and the Clerk to the Trust Board are deemed to be Senior Postholders for the purposes of pay decisions by the Trust Remuneration Committee.

Each school and college across the trust has its own Senior Management Team (SMT) and Middle Management Team as appropriate for the needs of the establishment.

Each SMT control their own organisations within the trust at an executive level implementing policies laid down by the Trustees and reporting back to them. As a group they are responsible for the authorisation of spending within approved budgets and the appointment of staff.

Middle Managers consisting of curriculum and support managers, in addition to the SMT, have delegated responsibilities and encourage decision making at all levels. This group also reviews Risk Management within the organisation.

The trust's Executive Group provides strategic leadership and the consideration of trust wide policies and curriculum delivery across the trust. The Executive Group comprises the Chief Executive Officer, the Headteachers of the Member Academies and Chief Financial Officer. The Executive Group is supported by the Clerk to the Trust Board.

Arrangements for setting pay and remuneration of key management personnel

Trustees make decisions on pay levels for senior postholders upon the recommendation of the Remuneration Committee. These are based on national and sector benchmarks as well as performance of individuals. Levels of pay for other senior leaders are also based on the same criteria. Pay for Headteachers is considered by the Remuneration Committee on the recommendation of the Local Governing Body. Pay decisions for other senior leaders are made by the Principal or Headteacher through the performance management processes.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Structure, governance and management (continued)

. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-
Percentage of pay bill spent on facility time	£
Total cost of facility time	-
Total pay bill	10,370,674
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
---	-----

Related parties and other connected charities and organisations

The Potteries Educational Trust works in partnership with local schools and in particular SASCAL, a headteachers group within the City of Stoke-on-Trent.

Moorside High School and Werrington Primary School became full members of the Trust in April 2021 following a successful period as associate members since 2019. New members are actively being sought and further growth of the trust is anticipated over the next three years.

The Potteries Educational Trust recognises the importance of relationships with all of these bodies as well as a range of stakeholders and engages with them on a regular basis.

Engagement with employees (including disabled persons)

The trust keeps its employees informed regarding matters affecting them through the PET joint development days, staff briefings, weekly bulletins, e-mails and departmental meetings. With regards to disabled individuals under the employment of the trust, the trust has an Equal Opportunities Policy that it adheres to.

Structure, governance and management (continued)

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

The trust works with both internal and external stakeholders in accordance with the "Seven Principals of Public Life", these being: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. The trust relies on external suppliers for the provision of key services and these suppliers are treated on the same basis to establish and maintain a good working relationship.

The trust's procurement procedure is dealt with in accordance with the provision of its Financial Framework, which sets out the correct process to be followed and the relevant financial delegations applying across all trust academies. The trust aims to achieve best value for money and the best price possible from all suppliers given that a large proportion will be paid with public funds. The trust is required to maintain the integrity of those funds whilst ensuring that a fair process is published and followed.

Communicating with students and parents/carers has been established through the use of letters, texts, e-mail, social media and management information systems including CEDAR, BROMCOM and Capita SIMS. These methods of communication have proved invaluable during the COVID-19 lockdown periods, when following government instruction, only small numbers of students were able to attend the trust's schools and college.

Objectives and activities

Objects and aims

Our focus is to provide the very best education for every child and young person within the Trust, offering a high quality, broad, academic education for the children and young people of Stoke-on-Trent, North Staffordshire and beyond. Working with like-minded partners, the Potteries Educational Trust centres on the development of the very best practice in teaching, learning and assessment. We will provide teaching and learning in a nurturing, supportive environment with a broad range of opportunities and extra-curricular activities available for all within the Trust.

As a Learning Community, we share common values and principles which are embraced at every academy within the Trust. These values form the foundations of everything that we do and achieve as a Multi-Academy Trust with one outcome in mind, to create a caring community that delivers excellence and inspires futures.

Each school and college has its own Local Governing Body so that decisions are made at a local level specific to the individual needs of each school. Each establishment has its own individual character and uniqueness. It is important for our Trust to celebrate our diversity whilst working to our common values and principles.

We offer a vast range of opportunities through the curriculum and extra-curriculum activities to develop our young people for life experiences and promote high aspirations. The Trust has extensive links with regional and national businesses and universities. We provide wide ranging continuous professional development opportunities for all staff.

We are proud of being a Trust that successfully promotes the highest of aspirations in all our students as evidenced by the multiple opportunities available to meet leading professionals and academics, explore their vocation, experience educational visits across the globe and apply successfully for the most competitive of destinations.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Objectives and activities (continued)

Through our Values

- We strive for excellence in both academic achievement and life experiences to provide a rich education and opportunities beyond just a set of qualifications.
- We seek to inspire our children and young people, raising their aspirations to be the best they can be and to make a positive contribution to our local and national community.
- We believe in the added value of working partnerships across all phases of education and the benefits and opportunities it brings to our students and staff.
- We will maintain an open access policy ensuring that admission is not based on academic success, within the context of the available curriculum in each establishment.
- The Trust will promote a broad, holistic education for all our children and young people who seek to broaden their understanding of the world.
- All partners in the Trust have an equal place and will work together with honesty, transparency and fairness. We will learn from each other to add value to our practices and to the children and young people and communities we serve.

By working together and learning from each other to add value to our practices and to the children and young people and communities we serve, we champion the following core principles:

- The safety and wellbeing of the children and young people we serve in every action taken by the Trust and its constituent members.
- A caring, community-centered ethos throughout the Trust, cherishing every individual child and young person.
- Excellence in academic terms but also in providing a broad education beyond qualifications – to be 'Outstanding' in all we do.
- We will ensure the effective use of resources for the benefit of all children and young people in the Trust.
- We are committed to every child and young person in the Trust; we celebrate diversity and will work to narrow any gaps in aspiration, achievement or attainment within our community.

Our Strategic Plan for 2021-2024 includes eight core ambitions:

- Curriculum – we will maintain within the PET a broad curriculum which values strong skills in English and Maths and access to the full range of subjects which go beyond simplistic accountability measures.
- Quality – we will strive to be Outstanding in all aspects of teaching, learning and assessment and to develop a strong identity as a learning community
- Community – we will develop strength in community and an education that goes beyond qualifications, helping every young person to value themselves within the family of the Trust and to explore and develop a range of softer skills to make them ready to progress.
- Partnership – we will be a strong, reliable and effective partner for schools, colleges, businesses and universities across the City and region. Our ambition is to be a force for good and to play an important part in the development of the best in teaching and learning for the region.
- Progression – alumni of the PET will all progress on to good quality destinations and ultimately degree courses or apprenticeships that lead to productive, fulfilling employment. We aim to have as close to zero NEET young people after they leave the Trust as can reasonably be expected.
- Resources – we aim to use the resources of our Trust to maximum effect for the education of all our children and young people.
- Growth – we will grow as a Trust in a measured way that allows us to deliver the highest quality of support and challenge to every institution within it. Our ambition is to thus achieve sustainable growth without losing sight of our values and the primacy of every child and young person within the PET.
- Leadership and Governance - leaders, governors and trustees work closely together to implement the strategic ambitions of the PET.

Objectives and activities (continued)

Financial Objectives

The trust sets annual financial objectives in order to continue to maintain high standards of education and support for learners by the efficient use of funding allocated to the trusts academies.

In addition the trust intends to remain financially sound so as to:

- Maintain and further develop the very highest levels of teaching and learning for all its students. We seek to be the centre for academic excellence in the region and to work to support colleagues in feeder schools in developing their practice also – working in a collegiate way that acknowledges we can learn as much from them as they from us and for the betterment of all young people's lives in the area.
- Protect itself from unforeseen adverse changes in enrolments and learner activity levels. It should be noted that although the concept of the current funding methodology reduces the risk of in-year reconciliation any under achievement of targets in one year could lead to rebasing of allocations and reduced funding in future years.
- Provide a safe, pleasant and secure working environment for all learners and staff.
- Generate sufficient income to enable maintenance and improvement of its accommodation and equipment.
- Develop staff to their full potential to enable them to motivate learners to achieve their goals.

The Trust wishes to maintain the confidence of funders, suppliers, bankers and auditors whilst also raising the awareness of trust staff of the financial environment under which it operates.

Public benefit

The Potteries Educational Trust is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Directors, who are Trustees of the charitable company are disclosed on page 1.

In setting and reviewing the trust's objectives, the trustees had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the trust provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

Strategic report

Achievements and performance

During the year, the Trust has grown from two to four academies across Stoke-on-Trent and Staffordshire. In April 2021, Werrington Primary and Moorside High School joined the PET and the trust is now serving children from the ages of 3 –19 across all phases of education as a result.

The academic year was, for academies and families in the PET and everywhere else, dominated by our recovery from COVID-19. The direct impact of the pandemic was that academies and colleges were closed in January 2021 other than to children of critical workers, and vulnerable children and young people. GCSE and A level examinations were cancelled and replaced by teacher assessed grades (TAGs) in our secondary and sixth form academy provision.

The indirect impact of the pandemic was also significant and will continue to be well into the future. Disadvantaged children and young people served by our academies were disproportionately vulnerable to the crisis and many of our children, young people and staff were bereaved because of COVID-19. In addition, members of our PET community have also experienced other adverse experiences including personal stress, serious financial hardship, enduring lockdown in challenging home circumstances including suffering abuse or domestic violence.

The COVID Response across our trust reflect our caring, community-centred ethos and our commitment to every child and young person in the PET. A key aim throughout all our academies was to continue to raise aspirations in our children and young people and support them by offering the best possible teaching, learning and curriculum delivered either remotely or onsite as we move into securing a strong recovery for all our children and young people.

Each Academy's COVID response is published on their websites and includes, amongst phase-specific support:

- Academic and curriculum catch up and 1:1 tuition and support
- Small group teaching
- Intervention delivered by subject specialists, personalised to meet the needs of our children and young people
- Access to IT equipment and Wifi, identified via home and pupil surveys
- Mental Health and wellbeing support for pupils
- Emotional, Wellbeing Support workers
- Additional support for transition points across phases, especially for children in the youngest year groups in each academy
- Independent online study resources stored on Unifrog or MS Teams

PET Academies have made every effort to start closing the gap which has inevitably opened up as a result of COVID-related pupil absence.

GCSE, A Level and Vocational Results

As our GCSE, A Level and Vocational Results were determined by TAGs, the PET offered support to all our academies in delivering a consistent and rigorous TAG process. Biddulph High School and Moorside High School followed a rigorous moderation and TAG quality assurance process in their Year 11 subjects, supporting subject specialists across all curriculum areas. Biddulph High School and City of Stoke Sixth Form College followed a rigorous moderation and TAG quality assurance process in their level 2 and level 3 courses, including A Levels. As a result, all PET GCSE, A level and Vocational Results very much reflect the capabilities of our learners. Although this year's results cannot be compared to 2019 results which was the last year of formal examinations prior to COVID cancellations, comparisons have been made with national averages for 2021 as all used a similar methodology.

Strategic report (continued)

Achievements and performance (continued)

Year 11 Results

- Attainment 8 Results in Biddulph High School (BHS) (48.59) and Moorside High School (MHS) (52.92) were above national average 2021 (50.2)
- English grades 9-5 were significantly above 2021 national average (63.6) at BHS (67) and MHS (68.9)
- English grades 9-4 were significantly above 2021 national average (81) at BHS (90.7) and MHS (86.3)
- Maths grades 9-5 improved at MHS (59.6) and were maintained at BHS (48)
- Maths grades 9-4 were maintained at MHS (75.8) and at BHS (70.3)
- Overall English and Maths grades 9-5 improved at both secondary academies with MHS (50.93) and BHS (46.2)
- Overall English and Maths grades 9-4 were maintained at MHS (73.29) and improved at BHS (69.2)
- High expectations of all learners are reflected in the EBACC entry at MHS (71%), well above the national average of 39.8%
- EBACC achievement at grades 9-4 at MHS (48.45)
- Gaps have closed between disadvantaged students overall at both secondary academies
- EBACC entry and attainment at grades 9-4 are significantly above national average for disadvantaged learners at MHS

Year 13 Results

- Improvement in Level 3 Value Added (VA) for both the Sixth Form College SFC (+0.04) and Biddulph High School BHS (+0.64).
- The L3VA at BHS for A level programmes has increased significantly as has the L3VA at BHS for vocational programmes (+0.64)
- The Sixth Form College and Biddulph High School have seen an increase in high grades for A Level qualifications (54.1%) SFC and (49.3%) BHS
- The Sixth Form College has seen an increase in high grades for Vocational qualifications (77.5%)
- Pass Rates increased for A level programmes at the SFC (99.1) and BHS (98.1) and for Vocational programmes at the SFC (98.1)
- GCSE resit programmes continue to achieve excellent results well above national averages. In English grades 9-4 at the SFC (58) and at BHS (66.6) compared to 2021 national average (42). Maths grades 9-4 at the SFC (49.2) was above the 2021 national average (38.6) and showed strong improvement at BHS (33.3).
- The number of universities offers for top destinations is at a record high. At the Sixth Form College, 12 learners have progressed to Oxbridge over the last three years, 22 students have enrolled on Medicine, Dentistry, Veterinary destinations over the last two years as well as 22 other prestigious university courses and destinations. Aspirations have been raised for students at the Sixth Form College as evidenced by the huge increase in numbers of students on a wide range of courses and universities, a change from previous years.
- At Biddulph High School all students in Year 13 progressed to their chosen universities. BHS has increased the number of students enrolled on Medicine, Dentistry and Veterinary courses as well as at Oxbridge.
- The PET is also at the forefront of level 3 provision and is in its second year of the new T Levels at the college and plans to develop this expertise across the Trust continues. We are now running 5 T Levels across Digital, Science and Health. Recruitment has been positive and there are currently 61 learners studying these 5 courses. We will introduce further subject areas in 2022/23 including the Education pathways which will enable input from all academies across the trust.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

The Trust continues to monitor the performance of its academies through regular monitoring by the CEO and Senior Management Teams within each academy. Specialist resources are targeted to specific areas as necessary.

The Trust operates in line with the requirements of its Funding Agreement with the Education and Skills Funding Agency (ESFA) and manages its reserves in line with the Trust's financial policies.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue 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 Statement of Accounting Policies.

. Promoting the success of the company

The trust provides systems, structures and external networks to support the work in the trust's schools to enable them to prioritise their time on teaching, learning strategies and outcomes for their schools. The trust believe that this allows schools leadership and local committees to focus on the needs of the students in their schools within a supportive framework.

The trust works hard to ensure that each school environment is fit for purpose and that environmental impact is considered when decisions are made regarding trust infrastructure. Recent building projects at the trust's schools and college have used both local and regional workforces and ecological standards have been observed.

The professional conduct of our trustees, governors, staff and visitors is of the upmost importance to the trust. All are expected to abide by relevant codes of conduct and trust policies.

Financial review

The trust receives the majority of its funding from the Education and Skills Funding Agency (the ESFA) in the form of recurrent grant paid on a monthly basis. The grant received during the period is shown as 'Restricted Funds' in the Statement of Financial Activities.

The MAT also benefits from a Devolved Formula Capital Grant which is used for maintenance projects and investment in resources.

The trust has fixed assets of £50,948,644 and cash and short term investment balances of £3,894,676. The trust has accumulated reserves and cash balances in order to create a contingency fund for future capital development to deliver T Level courses. The capital project was completed in November 2020 and ensures the future sustainability for the delivery of the T Level Programmes .

Tangible fixed asset funds total £51,393,918 and movements during the year are shown in note 22 to the financial statements.

The trust has reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Reserves policy

The Board of Trustees recognise the importance of reserves in the financial stability of any organisation, and ensures there are adequate reserves to support the trusts' core activities. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves.

The trust aims to continue to accumulate reserves and cash balances to enable future capital developments and cushion the effects of any further decreases in real terms funding levels. Discussions are also taking place with partner organisations to develop further sports facilities for the Sixth Form College to replace those at Fenton Manor following either the end of the current period or early termination outside of the control of the trust.

Any schools joining the trust will adhere to the trusts reserves policy which states that reserves will not be pooled and Local Governing Bodies will have authority over how those academy reserves will be spent.

Upon review of the trust reserves position at 31 August 2021, the current balance of restricted general funds (excluding pensions and enhanced pension reserves) is £4,211 plus a £1,485,358 balance on unrestricted reserves funds.

The reserves currently held are slightly below of the trust's target which is contained within the Reserves Policy. For confirmation this is £1,500k which broadly represents 7.5% of total annual funding. The trust continues to set out to steadily increase reserves each year, with capital investment projects targeted across the trust for use of these funds when necessary and suitable funds permit.

Investment policy

Treasury management is the management of the trust's cash flows, banking and money market transactions; the effective control of the risks associated with these activities; and the pursuit of optimum performance consistent with the associated risks. The trust has a separate Investment policy in place.

During the period there was no short term borrowing for temporary revenue purposes and the trust has no outstanding bank loans. Any borrowing requires the authorisation of the Trustees and must comply with the requirements of the Funding Agreement agreed with the ESFA.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Principal risks and uncertainties

The Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the trust's assets and reputation.

Based on the strategic plan, the Senior Management and Executive Team undertake regular comprehensive reviews of the risks to which the trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to annual reviews, the Senior Management and Executive Team also consider any risks which may arise as a result of a new area of work being undertaken by the trust.

A detailed risk register is maintained at both trust and academy level which is reviewed at least termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the trust.

Outlined below is a description of the principal risk factors that could affect the trust although not all of the factors are within the trust's control. Other factors besides those listed below may also adversely affect the trust.

Government Funding

The academy trust has considerable reliance on continued government funding through the education sector funding bodies. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Demographic trends also have a significant impact on recurrent funding.

Fundraising

The trust does not use external fundraisers, All fundraising undertaken during the year was monitored by the Trustees.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Streamlined energy and carbon reporting

UK Greenhouse gas emissions and energy use data for the period 1st September 2020 to 31st August 2021

Energy Consumption used to calculate emissions (kWh)	2,956,510
Energy consumption breakdown (kWh)	
- Gas	1,449,487
- Electricity	1,507,023
- Transport fuel	8,652
Scope 1 emissions in metric tonnes CO2e	
- Gas	265.5
- Owned Transport – Mini buses	1.4
- Total Scope 1	266.9
Scope 2 emissions in metric tonnes CO2e	
- Purchased electricity	320.0
- Total Scope 2	320.0
Scope 3 emissions in metric tonnes CO2e	
- Business travel in employee owned vehicles	0.7
- Total Scope 3	0.7
Total gross emissions in metric tonnes CO2e	587.6
Intensity ratio	
- Tonnes CO2e per pupil	0.15

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for company reporting.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil (based on the Autumn census), which is the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have smart meters in place at our academy sites and have also significantly increased the amount of video conferencing technology now in use across the trust, in order to reduce the need for travel between sites and for travel to sites for some governance meetings, particularly during periods of COVID-19 lockdown restrictions.

Energy consumption is expected to be below typical this year due to the reduced occupancy across all academy sites following the continuation of COVID-19 restrictions throughout the financial and academic year.

Potteries Educational Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2021

Plans for future periods

The Trust remains concerned that future austerity plans along with the impacts of COVID-19 on the costs to trusts will continue to impact negatively on the education sector.

The challenges faced by the sector include:

- Developing the curriculum to meet the needs of learners with the introduction of linear courses
- Meeting the challenge of continued restrictions in funding
- Increases in employer payroll on-costs (NI and pensions)
- Maintaining the quality and experience for students despite real terms funding cuts
- Maintaining the current high reputation of the trust
- Growth of the trust and continued collaboration with schools and academies in the best interests of learners.

Resources

The Trust has resources that it can deploy in pursuit of its strategic objectives:

- Established and well trained staff.
- Its reputation as an organisation that achieves excellent results, together with high quality learner support
- Excellent facilities and physical resources.

Events after the End of the Reporting Period

There have been no significant or material events to report after the period end.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are 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 9-12-21 and signed on its behalf by:


M Jones
Chair of Trustees

Potteries Educational Trust
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Potteries Educational 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Potteries Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
M Astley	5	6
P Buttery (resigned 30 September 2021)	4	6
C Freeman	6	6
P Gavin	6	6
M Johnstone	4	6
R Johnstone	4	6
M Jones, Chair	6	6
M Kent	6	6
P Mangnall	6	6
C Mayer	6	6
J Smart	6	6
K Smith	6	6
J Hunter, (appointed 1 February 2021)	2	3

The Finance and Resources Committee is a sub-committee of the main board of trustees. The Committee has met four times during the year. Its purpose is to assist the Board through regular monitoring of its financial performance, approving capital projects and the monitoring of other key performance indicators.

During the 2020-2021 financial year the Committee continued to monitor the progress and financial management of the budget for the College extension programme which was to support the delivery of T Levels and Higher Educational programmes from September 2020. The extension was successfully completed by the revised date of the end of October 2020 due to a delay caused by COVID-19 (Coronavirus). Approval was granted for a request to be made to the ESFA for the sale of a small plot of land belonging to the Trust to support a road widening scheme by the City Council. The Committee approved the extension of the STEM Learning Science Learning Partnership contract from 1 April 2021 to 31 March 2022. A reprographics contract was reviewed and approval granted for procurement of an external supplier and subsequent appointment. The Committee reviewed and approved recommendations for a revised structure for the Central Services Team.

Potteries Educational Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
P Buttery	1	4
C Freeman	4	4
J Hunter, (appointed 1 February 2021)	3	3
M Kent	4	4
J Smart	4	4

The Audit Committee is also a sub-committee of the main board of trustees. The Committee has met three times during the year. Its purpose is to ensure statutory compliance and assist the Board in ensuring the adequacy and effectiveness of control systems and procedures and in considering audit and other reports.

During the 2020-2021 financial year the Committee continued to regularly review the risk register and made recommendations as appropriate to the Trust Board and oversee compliance with statutory requirements. The Committee approved the continued appointment of an external Data Protection Officer. This will be reviewed at the end of the 2021-22 academic year. A recommendation was made for the name of the Committee to be changed to Audit and Risk Committee from 1 September 2021 to fully reflect the delegated responsibility of the Committee. The Committee was proactive in the due diligence process for academy conversion of two associate member schools. Conversion was successfully completed, and Moorside High School and Werrington Primary joined the Trust with effect from 1 April 2021.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
P Gavin	3	3
J Gething (Co-opted)	3	3
P Magnall	3	3
C Mayer	2	3

The Remuneration Committee is also a sub-committee of the main board of trustees. The Committee has met twice during the year. Its purpose is to consider and advise on:

- the performance of the holders of senior posts as determined by the Board
- the remuneration, other terms and conditions of the holders of senior posts as determined by the Board.
- the appraisal of the holders of senior posts as determined by the Board.
- the staff development the holders of senior posts as determined by the Board.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J Durose (Co-opted)	2	2
C Freeman	2	2
M Jones	2	2

The Teaching and Learning Committee is also a sub-committee of the main board of trustees. The Committee has met three times during the year. Its purpose is assist the board in the discharge of its responsibilities for:

- monitoring the quality of the educational provision at the constituent institutions of the Potteries Educational Trust;
- monitoring the quality of teaching, learning and assessment within the Trust;
- monitoring the inclusiveness of the educational activities of the Trust.

Potteries Educational Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

During the 2020-2021 financial year the Committee has focused on the outcomes and priorities for teaching and learning, and the progress against the strategic plan, with a particular focus on the engagement and outcomes from remotely delivered teaching and learning, support for disadvantaged students and student and staff well-being. The Committee received reports to ensure the robustness, fairness and consistency of the process for Teacher Assessed Grades. A reading strategy was reviewed and approved for implementation. Plans for Trust wide CPD were considered and approved including approval and implementation of a Senior Leadership programme for the 2021-2022 academic year.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Astley	3	3
R Davies (Co-opted)	3	3
C Freeman	3	3
M Johnstone	3	3
R Johnstone	1	3
M Kent	3	3
K Smith	3	3
R Waller (Co-opted)	2	3

Local Governing Body

Each Academy has a Local Governing Body which is a committee of the Trust Board. The constitution, membership and proceedings of the Local Governing Body is determined by the Trust Board and through the Scheme of Delegation. The trust operates on the basis of subsidiarity and where legally possible decisions are made at Local Governing Body level. The Local Governing Bodies may operate sub-committees as appropriate: Teaching and Learning and Finance and Resources. The LGB and the sub-committees focus on the detailed scrutiny and holding the executive to account for the relevant academy.

Review of value for money

As accounting officer the Chief Executive Officer 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 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The Trust has introduced a new financial management system during the year and this given greater cost effectiveness and staffing efficiency supporting future development as more member schools join the trust.
- A trust wide contracts database continues to be further developed and monitored with all trust members to identify joint procurement opportunities to ensure savings and best value is applied to all future contract purchasing across the Trust.

Governance Statement (continued)

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Resources 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
- identification and management of risks

The Board of Trustees has decided to employ Beever and Struthers as internal auditor.

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

- testing of payroll systems and processes
- testing of purchase and sales processes
- testing of key financial controls

There were no material control issues reported by the internal auditor during the year.

On a twice annual basis, the internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Governance Statement (continued)

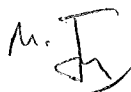
Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit 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 and signed on their behalf by:



M Jones
Chair of Trustees
Date: 9 December 2021



M Kent
Accounting Officer

Potteries Educational Trust
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Potteries Educational Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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 Academies Financial Handbook 2020.

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



M Kent
Accounting Officer
Date: 9 December 2021

Potteries Educational Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2021

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

Company law requires the Trustees to prepare 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

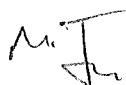
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



M Jones
Chair of Trustees

Date: 9-12-21

Potteries Educational Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Potteries Educational Trust

Opinion

We have audited the financial statements of Potteries Educational Trust (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including 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 2020 to 2021 issued by the Education and 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Potteries Educational Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Potteries Educational Trust (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 Trustees' Report including the Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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.

Independent Auditors' Report on the financial statements to the Members of Potteries Educational Trust (continued)

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the academy trust through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy trust, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the academy trust's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and

Potteries Educational Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Potteries Educational Trust (continued)

- reviewing correspondence with HMRC, relevant regulators and the academy trust's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

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 Auditors' Report.

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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Hawkins (Senior statutory auditor)
for and on behalf of
Dains LLP

Chartered Accountants
Statutory Auditor

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 9.12.21

Potteries Educational Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Potteries Educational Trust
and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 17 March 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Potteries Educational Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Potteries Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Potteries Educational Trust's funding agreement with the Secretary of State for Education dated 26 March 2021 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Potteries Educational Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Potteries Educational Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 9 December 2021

Potteries Educational Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	As restated Total funds 2020 £
Income from:						
Donations and capital grants:	3					
Transfers on conversion		839,444	(2,197,537)	10,840,000	9,481,907	11,462,000
Other donations and capital grants		-	82,333	534,703	617,036	713,392
Other trading activities	4	18,844	516,757	-	535,601	279,815
Investments	5	1,890	-	-	1,890	9,679
Charitable activities	6	14,661	17,044,322	-	17,058,983	13,009,091
Total income		874,839	15,445,875	11,374,703	27,695,417	25,473,977
Expenditure on:						
Raising funds	7	14,597	367,784	-	382,381	70,000
Charitable activities	8	-	17,290,993	1,264,009	18,555,002	15,265,357
Total expenditure		14,597	17,658,777	1,264,009	18,937,383	15,335,357
Net income/ (expenditure)		860,242	(2,212,902)	10,110,694	8,758,034	10,138,620
Transfers between funds	22	(519,884)	6,313	513,571	-	-
Net movement in funds before other recognised gains/(losses)		340,358	(2,206,589)	10,624,265	8,758,034	10,138,620
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	31	-	(1,819,000)	-	(1,819,000)	366,000
Net movement in funds		340,358	(4,025,589)	10,624,265	6,939,034	10,504,620

Potteries Educational Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
For the Year Ended 31 August 2021

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted Fixed Asset Fund 2021 £	Total funds 2021 £	As restated Total funds 2020 £
Reconciliation of funds:					
Total funds brought forward	1,145,000	(7,449,033)	40,769,653	34,465,620	23,961,000
Net movement in funds	340,358	(4,025,589)	10,624,265	6,939,034	10,504,620
Total funds carried forward	1,485,358	(11,474,622)	51,393,918	41,404,654	34,465,620

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 34 to 69 form part of these financial statements.

Potteries Educational Trust
(A Company Limited by Guarantee)
Registered number: 10647453


Balance Sheet
As at 31 August 2021

	Note	2021 £	As restated 2020 £
Fixed assets			
Tangible assets	14	50,948,644	40,481,888
		<u>50,948,644</u>	<u>40,481,888</u>
Current assets			
Stocks	15	52,970	17,544
Debtors	16	1,292,235	837,507
Investments	17	1,505,800	-
Cash at bank and in hand		2,388,876	2,957,634
		<u>5,239,881</u>	<u>3,812,685</u>
Creditors: amounts falling due within one year	18	(2,469,481)	(2,146,449)
Net current assets		<u>2,770,400</u>	<u>1,666,236</u>
Total assets less current liabilities		<u>53,719,044</u>	<u>42,148,124</u>
Creditors: amounts falling due after more than one year	19	(835,557)	(787,616)
Provisions for liabilities	20	(261,833)	(228,888)
Net assets excluding pension liability		<u>52,621,654</u>	<u>41,131,620</u>
Defined benefit pension scheme liability	31	(11,217,000)	(6,666,000)
Total net assets		<u><u>41,404,654</u></u>	<u><u>34,465,620</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	22	51,393,918	40,769,653
Restricted income funds	22	(257,622)	(783,033)
		<u>51,136,296</u>	<u>39,986,620</u>
Restricted funds excluding pension asset	22	51,136,296	39,986,620
Pension reserve	22	(11,217,000)	(6,666,000)
Total restricted funds	22	<u>39,919,296</u>	<u>33,320,620</u>
Unrestricted income funds	22	<u>1,485,358</u>	<u>1,145,000</u>
Total funds		<u><u>41,404,654</u></u>	<u><u>34,465,620</u></u>

Potteries Educational Trust
(A Company Limited by Guarantee)
Registered number: 10647453

Balance Sheet (continued)
As at 31 August 2021

The financial statements on pages 29 to 69 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


M Jones
Chair of Trustees
Date: 9-12-21

The notes on pages 34 to 69 form part of these financial statements.

Potteries Educational Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2021

	Note	2021 £	As restated 2020 £
Cash flows from operating activities			
Net cash provided by operating activities	24	875,232	60,634
Cash flows from investing activities	26	(1,440,491)	(668,000)
Cash flows from financing activities	25	(3,499)	-
Change in cash and cash equivalents in the year		(568,758)	(607,366)
Cash and cash equivalents at the beginning of the year		2,957,634	3,565,000
Cash and cash equivalents at the end of the year	27, 28	<u>2,388,876</u>	<u>2,957,634</u>

The notes on pages 34 to 69 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **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 year it is receivable and to the extent the academy trust has provided the goods or services.

- **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **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.

1.5 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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 basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Long-term leasehold property	- Over the life of the lease
Furniture and equipment	- 12.5% straight line
Plant and machinery	- 25% straight line
Computer equipment	- 25% straight line
Leasehold improvements	- 2% straight line

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

1. Accounting policies (continued)

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities

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

1.10 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.

1.11 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 bases 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 16. 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 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1. Accounting policies (continued)

1.12 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.

1.13 Pensions

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 so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1. Accounting policies (continued)

1.15 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Moorside High School and Werrington Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Leasehold land and buildings

On the transfer date of 1 April 2021, the trust was gifted the school site by Staffordshire County Council on 125 year leases. The school site value is based upon the valuation provided by Dabinett Chartered Surveyors under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard 102 (section 17). The school site has been credited as a donation in the Restricted Fixed Asset Funds column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet. Other fixed assets, including furniture & equipment and computer equipment were transferred at cost.

Local Government Pension Scheme (LGPS)

The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained schools were transferred to Potteries Educational Trust on 1 April 2021. The deficit on the LGPS has been debited as a donation in the Restricted General Funds column of the Statement of Financial Activities and included within LGPS liability on the balance sheet.

Further details of the transaction are set out in note 29.

1.16 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 the 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.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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.

Local Government Pension Scheme

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

Land and Buildings Valuation

The freehold land and buildings within the accounts relates to the academy premises which were donated to the academy trust on conversion. The land and buildings were valued using an independent valuer. These are being depreciated in accordance with the depreciation policies set out in note 1

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

3. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	As restated Total funds 2020 £
Donations					
Transfer on conversion	839,444	(2,197,537)	10,840,000	9,481,907	11,462,000
Subtotal detailed disclosure	<u>839,444</u>	<u>(2,197,537)</u>	<u>10,840,000</u>	<u>9,481,907</u>	<u>11,462,000</u>
Donations	-	82,333	-	82,333	1,658
Capital Grants	-	-	534,703	534,703	711,734
Subtotal	<u>-</u>	<u>82,333</u>	<u>534,703</u>	<u>617,036</u>	<u>713,392</u>
	<u>839,444</u>	<u>(2,115,204)</u>	<u>11,374,703</u>	<u>10,098,943</u>	<u>12,175,392</u>
Total 2020 as restated	<u>211,000</u>	<u>(2,874,342)</u>	<u>14,838,734</u>	<u>12,175,392</u>	

4. Income from other trading activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	As restated Total funds 2020 £
Hire of facilities	18,844	-	18,844	25,835
Other income	-	516,757	516,757	253,980
	<u>18,844</u>	<u>516,757</u>	<u>535,601</u>	<u>279,815</u>
Total 2020 as restated	<u>25,835</u>	<u>253,980</u>	<u>279,815</u>	

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment income	1,890	1,890	9,679
Total 2020	9,679	9,679	

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

6. Funding for the academy trust's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	As restated Total funds 2020 * £
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,824,388	12,824,388	10,246,956
Other DfE/ESFA grants				
Sixth Form Funding	-	832,376	832,376	-
Pupil Premium	-	143,851	143,851	-
Universal infant free school meals	-	27,843	27,843	-
Rates Reclaim	-	57,259	57,259	-
Teachers Pay Grant	-	139,926	139,926	-
Teachers Pension Grant	-	450,764	450,764	-
Other DfE/ESFA Grants	-	992,993	992,993	1,046,122
	-	15,469,400	15,469,400	11,293,078
Other Government grants				
SEN Funding	-	187,604	187,604	483,571
Other Government Grants	-	37,749	37,749	369,015
	-	225,353	225,353	852,586
Other income from the academy trust's educational operations	14,661	1,063,931	1,078,592	863,427
COVID-19 additional funding (DfE/ESFA)				
Covid Catch Up	-	179,588	179,588	-
Covid Tuition Fund	-	6,540	6,540	-
	-	186,128	186,128	-
COVID-19 additional funding (non- DfE/ESFA)				
Covid Mass Income Testing	-	99,510	99,510	-
	-	99,510	99,510	-
	14,661	17,044,322	17,058,983	13,009,091
Total 2020 as restated	127,566	12,881,525	13,009,091	

* Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Sixth Form Funding, Pupil Premium Universal Infant Free School Meals, Rates Reclaim, Teachers Pay Grant and Teachers Pension Grant are no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have not been reclassified.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

6. Funding for the academy trust's educational operations (continued)

The academy received £179,588 of funding for catch-up premium and costs incurred in respect of this funding totalled £179,588, with the remaining £nil to be spent in 2021/22.

The academy received £99,510 of funding for mass testing income and costs incurred in respect of this funding totalled £99,510, with the remaining £nil to be spent in 2021/22.

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Expenditure on fundraising trading activities:					
Direct costs	-	-	382,381	382,381	70,000
Educational Operations:					
Direct costs	11,194,594	-	1,445,537	12,640,131	10,891,949
Allocated support costs	2,805,376	968,103	2,141,392	5,914,871	4,373,408
	<u>13,999,970</u>	<u>968,103</u>	<u>3,969,310</u>	<u>18,937,383</u>	<u>15,335,357</u>
Total 2020	<u>10,954,086</u>	<u>563,177</u>	<u>3,818,094</u>	<u>15,335,357</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational Operations	<u>12,640,131</u>	<u>5,914,871</u>	<u>18,555,002</u>	<u>15,265,357</u>
Total 2020	<u>10,891,949</u>	<u>4,373,408</u>	<u>15,265,357</u>	

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2021 £	Total funds 2020 £
Staff costs	10,988,707	9,362,320
Educational supplies	173,511	56,557
Examination fees	408,169	386,825
Staff development and other staff costs	13,802	20,433
Technology costs	267,837	225,853
Educational consultancy	133,553	36,839
Other costs	564,375	708,523
Staff related insurance	3,530	-
Recruitment and other staff expenses	86,647	94,599
	<u>12,640,131</u>	<u>10,891,949</u>

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £	Total funds 2020 £
Pension finance costs	134,000	120,000
Staff costs	2,805,376	1,591,766
Depreciation	1,264,009	1,155,905
Catering	73,748	58,110
Staff training and development	54,698	46,012
Consultancy	62,104	47,428
Other support costs	180,798	182,901
Building maintenance	429,515	345,548
Cleaning and caretaking	153,645	116,945
Rates	74,983	77,093
Energy costs	277,041	226,324
Legal and professional	164,948	124,779
Transport costs	47,233	177,980
Pension costs	54,121	6,679
Other premises costs	107,902	74,928
Governance costs	30,750	21,010
	5,914,871	4,373,408

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	9,635	10,000
Depreciation of tangible fixed assets	1,264,009	1,156,000
Fees paid to auditors for:		
- audit	15,000	15,000
- other services	2,725	3,000
	<u>15,725</u>	<u>18,000</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	As restated 2020 £
Wages and salaries	10,174,746	7,871,000
Social security costs	1,027,544	778,104
Pension costs	2,776,365	2,265,982
	<u>13,978,655</u>	<u>10,915,086</u>
Agency staff costs	21,315	39,000
	<u>13,999,970</u>	<u>10,954,086</u>

b. Staff numbers

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

	2021 No.	2020 No.
Teachers	164	125
Administration and support	190	131
Management	14	14
	<u>368</u>	<u>270</u>

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

10. Staff (continued)

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	6	1
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	2	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £440,112 (2020 - £333,804).

11. Central services

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

- Educational Support
- Trust CPD
- Financial Management
- Audit Services
- Financial Software
- Payroll
- Human Resources
- Employee Assistance Programme
- Governance services

The trust charges for these services based on 2% of GAG income.

The actual amounts charged during the year were as follows:

	2021 £	2020 £
Stoke on Trent Sixth Form College	113,738	32,413
Biddulph High School	62,498	7,574
Moorside High School	31,311	-
Werrington Primary School	11,486	-
Total	219,033	39,987

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an 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. The value of Trustees' remuneration and other benefits was as follows:

		2021	2020
		£	£
M Kent	Remuneration	100,000 - 105,000	100,000 - 105,000
	Pension contributions paid	20,000 - 25,000	20,000 - 25,000

During the year ended 31 August 2021, expenses totalling £NIL were reimbursed or paid directly to no Trustee (2020 - £71 to 1 Trustee).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2021 was £3,243 (2020 - £2,895). The cost of this insurance is included in the total insurance cost.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

14. Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and equipment £	Plant and machinery £	Assets under constructio n £	Paintings £	Leasehold improvements £	Total £
Cost or valuation								
At 1 September 2020	25,023,000	13,881,810	44,773	667,857	1,617,324	6,000	1,722,125	42,962,889
Additions	-	2,222	115,683	83,138	362,133	-	327,589	890,765
Acquired on conversion	-	10,840,000	-	-	-	-	-	10,840,000
Transfers between classes	1,854,542	-	-	-	(1,854,542)	-	-	-
At 31 August 2021	26,877,542	24,724,032	160,456	750,995	124,915	6,000	2,049,714	54,693,654
Depreciation								
At 1 September 2020	1,480,014	350,747	13,836	384,287	-	-	252,117	2,481,001
Charge for the year	479,551	85,392	20,453	112,934	-	-	565,679	1,264,009
At 31 August 2021	1,959,565	436,139	34,289	497,221	-	-	817,796	3,745,010
Net book value								
At 31 August 2021	24,917,977	24,287,893	126,167	253,774	124,915	6,000	1,231,918	50,948,644
At 31 August 2020	23,542,986	13,531,063	30,937	283,570	1,617,324	6,000	1,470,008	40,481,888

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

15. Stocks

	2021 £	2020 £
First Bus Tickets	52,970	17,544

16. Debtors

	2021 £	As restated 2020 £
Due within one year		
Trade debtors	83,270	43,161
Other debtors	120,198	23,679
Prepayments and accrued income	895,571	471,348
Tax recoverable	193,196	299,319
	<u>1,292,235</u>	<u>837,507</u>

17. Current asset investments

	2021 £	2020 £
Long term interest accounts	1,505,800	-

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

18. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Other loans	20,559	-
Trade creditors	781,559	623,256
Other taxation and social security	300,409	184,563
Other creditors	360,637	1,182,398
Accruals and deferred income	1,006,317	156,232
	2,469,481	2,146,449
	2021	2020
	£	£
Deferred income at 1 September	819,000	812,000
Resources deferred during the year	837,010	13,000
Amounts released from previous periods	(40,922)	(6,000)
	1,615,088	819,000

The deferred income is made up of the following:

£778,078 (2020: £798,000) is in relation to funds received in advance from City of Stoke Council for the use of the sports playing field and is released annually over lifetime of the lease (125 year lease).

£837,010 (2020: £14,000) relates to DfE/ESFA grants in advance and funds received in relation to trips.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

19. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	57,479	3,000
Accruals and deferred income	778,078	784,616
	<u>835,557</u>	<u>787,616</u>

20. Provisions

	Enhanced pensions £
At 1 September 2020	228,888
Amounts used	32,945
	<u>261,833</u>

The enhanced pension provision relates to the cost of staff who already left the academy trust's employment and commitments for reorganisation costs from which the academy cannot reasonably withdraw at the balance sheet date. The provision has been recalculated in accordance with guidance issued by the funding bodies.

21. Prior year adjustments

In the previous year, a Condition Improvement Fund grant had not been recognised in its entirety. A balance of £208,641 has been recognised within Income from Donations and capital grants.

In addition, a transfer of £1,153,012 to the restricted fixed asset reserve from the restricted reserve, in relation to fixed assets purchased in the 31 August 2020 year end, had not been reflected.

In addition, income of £128,000 relating to educational trips and visits has been reclassified from Donation and Capital grants to Funding for the Academy Trust's educational operations, to better reflect the nature of the income.

In addition, the Pension liability at 31 August 2020 was incorrectly recorded within the income and expenditure. A balance of £196,897 has been included within creditors under 1 year at 31 August 2020.

In the prior period the following has occurred:

- Income from Donation and capital grants has increased by £80,641.
- Income from Funding for the Academy Trust's educational operations has increased by £128,000.
- Pension costs have increased by £196,897
- The surplus for the period has increased by £11,744.
- The restricted fund has decreased by £1,349,909
- The restricted fixed asset fund has increased by £1,361,653.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

22. Statement of funds

	As restated Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds	1,145,000	874,839	(14,597)	(519,884)	-	1,485,358
Restricted general funds						
General Annual Grant (GAG)	(554,145)	12,824,388	(12,272,345)	6,313	-	4,211
Sixth Form Funding	-	832,376	(832,376)	-	-	-
Pupil premium	-	143,851	(143,851)	-	-	-
Universal infant free school meals	-	27,843	(27,843)	-	-	-
Rates Reclaim	-	57,259	(57,259)	-	-	-
Teachers Pay Grant	-	139,926	(139,926)	-	-	-
Teachers Pension Grant	-	450,764	(450,764)	-	-	-
Other DfE/ESFA Grants	-	992,993	(992,993)	-	-	-
Other Government Grants	-	225,353	(225,353)	-	-	-
Covid Catch up	-	179,588	(179,588)	-	-	-
Covid Mass Testing	-	99,510	(99,510)	-	-	-
Covid Tuition Fund	-	6,540	(6,540)	-	-	-
Other Income/Donati ons	-	1,581,484	(1,581,484)	-	-	-
Enhanced Pension Provision	(228,888)	-	(32,945)	-	-	(261,833)
Pension reserve	(6,666,000)	(2,116,000)	(616,000)	-	(1,819,000)	(11,217,000)
	(7,449,033)	15,445,875	(17,658,777)	6,313	(1,819,000)	(11,474,622)

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

22. Statement of funds (continued)

**Restricted fixed
asset funds**

DFE/ESFA Grants	1,361,653	534,703	(712,717)	513,571	-	1,697,210
Transferred on conversion	39,408,000	10,840,000	(551,292)	-	-	49,696,708
	<u>40,769,653</u>	<u>11,374,703</u>	<u>(1,264,009)</u>	<u>513,571</u>	<u>-</u>	<u>51,393,918</u>
Total Restricted funds	<u>33,320,620</u>	<u>26,820,578</u>	<u>(18,922,786)</u>	<u>519,884</u>	<u>(1,819,000)</u>	<u>39,919,296</u>
Total funds	<u>34,465,620</u>	<u>27,695,417</u>	<u>(18,937,383)</u>	<u>-</u>	<u>(1,819,000)</u>	<u>41,404,654</u>

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

Unrestricted General Funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted General Funds

This fund represents grants received for the academy trust's operational activities and development.

Pension Reserve

This fund represents the academy trust's share of the pension liability arising on the LGPS pension fund.

Restricted Fixed Asset Fund

This fund relates to grant funding received by the ESFA to carry out works of a capital nature and also the donation of leasehold land, buildings and playing fields from the local authority on a 125 year lease and a small amount of capital expenditure from GAG and other sources of income.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

Notes to the Financial Statements For the Year Ended 31 August 2021

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Restated Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	616,000	10,246,956	(10,264,089)	(1,153,012)	-	(554,145)
Other DFE/EFA Grants	-	1,046,122	(1,046,122)	-	-	-
Local Authority Grants	-	483,571	(483,571)	-	-	-
Foundation Degree Revenue	-	369,000	(369,000)	-	-	-
Other Income/Donati ons	48,000	991,514	(1,039,514)	-	-	-
Enhanced Pension Provision	(244,000)	-	15,112	-	-	(228,888)
Pension reserve	(3,371,000)	(2,876,000)	(785,000)	-	366,000	(6,666,000)
	<u>(2,951,000)</u>	<u>10,261,163</u>	<u>(13,972,184)</u>	<u>(1,153,012)</u>	<u>366,000</u>	<u>(7,449,033)</u>

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

22. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Restated Balance at 31 August 2020 £
Restricted fixed asset funds						
Capital Grants	40,000	711,641	(543,000)	-	-	208,641
DFE/ESFA Grants	48,000	-	(48,000)	-	-	-
Transferred on conversion	25,846,000	14,127,000	(565,000)	-	-	39,408,000
Funded from GAG	-	-	-	1,153,012	-	1,153,012
	<u>25,934,000</u>	<u>14,838,641</u>	<u>(1,156,000)</u>	<u>1,153,012</u>	<u>-</u>	<u>40,769,653</u>
Total Restricted funds	<u>22,983,000</u>	<u>25,099,804</u>	<u>(15,128,184)</u>	<u>-</u>	<u>366,000</u>	<u>33,320,620</u>
Total funds	<u>23,961,000</u>	<u>25,474,804</u>	<u>(15,336,184)</u>	<u>-</u>	<u>366,000</u>	<u>34,465,620</u>

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £	Restated 2020 £
Stoke on Trent Sixth Form College	379,776	408,271
Biddulph High School	(157,684)	(14,700)
Moorside High School	381,865	-
Werrington Primary School	591,070	-
Central	32,709	(31,604)
Total before fixed asset funds and pension reserve	<u>1,227,736</u>	<u>361,967</u>
Restricted fixed asset fund	51,393,918	40,769,653
Pension reserve	(11,217,000)	(6,666,000)
Total	<u>41,404,654</u>	<u>34,465,620</u>

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

22. Statement of funds (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
Biddulph High School	<u>(157,684)</u>

The academy trust is taking the following action to return the academy to surplus:

The Trust central services team have been working in conjunction with leaders from Biddulph High School on a three year financial recovery plan throughout 2020-21. Through this work it has led to an improved projection from 2021-22 and into future years. A prudent surplus budget of £15k for the academy has been set for 2021-22 and this will be rigorously reviewed against actual performance throughout the year. In addition to this by also utilising integrated curriculum financial planning (ICFP), this has helped to identify and further improving efficiency at the academy moving forward. Current projections are that the in year surplus for 2022-23 will be significantly higher than that set in 2021-22. Leaders and management from both the central services team and the academy are fully invested in the recovery process.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

22. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 Restated £
Stoke on Trent Sixth Form College	5,408,131	1,056,520	42,824	2,387,708	8,895,183	8,749,312
Biddulph High School	3,637,374	1,180,998	79,184	572,332	5,469,888	5,289,173
Moorside High School	1,452,903	316,112	30,541	185,217	1,984,773	-
Werrington Primary School	578,534	63,103	13,423	148,363	803,423	-
Central services	85,916	188,643	7,539	238,009	520,107	18,517
Academy trust	11,162,858	2,805,376	173,511	3,531,629	17,673,374	14,057,002

23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	50,948,644	50,948,644
Current assets	1,333,779	3,460,828	445,274	5,239,881
Creditors due within one year	151,579	(2,621,060)	-	(2,469,481)
Creditors due in more than one year	-	(835,557)	-	(835,557)
Provisions for liabilities and charges	-	(11,478,833)	-	(11,478,833)
Total	1,485,358	(11,474,622)	51,393,918	41,404,654

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

23. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year (restated)

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	40,481,888	40,481,888
Current assets	1,145,000	2,379,920	287,765	3,812,685
Creditors due within one year	-	(2,146,449)	-	(2,146,449)
Creditors due in more than one year	-	(787,616)	-	(787,616)
Provisions for liabilities and charges	-	(6,894,888)	-	(6,894,888)
Total	1,145,000	(7,449,033)	40,769,653	34,465,620

24. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	8,758,034	10,138,620
Adjustments for:		
Depreciation	1,264,009	1,157,000
Capital grants from DfE and other capital income	(534,703)	(711,000)
Interest receivable	(1,890)	(10,000)
Defined benefit pension scheme cost less contributions payable	482,000	539,000
Defined benefit pension scheme finance cost	134,000	120,000
Increase in stocks	(35,426)	(3,000)
Increase in debtors	(316,723)	(371,000)
Increase in creditors	233,033	739,014
Net (Surplus) on assets and liabilities from Local Authority on conversion	(8,300,783)	(10,583,000)
Cash transferred from Local Authority on conversion	(839,264)	(940,000)
Increase / (decrease) in provisions	32,945	(15,000)
Net cash provided by operating activities	875,232	60,634

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

25. Cash flows from financing activities

	2021 £	2020 £
Repayments of borrowing	(3,499)	-
Net cash (used in)/provided by financing activities	(3,499)	-

26. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	1,890	10,000
Purchase of tangible fixed assets	(890,765)	(2,121,000)
Capital grants from DfE Group	415,755	503,000
Purchase of current asset investment	(1,505,800)	-
Cash received from Local Authority on conversion	538,429	940,000
Net cash used in investing activities	(1,440,491)	(668,000)

27. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	2,388,876	2,957,634
Total cash and cash equivalents	2,388,876	2,957,634

28. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Acquisition of loans on conversion £	Other non- cash changes £	At 31 August 2021 £
Cash at bank and in hand	2,957,634	(568,758)	-	-	2,388,876
Debt due within 1 year	-	-	-	(20,559)	(20,559)
Debt due after 1 year	(3,000)	6,499	(81,537)	20,559	(57,479)
	2,954,634	(562,259)	(81,537)	-	2,310,838

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

29. Conversion to an academy trust

On 1 April 2021 Moorside High School and Werrington Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Potteries Educational Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold land and buildings	-	-	10,840,000	10,840,000
Current assets				
Cash - representing budget surplus on LA funds	775,069	-	-	775,069
Cash - representing budget surplus on other school funds	64,375	-	-	64,375
LGPS Pension deficit	-	(2,116,000)	-	(2,116,000)
Salix loans on conversion	-	(81,537)	-	(81,537)
Net assets/(liabilities)	839,444	(2,197,537)	10,840,000	9,481,907

The above net assets include £839,444 that were transferred as cash.

The LGPS pension deficit represents the deficit at 1 April 2021 in respect of the employees at maintained schools and has transferred to the Multi Academy Trust. The basis for this valuation is detailed in note 1 and note 31.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

29. Conversion to an academy trust (continued)

Moorside High School

On 1 April 2021 Moorside High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Potteries Educational Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold land and buildings	-	-	7,550,000	7,550,000
Current assets				
Cash - representing budget surplus on LA funds	300,835	-	-	300,835
Cash - representing budget surplus on other school funds	40,845	-	-	40,845
LGPS Pension Deficit	-	(1,313,000)	-	(1,313,000)
Borrowing obligations	-	(60,325)	-	(60,325)
Net assets/(liabilities)	341,680	(1,373,325)	7,550,000	6,518,355

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

29. Conversion to an academy trust (continued)

The above net assets include £341,680 that were transferred as cash.

The LGPS pension deficit represents the deficit at 1 April 2021 in respect of the employees at maintained schools and has transferred to the Multi Academy Trust. The basis for this valuation is detailed in note 1 and note 31.

Werrington Primary School

On 1 April 2021 Werrington Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Potteries Educational Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold land and buildings	-	-	3,290,000	3,290,000
Current assets				
Cash - representing budget surplus on LA funds	474,234	-	-	474,234
Cash - representing budget surplus on other school funds	23,530	-	-	23,530
LGPS Pension Deficit	-	(803,000)	-	(803,000)
Borrowing obligations	-	(21,212)	-	(21,212)
Net assets/(liabilities)	497,764	(824,212)	3,290,000	2,963,552

The above net assets include £497,764 that were transferred as cash.

The LGPS pension deficit represents the deficit at 1 April 2021 in respect of the employees at maintained schools and has transferred to the Multi Academy Trust. The basis for this valuation is detailed in note 1 and note 31.

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

30. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>448,303</u>	<u>359,928</u>

31. Pension commitments

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 Staffordshire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £322,347 were payable to the schemes at 31 August 2021 (2020 - £196,897) and are included within creditors.

Teachers' Pension Scheme

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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

31. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £1,636,212 (2020 - £1,155,935).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £831,000 (2020 - £620,000), of which employer's contributions totalled £664,000 (2020 - £489,000) and employees' contributions totalled £ 167,000 (2020 - £131,000). The agreed contribution rates for future years are 26.2 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.30	2.60
Rate of increase for pensions in payment/inflation	2.90	2.20
Discount rate for scheme liabilities	1.65	1.70
Inflation assumption (CPI)	2.90	2.20

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

	2021	2020
	Years	Years
Retiring today		
Males	21.40	21.20
Females	24.00	23.60
Retiring in 20 years		
Males	22.50	22.10
Females	25.70	25.00

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

31. Pension commitments (continued)

Sensitivity analysis

	2021 £	2020 £
Discount rate +0.1%	(679,000)	(450,000)
Discount rate -0.1%	679,000	450,000
Mortality assumption - 1 year increase	1,123,000	-
Mortality assumption - 1 year decrease	(1,123,000)	-
CPI rate +0.1%	92,000	40,000
CPI rate -0.1%	(92,000)	(40,000)
Salary increase +0.1%	576,000	403,000
Salary increase -0.1%	(576,000)	(403,000)

Share of scheme assets

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

	2021 £	2020 £
Equities	11,978,000	7,153,000
Corporate bonds	3,206,000	2,104,000
Property	1,181,000	841,000
Cash and other liquid assets	506,000	421,000
Total market value of assets	16,871,000	10,519,000

The actual return on scheme assets was £3,459,000 (2020 - £224,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2021 £	2020 £
Current service cost	(1,224,000)	(1,028,000)
Interest income	208,000	182,000
Interest cost	(342,000)	(302,000)
Total amount recognised in the Statement of Financial Activities	(1,358,000)	(1,148,000)

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

31. Pension commitments (continued)

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

	2021 £	2020 £
At 1 September	17,185,000	10,487,000
Correction of brought forward balance	(249,000)	-
Transferred in on existing academies joining the trust	5,518,000	5,806,000
Current service cost	1,224,000	1,028,000
Interest cost	342,000	302,000
Employee contributions	167,000	131,000
Actuarial losses/(gains)	4,126,000	(324,000)
Benefits paid	(225,000)	(245,000)
At 31 August	28,088,000	17,185,000

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2021 £	2020 £
At 1 September	10,519,000	7,116,000
Correction to brought forward	(171,000)	-
Transferred in on existing academies joining the trust	3,402,000	2,804,000
Interest income	208,000	182,000
Actuarial gains	2,307,000	42,000
Employer contributions	664,000	489,000
Employee contributions	167,000	131,000
Benefits paid	(225,000)	(245,000)
At 31 August	16,871,000	10,519,000

32. Operating lease commitments

At 31 August 2021 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	28,841	9,635
Later than 1 year and not later than 5 years	19,888	4,772
	48,729	14,407

Potteries Educational Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2021

33. 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.

34. Related party transactions

Owing to the nature of the academy trust 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 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the Trust purchased legal advice from Freeths LLP, a company in which P Gavin is an employee. Total expenditure of £7,250 (2020: £nil) was incurred and £nil (2020: £nil) was outstanding at the year end.

