

Registration number: 10647453

# Potteries Educational Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020

Beever and Struthers  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

## **Potteries Educational Trust**

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## Potteries Educational Trust

### Reference and Administrative Details

<b>Members</b>	L Barnes M Herbert M Jones T McMillan I Starkie
<b>Trustees (Directors)</b>	M Astley P Buttery (appointed 3 October 2019) C Freeman P Gavin M Johnstone R Johnstone (appointed 3 October 2019) M Jones, (Chair) M Kent P Mangnall C Mayer (appointed 3 October 2019) J Smart K Smith
<b>Company Secretary and Clerk to the Trust Board</b>	S Hawley
<b>Senior Management Team</b>	M Kent, Chief Executive Officer and Principal of City of Stoke-on-Trent Sixth Form College M Marshall, Deputy Principal - City of Stoke-on-Trent Sixth Form College S Ascroft, Headteacher - Biddulph High School R Briggs, Deputy Headteacher - Biddulph High School E Wortley - Shotton, Chief Financial Officer
<b>Principal and Registered Office</b>	Potteries Educational Trust Leek Road Stoke-On-Trent Staffordshire ST4 2RU
<b>Company Registration Number</b>	10647453

## **Potteries Educational Trust**

### **Reference and Administrative Details (continued)**

<b>Auditors</b>	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE 22 August 2018
<b>Bankers</b>	Lloyds Bank Fountain Square Hanley Stoke-on-Trent ST1 1LE
<b>Solicitors</b>	Main (Local) Freeths LLP Federation House Station Road Stoke on Trent ST4 2SA  Academy Advice and Conversion Browne Jacobson Victoria House Victoria Square Birmingham B2 4BU

## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates two academeis for students aged 14-19 in Stoke-on-Trent and Staffordshire, the City of Stoke-on-Trent Sixth Form College and Biddulph High School. It's academies have combined student capacity of 2,567 students and had a roll of 2,513 in the school census on 1st October 2020. The sixth form college also provides a foundation degree programme for a further 75 students from Staffordshire University.

The trust has received approval to incorporate Moorside High School and Werrington Primary School into the Potteries Educational Trust from 1st April 2021. These schools have a combined capacity of 1,225 and have an actual student roll of 1,219 on 1st October 2020.

#### **Structure, governance and management**

##### ***Constitution***

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The 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 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 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.

##### ***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.

Upto eight trustees are appointed by the Members. Upto five trustees are co-opted by the Trust Board. The Trust Board has an adhoc Search Committee 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.

## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### ***Policies and procedures 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 Principal, 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) or 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, Associate Member schools 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 managers 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**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### ***Connected organisations, including related party relationships***

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 Associate Members during the Summer Term 2019. Other members are actively being sought and further growth of the Trust is expected 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. There have been a variety of financial transactions between the Trust and its Associate Members as we develop services using expertise throughout the Trust.

#### ***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.

#### **Objectives and activities**

##### ***Objectives, strategies and activities***

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 centers 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

### Trustees' Report for the Year Ended 31 August 2020 (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 2020-2023 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.



## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Finance 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 Trust.

In addition the Trust wishes 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 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 the 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 MAT'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.

## Potteries Educational Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Strategic Report

##### Achievements and performance

##### *Key non-financial performance indicators*

City of Stoke-on-Trent Sixth Form College

Results this year are very different to previous years, with students receiving Centre Assessed Grades (CAG), rather than grades from external examinations. Nationally there has been a rise in both pass rates and High Grades. As a college we undertook a very rigorous CAG quality process and therefore feel our results very much reflect the capabilities of our learners. Please note that due to this we cannot accurately compare this year's data to previous years, but it is included below for information.

- Pass rates increased at A level to 99.6% compared with 93.4% last year
- Pass rates maintained at BTEC (99%)
- A level high grade rate up from 34.6% to 51.3%
- BTEC High Grades were 56% slightly up from 52%
- GCSE English pass rates at 9-4 have increased to 60.6% from 51%
- GCSE Maths pass rates at 9-4 have increased to 46.3% from 28%
- Level 3 Foundation programme strong with good pass rates in GCSE Science, Art, Media and BTEC Level 2 Finance and Health and Social Care.
- Overall A level value added has improved to 0.12 from -0.37 or ALPs band 3 from ALPs band 7.
- All subjects have an improved Value Added score compared with 2019
- Strong performances in A Levels, Biology, Computer Science, Geography, Further Maths, Media, PE, Product Design, History.

Excellent performance has also been achieved in a number of individual BTEC subjects including Applied Science, TV and Film Production, Graphics, Sport and Exercise Science and Computing.

- 5 students achieved their Oxbridge places with a continuing high proportion achieving desirable destinations, including Russell Groups and selective institutions for performing Arts and MDV, including Nursing.

All subjects maintained or improved their ALPs banding, the more aspirational value added measure.

## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Biddulph High School**

##### **GCSE / BTEC Result**

Maths + English 5+ = 43.8% [78 students] Maths 5+ = 48.9% English 5+ = 60.1%

Maths + English 4+ = 73.0% [130 students] Maths 4+ = 73.6% English 4+ = 91.0%

EBacc 5+ = 5.1% [Strong pass] 4+ = 6.2% [Standard pass]

The 2020 cohort sat a minimum of two separate Science subjects but only students taking all three counted towards the EBacc judgement. In addition, only 31 students took German.

The Key Stage 4 curriculum offered Level 2 qualifications in 22 GCSE subjects and 4 Non-GCSE subjects.

- 526 of all Level 2 examinations were graded 9-6 or equivalent.
- There were a total of 36 grade 9's
- There was a significant increase in the percentage of students gaining Grade 4+ in Maths and English.

##### **A Level / BTEC Results**

The Sixth form curriculum offers students 17 Advanced level subjects, 2 AS level subjects and 12 BTEC / other subjects.

A\* - B grades 46.9% (with 8.1% being at grade A\*)

A\* - C grades 73.5%

A\* - E grades 98.5%

The personalised support and guidance offered by the BH6 team has enabled all students to move forward to the next stage of their education or employment with the majority moving to their first choice destination.

##### ***Going concern***

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.



## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **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 trust also benefits from a Devolved Formula Capital Grant which is used for maintenance projects and investment in resources.

The trust has fixed assets of £40,483k and cash and short term investment balances of £2,958k. The trust has accumulated reserves and cash balances in order to create a contingency fund for a future capital development to deliver the T Level Courses. The capital project was completed in November 2020 and ensures sustainability in the delivery of T Level Programmes.

Tangible fixed asset funds total £39,408k and movements during the year are shown in note 11 to the financial statements.

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

##### **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 31st August 2020, the current balance of restricted general funds (excluding pensions reserves) is £569k plus a £1,145k balance on unrestricted reserves funds.

The unrestricted reserves currently held are in excess of the trusts target which is contained within the Reserves Policy. For confirmation this is £1,042k 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 trusts 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 MAT has no outstanding bank loans. All borrowing requires the authorisation of the Trustees and must comply with the requirements of the Funding Agreement agreed with the ESFA.



## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **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 Team 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 the trust and individual 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.

## **Potteries Educational Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Fundraising**

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

##### **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
- Potential significant 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.
- It's 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.

## Potteries Educational Trust

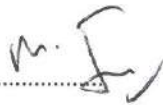
### Trustees' Report for the Year Ended 31 August 2020 (continued)

#### Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10th December 2020.



.....  
M Jones  
Chair of Trustees

## Potteries Educational Trust

### 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.

The Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 4 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
P Buttery	1	4
M Astley	4	4
C Freeman	4	4
P Gavin	3	4
R Johnstone	1	4
M Johnstone	1	4
M Jones	4	4
M Kent	4	4
J Smart	4	4
C Mayer	3	4
K Smith	4	4
P Mangnall	2	4



# Potteries Educational Trust

## Governance Statement (continued)

### Governance

#### Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. 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. The Committee has met four times during the year.

During the 2019-2020 financial year the Committee monitored the progress and financial management of the budget for the College extension programme which is to support the delivery of T Levels and Higher Educational programmes from September 2020. The Committee approved an extension to end of October 2020 to the completion date due to a delay caused by COVID-19 (Coronavirus). A Marketing Strategy for the Trust was recommended to the Board for approval and implementation. The Committee gave approval to procure and implement an alternative trust wide Financial Management System and the procurement of external works for the City of Stoke-on-Trent Sixth Form College.

The Committee reviewed and made recommendations for a revised Scheme of Delegation to be adopted from 1 September 2019. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
P Buttery	2	4
C Freeman	3	4
M Kent	4	4
J Smart	4	4

#### Audit Committee

The Audit Committee is a sub-committee of the main Board of Trustees. 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. The Committee has met three times during the year.

During the 2019-2020 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 March 2021. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
P Gavin	3	3
J Gething	3	3
P Mangnall	3	3
C Mayer	2	3

## Potteries Educational Trust

### Governance Statement (continued)

#### Remuneration Committee

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 at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Durose	2	2
C Freeman	2	2
M Jones	2	2

#### Teaching and Learning Committee

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 to 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.

During the 2019-2020 financial year the Committee has focused on the outcomes and priorities for teaching and learning, and the progress against the strategic plan. During the later part of the financial year the focus was adjusted to review curriculum priorities and monitor the availability of teaching and learning to all students remotely and for vulnerable students at the relevant school or college and planning for the return to schools and colleges. The Committee received reports to ensure the robustness, fairness and consistency of the process for Centre Assessed Grades. There was also a review of transition processes between educational phases.

Attendance at meetings in the year was as follows:

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

## Potteries Educational Trust

### Governance Statement (continued)

#### Local Governing Body

The Local Governing Body is a committee of the Trust Board. The constitution, membership and proceedings of the Local Governing Board 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 Board 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 establishment.

The Local Governing Body for Biddulph High School has formally met four times during the year. Attendance at the meetings of the Local Governing Body was as follows:

<b>Name</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
S Ascroft	4	4
A Christley	3	4
M Cromar-Hayes	3	4
D Heath	3	3
J Horton-Smart	4	4
J Hunter	3	4
E Robinson	4	4
D Scarlett	2	4
E Simms	1	4
M Ward	2	4

The Local Governing Body for the City of Stoke-on-Trent Sixth Form College has formally met five times during the year. Attendance at the meetings of the Local Governing Body was as follows:

<b>Local Governor</b>	<b>Meetings attended</b>	<b>Out of a Possible</b>
E Baines - appointed 13/12/2019	3	4
K Barlow	5	5
N Baxter - appointed 13/12/2019	4	4
B Caisley	2	5
P Buren	3	5
J Durose	5	5
G Eze - resigned 09/03/2020	-	3
J Gething	4	5
G Hassal-Dendy - term of office ended 13/12/2019	1	1
R Hewitt	3	5
M Kent	5	5
S McNicol - term of office ended 13/12/2019	1	1
P Meakin	5	5

## Potteries Educational Trust

### Governance Statement (continued)

C Price - term of office ended 17/07/2020	4	4
R Waller	4	5
S Wyn Williams	5	5

#### 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 procured a new financial management system during the year and this allows for cost effective future growth as more member schools join the trust.
- A trust wide contracts database continues to be further developed and monitored with all Trust Members and Associate Members to identify joint procurement opportunities to ensure savings and best value is applied to all future contract purchasing across the Trust.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

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



## **Potteries Educational Trust**

### **Governance Statement (continued)**

#### **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;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has decided:

- to appoint an internal peer review carried out by Mrs R Sherratt who will carry out a peer review and to perform a programme of internal checks for 2019-20.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

There were no material control or other issues reported by the peer reviewer during the year

On a twice annual basis, the reviewer reported 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 an annual summary report to the committee outlining the areas reviewed, key findings, recommendation and conclusions to help the committee consider actions and assess year on year progress.

#### **Review of effectiveness**

As Accounting Officer, the CEO 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 reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process, and the school resource management self-assessment tool.
- the work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

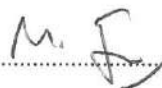
## Potteries Educational Trust

### Governance Statement (continued)

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 on 10/12/2008 and signed on its behalf by:

  
.....  
M Kent  
Accounting Officer

  
.....  
M Jones  
Chair of Trustees

## Potteries Educational Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Potteries Educational Trust I have considered my responsibility to notify the Board of Trustees and the Education & 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 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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: 10/12/20.....

## Potteries Educational Trust

### Statement of Trustees' Responsibilities

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 & 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:

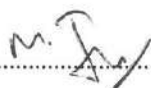
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 on 10/12/2020 and signed on its behalf by:

  
.....  
M Jones  
Chair of Trustees



## **Potteries Educational Trust**

### **Independent Auditor's 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 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2019 to 2020.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **Potteries Educational Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Potteries Educational Trust (continued)**

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

We have nothing to report in this regard.

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

We have nothing to report in respect of the following matters where 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 Statement of Trustees' Responsibilities set out on page 22, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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



## **Potteries Educational Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Potteries Educational Trust (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy Trust audit. We remain solely responsible for our audit opinion.

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

## Potteries Educational Trust

### Independent Auditor's Report on the Financial Statements to the Members of Potteries Educational Trust (continued)

#### Use of our report

This report is made solely to the Academy Trust's Trustees, 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 trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Sue Hutchinson FCCA (Senior Statutory Auditor)  
For and on behalf of Beever and Struthers, Statutory Auditor

St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

Date 18 December 2020



## **Potteries Educational Trust**

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

In accordance with the terms of our engagement letter dated 22 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Potteries Educational Trust during the period 1 September 2019 to 31 August 2020 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Potteries Educational Trust and the 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 the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and testing of financial systems of internal control
- Sample testing of transactions
- Discussions with management

## Potteries Educational Trust

### Independent Reporting Accountant's 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 suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Beever and Struthers*

Sue Hutchinson FCCA

For and on behalf of Beever and Struthers, Chartered Accountants

St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

Date: 18 December 2020

**Potteries Educational Trust**

**Statement of Financial Activities for the Year Ended 31 August 2020  
(including Income and Expenditure Account)**

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
<b>Income and endowments from:</b>						
Voluntary income						
Donations and capital grants	2	128	2	503	633	217
Transfer from Biddulph High School	28	211	(2,876)	14,127	11,462	-
<i>Charitable activities:</i>						
Funding for the Academy Trust's educational operations	3	-	12,723	-	12,723	7,560
Other trading activities	4	26	413	-	439	347
Investments	5	10	-	-	10	19
Total		<u>375</u>	<u>10,262</u>	<u>14,630</u>	<u>25,267</u>	<u>8,143</u>
<b>Expenditure on:</b>						
Raising funds	6	47	23	-	70	85
<i>Charitable activities:</i>						
Academy trust educational operations	7	<u>161</u>	<u>13,751</u>	<u>1,156</u>	<u>15,068</u>	<u>8,291</u>
Total		<u>208</u>	<u>13,774</u>	<u>1,156</u>	<u>15,138</u>	<u>8,376</u>
Net income/(expenditure)		167	(3,512)	13,474	10,129	(233)
<b>Other recognised gains and losses</b>						
Actuarial gain/(loss) on defined benefit pension schemes	25	<u>-</u>	<u>366</u>	<u>-</u>	<u>366</u>	<u>(1,468)</u>
Net movement in funds/(deficit)		167	(3,146)	13,474	10,495	(1,701)
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2019		<u>978</u>	<u>(2,951)</u>	<u>25,934</u>	<u>23,961</u>	<u>25,662</u>
Total funds/(deficit) carried forward at 31 August 2020		<u>1,145</u>	<u>(6,097)</u>	<u>39,408</u>	<u>34,456</u>	<u>23,961</u>

**Potteries Educational Trust**  
**(Registration number: 10647453)**  
**Balance Sheet as at 31 August 2020**

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Tangible assets	11	40,483	25,934
<b>Current assets</b>			
Stocks	12	18	15
Debtors	13	629	258
Cash at bank and in hand		<u>2,958</u>	<u>3,565</u>
		3,605	3,838
Creditors: Amounts falling due within one year	14	<u>(1,949)</u>	<u>(1,405)</u>
Net current assets		<u>1,656</u>	<u>2,433</u>
Total assets less current liabilities		42,139	28,367
Creditors: Amounts falling due after more than one year	15	(788)	(791)
Provisions	16	<u>(229)</u>	<u>(244)</u>
Net assets excluding pension liability		41,122	27,332
Pension scheme liability	25	<u>(6,666)</u>	<u>(3,371)</u>
Net assets including pension liability		<u>34,456</u>	<u>23,961</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		569	420
Restricted fixed asset fund		39,408	25,934
Restricted pension fund		<u>(6,666)</u>	<u>(3,371)</u>
		33,311	22,983
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>1,145</u>	<u>978</u>
Total funds		<u>34,456</u>	<u>23,961</u>



**Potteries Educational Trust**

**(Registration number: 10647453)**

**Balance Sheet as at 31 August 2020 (continued)**

The financial statements on pages 29 to 59 were approved by the Trustees, and authorised for issue on ..... and signed on their behalf by:

.....  
M Jones  
Chair of Trustees

.....  
M Kent  
Accounting Officer

# **Potteries Educational Trust**

## **Statement of Cash Flows for the Year Ended 31 August 2020**

	Note	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	61	744
Cash flows from investing activities	22	(1,608)	(49)
Cash inherited on transfer of existing academy	28	<u>940</u>	<u>-</u>
Change in cash and cash equivalents in the year		(607)	695
Cash and cash equivalents at 1 September		<u>3,565</u>	<u>2,870</u>
Cash and cash equivalents at 31 August	23	<u><u>2,958</u></u>	<u><u>3,565</u></u>

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 1 Accounting policies

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

##### **Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### **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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **Income**

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

##### **Grants**

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 period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. 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.

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### *Other income*

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

##### *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 transfer on conversion within Donations and capital grant income to the net assets received.

##### **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.

All resources expended are inclusive of irrecoverable VAT.

##### *Expenditure on raising funds*

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

##### *Charitable activities*

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



## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Asset class	Depreciation method and rate
Freehold buildings	50 years
Long leasehold buildings	Over the life of the lease
Refurbishments	50 years
Technical equipment	4 years
Computer equipment	4 years
Furniture, fixtures and fittings	8 years

##### 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.

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### *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.

##### *Enhanced Pensions*

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Trust annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged to the Trust's income in the year that the member of the staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet by the funding bodies.

##### **Leased assets**

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

##### **Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 14 and 15. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

##### **Stock**

Bus passes are valued at the lower of cost or net realisable value.

##### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### **Pension benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated 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.

##### **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 Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education Group.

##### **Critical accounting estimates and areas of judgement**

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



## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

##### **Agency accounting**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

#### 2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
<b>Other voluntary income</b>					
Educational trips and visits	128	-	-	128	70
Capital grants	-	-	503	503	147
Other donations	-	2	-	2	-
	<u>128</u>	<u>2</u>	<u>503</u>	<u>633</u>	<u>217</u>



## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	10,247	10,247	6,575
Other DfE/ESFA grants	1,046	1,046	229
	<u>11,293</u>	<u>11,293</u>	<u>6,804</u>
<b>Other government grants</b>			
Local authority grants	484	484	319
Staffordshire University	369	369	295
	<u>853</u>	<u>853</u>	<u>614</u>
<b>Non-government grants and other income</b>			
Other income	577	577	142
<b>Total grants</b>	<u>12,723</u>	<u>12,723</u>	<u>7,560</u>

#### 4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Hire of facilities	26	-	26	1
Catering income	-	92	92	-
Other sales	-	321	321	346
	<u>26</u>	<u>413</u>	<u>439</u>	<u>347</u>

#### 5 Investment income

	Unrestricted funds £ 000	2019/20 Total £ 000	2018/19 Total £ 000
Short term deposits	<u>10</u>	<u>10</u>	<u>19</u>

**Potteries Educational Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

**6 Expenditure**

	<b>Non Pay Expenditure</b>			<b>2019/20</b>	<b>2018/19</b>
	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Expenditure on raising funds</b>					
Allocated support costs	-	-	70	70	85
<b>Academy's educational operations</b>					
Direct costs	8,581	-	933	9,514	5,077
Allocated support costs	2,176	2,010	1,368	5,554	3,214
	<u>10,757</u>	<u>2,010</u>	<u>2,371</u>	<u>15,138</u>	<u>8,376</u>
<b>Net income/(expenditure) for the year includes:</b>				<b>2019/20</b>	<b>2018/19</b>
				<b>£ 000</b>	<b>£ 000</b>
Operating lease rentals				10	-
Depreciation				1,156	591
Fees payable to auditor - audit				15	10
- other audit services				3	3
Legal fees				<u>101</u>	<u>85</u>

# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 7 Charitable activities

		2019/20 £ 000	2018/19 £ 000
Direct costs - educational operations		9,514	5,077
Support costs - educational operations		<u>5,554</u>	<u>3,214</u>
		<u>15,068</u>	<u>8,291</u>
	Educational operations £ 000	2019/20 Total £ 000	2018/19 Total £ 000
<b>Analysis of support costs</b>			
Support staff costs	2,176	2,176	1,142
Depreciation	1,156	1,156	591
Technology costs	11	11	65
Premises costs	854	854	549
Other support costs	1,336	1,336	852
Governance costs	<u>21</u>	<u>21</u>	<u>15</u>
Total support costs	<u>5,554</u>	<u>5,554</u>	<u>3,214</u>

# **Potteries Educational Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **8 Staff**

#### **Staff costs**

	2019/20 £ 000	2018/19 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	7,871	4,337
Social security costs	778	419
Pension	2,069	860
	<u>10,718</u>	<u>5,616</u>
Supply staff costs	39	12
	<u>10,757</u>	<u>5,628</u>

#### **Staff numbers**

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

	2019/20 No	2018/19 No
<b>Charitable Activities</b>		
Teachers	125	69
Administration and support	131	50
Management	14	8
	<u>270</u>	<u>127</u>

#### **Higher paid staff**

The number of employees whose emoluments exceeded £60,000 was:

	2020 No	2019 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

#### **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 £1,209,297 (2019: £666,447).



## **Potteries Educational Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **9 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees.

During the year ended 31 August 2020, travel and subsistence expenses totalling £71 (2019 - £130) were reimbursed or paid directly to 1 trustees (2019 - 1).

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

#### **10 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors 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 2020 was £2,895.

The cost of this insurance is included in the total insurance cost.

# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 11 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Plant and equipment £ 000	Assets under construction £ 000	Leasehold improvements £ 000
<b>Cost</b>						
At 1 September 2019	25,023	1,556	-	548	130	-
Inherited assets	-	11,730	26	101	-	1,722
Additions	-	596	18	19	1,488	-
At 31 August 2020	25,023	13,882	44	668	1,618	1,722
<b>Depreciation</b>						
At 1 September 2019	1,013	55	-	255	-	-
Charge for the year	467	296	13	129	-	252
At 31 August 2020	1,480	351	13	384	-	252
<b>Net book value</b>						
At 31 August 2020	23,543	13,531	31	284	1,618	1,470
At 31 August 2019	24,010	1,501	-	293	130	-

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 11 Tangible fixed assets (continued)

	Paintings £ 000	Total £ 000
<b>Cost</b>		
At 1 September 2019	-	27,257
Inherited assets	6	13,585
Additions	-	2,121
At 31 August 2020	6	42,963
<b>Depreciation</b>		
At 1 September 2019	-	1,323
Charge for the year	-	1,157
At 31 August 2020	-	2,480
<b>Net book value</b>		
At 31 August 2020	6	40,483
At 31 August 2019	-	25,934

#### 12 Stock

	2020 £ 000	2019 £ 000
First Bus Tickets	18	15

#### 13 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	43	29
VAT recoverable	299	117
Other debtors	24	-
Prepayments	183	112
Accrued grant and other income	80	-
	629	258

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 14 Creditors: amounts falling due within one year

	2020 £ 000	2019 £ 000
Trade creditors	623	410
Other taxation and social security	185	103
Other creditors	986	787
Accruals	121	84
Deferred income	34	21
	<u>1,949</u>	<u>1,405</u>

#### 15 Creditors: amounts falling due after one year

	2020 £ 000	2019 £ 000
Deferred income	785	791
Other creditors	3	-
	<u>788</u>	<u>791</u>

	2020 £ 000	2019 £ 000
<b>Deferred income</b>		
Deferred income at 1 September 2019	812	805
Resources deferred in the period	13	14
Amounts released from previous periods	<u>(6)</u>	<u>(7)</u>
Deferred income at 31 August 2020	<u>819</u>	<u>812</u>

The deferred income is made up of the following:

£798k 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 the lifetime of the lease (125 year lease).

£14k is money received for the Gambia and Washington trips taking place in 2020/21.



# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 16 Provisions

	Enhanced pensions £ 000	Total £ 000
At 1 September 2019	244	244
Utilised during period	<u>(15)</u>	<u>(15)</u>
At 31 August 2020	<u>229</u>	<u>229</u>

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

# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds

	Balance at 1 September 2019 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2020 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	616	10,247	(7,189)	(2,876)	798
Other DFE/EFA Grants	-	1,046	(1,046)	-	-
Local Authority Grants	-	484	(484)	-	-
Foundation degree revenue	-	369	(369)	-	-
Other Income/Donations	48	977	(1,025)	-	-
Transfers of existing academy	-	(2,876)	-	2,876	-
Enhanced pension provision	(244)	15	-	-	(229)
	<u>420</u>	<u>10,262</u>	<u>(10,113)</u>	<u>-</u>	<u>569</u>
<b>Restricted fixed asset funds</b>					
Capital grants	40	503	(543)	-	-
Dfe/EFA grants	48	-	(48)	-	-
Transferred on conversion	<u>25,846</u>	<u>14,127</u>	<u>(565)</u>	<u>-</u>	<u>39,408</u>
	25,934	14,630	(1,156)	-	39,408
<b>Restricted pension funds</b>					
Pension fund	<u>(3,371)</u>	<u>-</u>	<u>(3,661)</u>	<u>366</u>	<u>(6,666)</u>
Total restricted funds	22,983	24,892	(14,930)	366	33,311
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>978</u>	<u>375</u>	<u>(208)</u>	<u>-</u>	<u>1,145</u>
Total funds	<u>23,961</u>	<u>25,267</u>	<u>(15,138)</u>	<u>366</u>	<u>34,456</u>

# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds (continued)

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	287	6,575	(6,246)	-	616
Other DFE/EFA Grants	-	229	(229)	-	-
Local Authority Grants	-	336	(336)	-	-
Other Income/Donations	-	424	(376)	-	48
Enhanced pension provision	(252)	-	8	-	(244)
	<u>35</u>	<u>7,564</u>	<u>(7,179)</u>	<u>-</u>	<u>420</u>
<b>Restricted fixed asset funds</b>					
Capital grants	40	-	-	-	40
Dfe/EFA grants	-	-	-	48	48
Transferred on conversion	<u>26,290</u>	<u>147</u>	<u>(591)</u>	<u>-</u>	<u>25,846</u>
	26,330	147	(591)	48	25,934
<b>Restricted pension funds</b>					
Pension fund	<u>(1,698)</u>	<u>-</u>	<u>(205)</u>	<u>(1,468)</u>	<u>(3,371)</u>
Total restricted funds	24,667	7,711	(7,975)	(1,420)	22,983
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>994</u>	<u>432</u>	<u>(400)</u>	<u>(48)</u>	<u>978</u>
Total funds	<u>25,661</u>	<u>8,143</u>	<u>(8,375)</u>	<u>(1,468)</u>	<u>23,961</u>

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 18 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	1,280	-	39,203	40,483
Current assets	659	2,741	205	3,605
Current liabilities	(6)	(1,943)	-	(1,949)
Creditors over 1 year	(788)	-	-	(788)
Provisions	-	(229)	-	(229)
Pension scheme liability	-	(6,666)	-	(6,666)
<b>Total net assets</b>	<b>1,145</b>	<b>(6,097)</b>	<b>39,408</b>	<b>34,456</b>

At 31st August 2020 within the unrestricted funds column is a £788,000 creditors over 1 year. This is deferred income and relates to funds received upfront from Stoke-on-Trent City Council in relation to a 130 year long term lease of playing field land at Fenton Manor by the Council which is land that belongs to the City of Stoke-on-Trent Sixth Form College. Legal advice has been sought and this is not a liability which is expected to be paid. Payment for the term of the lease has been made in full upfront and the creditor balance is being reduced annually on a straight line basis over the 130 year term.

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	25,934	25,934
Current assets	1,776	2,062	-	3,838
Current liabilities	(7)	(1,398)	-	(1,405)
Creditors over 1 year	(791)	-	-	(791)
Provisions	-	(244)	-	(244)
Pension scheme liability	-	(3,371)	-	(3,371)
<b>Total net assets</b>	<b>978</b>	<b>(2,951)</b>	<b>25,934</b>	<b>23,961</b>

#### 19 Capital commitments

	2020 £ 000	2019 £ 000
Contracted for, but not provided in the financial statements	24	-



## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 20 Commitments under operating leases

##### *Operating leases*

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £ 000	2019 £ 000
Amounts due within one year	10	-
Amounts due between one and five years	<u>5</u>	<u>11</u>
	<u>15</u>	<u>11</u>

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

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

	2019/20 £ 000	2018/19 £ 000
Net income/(expenditure)	10,129	(232)
Depreciation	1,157	591
Capital grants from DfE and other capital income	(503)	(147)
Interest receivable	(10)	(19)
Defined benefit pension scheme obligation inherited	3,002	-
Defined benefit pension scheme cost less contributions payable	539	155
Defined benefit pension scheme finance cost	120	50
(Increase)/decrease in stocks	(3)	34
Increase in debtors	(371)	(133)
Increase in creditors	541	453
Fixed assets inherited on transfer of existing academy	(13,585)	-
Increase/(decrease) in provisions	(15)	(8)
Cash inherited on transfer of existing academy	(940)	-
Net cash provided by Operating Activities	<u>61</u>	<u>744</u>

#### 22 Cash flows from investing activities

	2019/20 £ 000	2018/19 £ 000
Dividends, interest and rents from investments	10	19
Purchase of tangible fixed assets	(2,121)	(215)
Capital funding received from sponsors and others	<u>503</u>	<u>147</u>
Net cash used in investing activities	<u>(1,608)</u>	<u>(49)</u>

#### 23 Analysis of cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank and in hand	<u>2,958</u>	<u>3,565</u>
Total cash and cash equivalents	<u>2,958</u>	<u>3,565</u>

#### 24 Members' liability

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

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 25 Pension and similar obligations

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

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

#### Teachers' Pension Budgeting and Valuation Account

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

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

#### Valuation of the Teachers' Pension Scheme

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

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 25 Pension and similar obligations (continued)

##### Scheme Changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,155,935 (2019: £664,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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



## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 25 Pension and similar obligations (continued)

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £620,000 (2019 - £299,000), of which employer's contributions totalled £489,000 (2019 - £235,000) and employees' contributions totalled £131,000 (2019 - £64,000). The actuary has estimated that the Employers contributions for the year to 31 August 2019 will be approximately £217,000.

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

##### Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	2.60	2.70
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	<u>1.70</u>	<u>1.80</u>

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

	2020	2019
<b>Retiring today</b>		
Males retiring today	21.20	21.10
Females retiring today	23.60	23.50
<b>Retiring in 20 years</b>		
Males retiring in 20 years	22.10	22.20
Females retiring in 20 years	<u>25.00</u>	<u>24.80</u>

# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 25 Pension and similar obligations (continued)

#### Sensitivity analysis

	2020 £000	2019 £000
Discount rate -0.5%	2,251.00	1,457.00
Salary increase rate +0.5%	199.00	189.00
CPI rate +0.5%	<u>2,014.00</u>	<u>1,239.00</u>

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

	2020 £ 000	2019 £ 000
Equities	7,153	4,839
Other bonds	2,104	1,566
Property	841	569
Cash and other liquid assets	<u>421</u>	<u>142</u>
Total market value of assets	<u>10,519</u>	<u>7,116</u>

The actual return on scheme assets was £224,000 (2019 - £416,000).

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

	2019/20 £ 000	2018/19 £ 000
Current service cost	(1,028)	(390)
Interest income	182	185
Interest cost	<u>(302)</u>	<u>(235)</u>
Total amount recognised in the SOFA	<u>(1,148)</u>	<u>(440)</u>

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 25 Pension and similar obligations (continued)

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

	2019/20 £ 000	2018/19 £ 000
At start of period	10,487	8,252
Transferred in on existing academies joining the trust	5,806	-
Current service cost	1,028	353
Interest cost	302	235
Employee contributions	131	64
Actuarial (gain)/loss	(324)	1,699
Benefits paid	(245)	(153)
Past service cost	-	37
At 31 August	<u>17,185</u>	<u>10,487</u>

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

	2019/20 £ 000	2018/19 £ 000
At start of period	7,116	6,554
Transferred in on existing academies joining the trust	2,804	-
Interest income	182	185
Actuarial gain/(loss)	42	231
Employer contributions	489	235
Employee contributions	131	64
Benefits paid	(245)	(153)
At 31 August	<u>10,519</u>	<u>7,116</u>

#### 26 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

There were no related party transactions in the year other than those disclosed at note 9.

#### 27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £306,000 and disbursed £327,000 from the fund. An amount of £474,000 is included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2019 are £343,000 received, £275,000 disbursed and £587,000 included in other creditors.

## Potteries Educational Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 28 Transfer of existing academies into the Trust

##### Biddulph High School

	Value reported by transferring academy trust £ 000	Fair value adjustments £ 000	Transfer in recognised £ 000
<b>Tangible fixed assets</b>			
Leasehold land and buildings	5,887	5,843	11,730
Leasehold improvements	1,722	-	1,722
Furniture and equipment	32	-	32
Computer equipment	98	-	98
Motor vehicles	3	-	3
	<u>7,742</u>	<u>5,843</u>	<u>13,585</u>
<b>Other assets</b>			
Debtors due in less than one year	243	-	243
Cash in bank and in hand	940	-	940
	<u>1,183</u>	<u>-</u>	<u>1,183</u>
<b>Liabilities</b>			
Creditors due in less than one year	(301)	-	(301)
Creditors due in more than one year	(3)	-	(3)
	<u>(304)</u>	<u>-</u>	<u>(304)</u>
<b>Pensions</b>			
Pensions – pension scheme assets	2,804	-	2,804
Pensions – pension scheme liabilities	(5,806)	-	(5,806)
	<u>(3,002)</u>	<u>-</u>	<u>(3,002)</u>
Net assets	<u>5,619</u>	<u>5,843</u>	<u>11,462</u>

On 1 September 2019 Biddulph High School transferred into Potteries Educational Trust for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as incoming resources in the Statement of financial Activities as voluntary income.

The above table sets out the fair values of the identifiable assets and liabilities and forms an analysis of their recognition in the SOFA.

The above net assets include £940,000 that was transferred as cash.



# Potteries Educational Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 29 Statement of Financial Activities for the Year Ended 31 August 2019

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2018/19 Total £ 000
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	70	-	147	217
Transfer from City of Stoke Sixth Form College on conversion		-	-	-	-
<i>Charitable activities:</i>					
Funding for the Academy					
Trust's educational operations	3	-	7,560	-	7,560
Other trading activities	4	343	4	-	347
Investments	5	19	-	-	19
<b>Total</b>		<b>432</b>	<b>7,564</b>	<b>147</b>	<b>8,143</b>
<b>Expenditure on:</b>					
Raising funds	6	85	-	-	85
<i>Charitable activities:</i>					
Academy trust educational operations	7	315	7,384	591	8,290
<b>Total</b>		<b>400</b>	<b>7,384</b>	<b>591</b>	<b>8,375</b>
Net income/(expenditure)		32	180	(444)	(232)
Transfers between funds		(48)	-	48	-
<b>Other recognised gains and losses</b>					
Actuarial gain/(loss) on defined benefit pension schemes	24	-	(1,468)	-	(1,468)
Net movement in (deficit)/funds		(16)	(1,288)	(396)	(1,700)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018		994	(1,663)	26,330	25,661
Total funds/(deficit) carried forward at 31 August 2019		978	(2,951)	25,934	23,961

