

**Pontefract Academies Trust**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Period ended 31 August 2014**

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## Reference and Administrative Details

<b>Members</b>	U A Murray OBE J Gough J Allinson
<b>Trustees (who are also Directors)</b>	U A Murray OBE (Chairman) (Appointed 14 March 2013) J A Craig (Chief Executive) (Appointed 1 April 2013) * J Gough (Chair of the Audit & Risk Committee) (Appointed 14 March 2013) # J Allinson (Appointed 14 March 2013) A R Smith (Appointed 1 April 2013) * M K Brooke (Appointed 9 April 2014) # P G Morris (Appointed 9 April 2014) # D Wilkin (Appointed 9 April 2014)
	<i># members of the audit &amp; risk committee</i> <i>*staff trustees</i>
<b>Company Secretary</b>	D Samwell (appointed on 17 September 2014) T C Spiers (resigned 17 September 2014)
<b>Senior Management Team</b>	Chief Executive Officer – J A Craig Headteacher (Carleton Community High School) – H Bolton Headteacher (Carleton Park J&I School) – R Rowett Headteacher (De Lacy Primary School) – D Thompson Headteacher (Halfpenny Lane J&IN School) – M Broom Headteacher (Larks Hill J&I School) – A Smith Headteacher (Orchard Head J&IN School) – M Letham Headteacher (The King's School) – B Tibbetts Headteacher (The Rookeries, Carleton J&I School) – J Heggie Director of Finance, Business & Operations – D Samwell
<b>Principal Registered Office</b>	The King's School, Mill Hill Lane Pontefract. WF8 4JF
<b>Company Registration Number</b>	08445158 (England & Wales)
<b>Independent Auditor</b>	Allotts Business Services Ltd, Chartered Accountants, Registered Auditors, The Old Grammar School, 13 Moorgate Road, Rotherham. S60 2EN
<b>Bankers</b>	Lloyds, 27/28 Stodman Street, Newark, Notts NG24 1AW
<b>Solicitors</b>	Wrigleys Solicitors, 19 Cookridge Street, Leeds. LS2 3AG

## Trustees' Report

The trustees of the Pontefract Academies Trust have pleasure in presenting their annual report together with the financial statements and auditors' reports of the charitable company for the period from 14 March 2013 to the 31 August 2014. This represents the first operating period of Pontefract Academies Trust.

The Trust operates 6 primary academies and 2 secondary academies in Pontefract, West Yorkshire. Its academies have a combined pupil capacity of 3,780 and a roll of 3,368 (reception to year 11 pupils) in the school census on January 2014. The Trust also operates nursery provision at three of its primary academies. These academies have a combined nursery capacity of 194 places and a roll of 160 part-time nursery age children in the school census on January 2014.

## Structure, Governance and Management

Pontefract Academies Trust is a company limited by guarantee and registered at Companies House under registration number 08445158 (England and Wales) and was incorporated on the 14 March 2013. The Academies Trust, as an exempt charity is entitled to exactly the same exemptions from UK corporation tax as registered charities.

Pontefract Academies Trust is governed by its memorandum and articles of association. The trustees of the Academies Trust, appointed in accordance with the articles, are the charity trustees and are also the trustees of the charitable company for the purposes of company law. The trustees are legally responsible for the governance and management of the Academies Trust.

Details of the trustees who served during the period and up to the date of signing are included in the Reference and Administrative Details on page 1.

## Members' Liability

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

## Members' Indemnities

There have been no qualifying third party indemnity provisions in place for the period 31 March 2013 to 31 August 2014.

## Method of Recruitment and Appointment of Trustees

The members of the Pontefract Academies Trust are responsible for the appointment of the trustees (who are also directors). The members of the Pontefract Academies Trust are:

- U A Murray OBE – Chair of the Board of Trustees
- J Allinson
- J Gough

All trustees are appointed based upon the contribution they can make to the development and future success of Pontefract Academies Trust. The trustees are assessed for the personal qualities, specific skills and expertise they can provide.

All trustees give of their time freely and receive no remuneration other than reasonable expenses, except those trustees who are employees of Pontefract Academies Trust (denoted by an \* on page 1).

## Trustees' Report (continued)

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

New trustees are inducted into the workings of the Academies Trust by way of mentorship; each trustee is mentored in the areas of board policy and procedure as well as mission and ethos. The induction period allows new trustees to fully understand how the organisation operates and the various committees, which are used to assist in governance. Resources and training are made available for trustees who wish to develop a more detailed understanding of their role and the work of the board of trustees.

### Organisational Structure

Pontefract Academies Trust included the following academies for the period ended 31<sup>st</sup> August 2014:

<u>Academy Name</u>	<u>Date Joined</u>	<u>Academy Type</u>
Carleton Community High School	1st April 2013	Secondary
Carleton Park J&I School	1st December 2013	Primary
De-Lacy Primary School	1st October 2013	Primary
Halfpenny Lane JI&N School	1st April 2013	Primary
Larks Hill J & I School	1st April 2013	Primary
Orchard Head JI & N School	1st April 2013	Primary
The King's School	1st April 2013	Secondary
The Rookeries, Carleton J&I School	1st April 2013	Primary

Pontefract Academies Trust supports all its academies through an experienced board of trustees who are responsible for identifying and establishing strategies and policies and for ensuring that these are implemented throughout the organisation. To assist with this work the trustees have established an Audit and Risk Committee and plan to operate a separate Finance and General Purposes Committee in the next accounting period.

Each sub-committee has a detailed framework (terms of reference) for the operation of the committee and the extent of its remit. All committee terms of reference are reviewed and agreed on an annual basis by the board of directors. In addition to the terms of reference the board of directors have a detailed scheme of authority for effective and efficient decision making for sub-committees and senior staff throughout Pontefract Academies Trust.

Pontefract Academies Trust also operates Local Governing Bodies (LGB) who report to the Pontefract Academies Trust Board of Trustees. The governance structure of each Academy and LGB is determined by a scheme of delegation. The Pontefract Academies Trust Accountability Framework clearly identifies where decision making is delegated across the Trust.

Governance at Academy level is structured as follows, where each Academy will have established a range of committees to deal with curriculum, standards and achievement; human and financial resources (including pay and appeals and health and safety); and pupil behaviour. Each Local Governing Body is required to have a minimum of two parent governors.

A further structure of communication, policy development and collaborative working is facilitated by four consultative groups consisting of: Headteachers (Operational Group); Chairs of Governors (Advisory Group); Business Managers (Business Manager Group); and Premises Managers (Premises Management Group).

### Connected Organisations and related party transactions

During the period Pontefract Academies Trust has actively worked with the following organisation in furtherance of its charitable purpose:

- Pontefract Education Trust 07533785 (England and Wales)

## Trustees' Report (continued)

### Connected Organisations and related party transactions (continued)

Pontefract Education Trust was formed in February 2011 and comprised a collective working partnership of Pontefract Schools, including those which have now transferred into the Pontefract Academies Trust. The Pontefract Education Trust continues to support the crucial link between Pontefract Academies Trust and the other local foundation, faith schools, and academies in Pontefract working collectively to provide a self-supporting network for improvement in educational provision in the local community.

The accounts of Pontefract Education Trust have not been consolidated into those of the Pontefract Academies Trust due to the insignificant levels of financial activity during the period of account.

During the period of account, Pontefract Academies Trust has provided administration and co-ordination support to Pontefract Education Trust at full cost recovery totaling £5,298. Pontefract Education Trust also contributed £12,000 to Pontefract Academies Trust "Choice Programme" as part of the improvement initiatives across the wider educational partnership.

### Mission and Ethos

The Pontefract Academies Trust motto is 'Together – Inspire – Achieve'

The Trust's main mission is to continuously improve, deepen and broaden the educational opportunities and experiences to ensure that all children educated in Pontefract aspire to succeed and achieve their best, becoming valued and valuable members of our future society.

The locality based trust is outward looking and provides a structure, which encourages collaborative working, capacity building to support the creation of a more seamless transition through education and into employment.

Pontefract Academies Trust has a shared interest in bringing together expert, human and financial resources; to support individual school needs and aspirations and to be able to work together to identify distinctive, common, effective and efficient approaches to local and national initiatives and issues affecting education.

Pontefract Academies Trust is committed to each individual academy becoming Outstanding.

The Trust will create effective systems of Leadership, Management, Operation and Communication to secure this vision at every level from classroom to Board. We will establish clarity of accountability and responsibility for actions, decisions and outcomes and who should be consulted across the Trust.

### Employees and disabled persons

Pontefract Academies Trust is committed to ensuring equality of opportunity for all who learn and work in the organisation. The Trust respects and values positively differences in race, gender, sexual orientation, ability, class and age. It strives vigorously to remove conditions, which may place people at disadvantage and we actively combat bigotry.

The Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are as far as possible, identical to those for other employees.

### Objectives, Strategies, Activities and Public Benefit

#### Objects and Aims

In accordance with the articles of association, the principal objects and activities of the charitable company are to:

## Trustees' Report (continued)

### Objectives, Strategies, Activities and Public Benefit (continued)

#### Objects and Aims (continued)

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum;
- develop the capacity and skills of the areas where the Company runs the Academies and the surrounding areas those inhabitants of who are socially and economically disadvantaged in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- relieving unemployment in areas where the Company runs the Academies and the surrounding areas for the benefit of the public in such ways as may be thought fit, including assistance to find employment;
- advancing the health of the inhabitants of the areas where the Company runs the Academies; and
- providing recreational and leisure time facilities in the interests of social welfare for the inhabitants of the areas where the Company runs the Academies and the surrounding areas especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.

In terms of our academies programme we aim to:

- Establish outstanding academies for Pontefract.
- Provide challenge and support to ensure that our academies achieve the best possible educational outcomes;
- Create a self-improving school system based on a model of school to school support, drawing on academies within Pontefract Academies Trust and the wider network of partners within the Pontefract Education Trust and beyond.

#### Objectives, Strategies and Activities

The specific objectives of the Pontefract Academies Trust during the period ending 31 August 2014 were as follows:

- To successfully form a locality based multi-academies trust Pontefract Academies Trust.
- To be accepted as a sponsor and build capacity to subsequently sponsor those local schools which were not eligible to join as converter academies;
- To develop, use and share local expertise and leaders to drive rapid improvement in standards and provision in all schools - initially more specifically in the sponsored schools;
- To improve the effectiveness of the trust by cautiously developing capacity in the central organisational structure where it is appropriate and keeping it under continual review to ensure it provides effective support to the academies and delivers value for money services;
- To comply with all appropriate statutory requirements and conduct the Trust's business in accordance with the highest standards of integrity, probity and openness;
- To maintain the links and partnership working with the other local schools, academies, colleges, business and community partners through continued active membership of the Pontefract Education Trust, Wakefield Schools Forum and other partnerships;
- To ensure that governance throughout the Trust supports the achievement of its charitable objectives, adherence to its funding agreement with the EFA and any other legislative requirements placed upon it.

#### Public Benefit

In setting the Pontefract Academies Trust objectives and planning its activities, the trustees have given careful consideration to and have complied with the Charities Act 2011 and the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

## Trustees' Report (continued)

### Financial Objectives

Pontefract Academies Trust financial objectives were:

- to achieve an annual operating surplus;
- to ensure that resources were appropriately targeted
- to begin to generate sufficient levels of income to support the asset base of the Academies Trust;

### Strategic report

#### Achievements and Performance against the Key objectives

- The Pontefract Academies Trust became fully operational from the 1 April 2013, the date at which 2 secondary schools and 4 primary schools joined the Trust;
- The Trust gained sponsorship status and with the support of a capacity grant which allowed a further 2 local primary schools in special measures to join the Trust in October and December 2013. The Trust supported both schools during the twelve months prior to their conversion strengthening leadership and securing key new appointments;
- The school improvement function is discharged by the group of Headteachers whom seek to identify common areas for improvement and address those areas by calling upon colleagues within the trust with the appropriate expertise and capacity and by using external consultants where necessary e.g. Ofsted inspectors. The Headteachers engage in challenging and supporting each other through an annual programme of peer reviews. The Headteachers comprise a good mix of experience both in terms of time served and employment in a range of challenging and/or high performing schools. Four Headteachers have completed Executive Headteacher training or been employed in such a capacity elsewhere. One Headteacher is a Local Leader of Education (LLE). Collaborative structures and groups at all levels of leadership and management meet regularly to discuss and implement strategies and developments to improve the curriculum, educational opportunities and achievement. The key performance indicators reflect the impact this work has had on the educational outcomes.
- The capacity of the central Trust function has been increased with key appointments, services and systems being procured.
- The Trust has developed and implemented key policies and procedures, and supported coordinated training and development activities across the Trust.
- The Trust is a strategic partner in the Wakefield Regional Teaching School Alliance making a key contribution to their capacity and also sourcing relevant support and training. National recognition and further expansion of the Choice programme in partnership with the Pontefract Education Trust is creating a smoother transition to secondary school for some of the most vulnerable children.
- A programme of strengthening and reviewing Local Governing Bodies, providing bespoke training and independent governance reviews is underway.

#### Key Performance Indicators

The 8 academies within the Trust have not received either a section 5 or a section 8 inspection since joining. The King's School has, however, been inspected as a Lead School for the provision of Initial Teacher Training (ITT) on behalf of the Wakefield Regional Partnership for ITT (which received an Outstanding grade). The King's School has also had a survey inspection for Careers Education and Guidance which resulted in it featuring as a case study example of good practice in the final report. Lark's Hill J&I School received a mathematics subject survey inspection on the 17 March 2014 which judged overall effectiveness of mathematics as good.

The academic results for the Pontefract Academies Trust for the year ended 31st August 2014 are summarised as follows, noting that at the time of signing, the 2014 attainment achievement and attendance data is correct, but has not been validated, and therefore could be subject to change:



## Trustees' Report (continued)

### Key Performance Indicators (continued)

#### Early Years and Foundation Stage

Overall the percentage of children in the Trust achieving a good level of development has remained static for the last two years and is broadly inline or slightly above the national average. For a minority of schools which are considered to have the highest percentage of deprived pupils the level is significantly below the national average.

#### Key Stage 1

The investment in training and resources to improve the teaching of phonics across the schools has resulted in a rapid improvement in the percentage of pupils who are now working at the expected level from 59% to 71%. The gap between the achievement of pupils in reading writing and maths in the Trust and nationally has closed and some significant progress has been made. Where the gaps remain, they mainly affect children of average ability and are more pronounced in maths and reading. The proportions of children achieving at higher levels is broadly in line with the national picture.

#### Key Stage 2

	Eligible in Year 6 2014	% achieving Level 4 + in reading, writing and maths		% expected progress reading		% expected progress writing		% expected progress maths	
		2013	2014	2013	2014	2013	2014	2013	2014
Carleton Park*	29	69	86	93	90	76	93	90	90
De Lacy*	37	52	64	71	89	77	97	81	82
Halfpenny Lane	40	73	82	87	89	93	97	87	95
Larks Hill	30	70	80	73	90	87	93	87	87
Orchard Head	37	59	68	88	89	100	97	85	89
The Rookeries	34	52	68	79	88	71	85	71	82
<b>Trust Total /Average</b>	<b>207</b>	<b>64</b>	<b>74</b>	<b>83</b>	<b>89</b>	<b>86</b>	<b>94</b>	<b>84</b>	<b>87</b>

#### \* sponsored academies

The percentage of pupils achieving the benchmark of at least a Level 4 in reading writing and maths has increased markedly in all of the primary academies in the Trust. Attainment is now almost in line with the National Average.

The picture regarding the amount of progress which children make from their starting points is also a very positive picture overall, with significant improvements across all schools and the gap with the national position closing rapidly. Of particular note, is the progress made in writing which has been an area of focus over the last two years with demonstrable impact.

## Trustees' Report (continued)

### Key Performance Indicators (continued)

#### Key Stage 4

	No. eligible 2014	% 5+A*-C including English & Maths		% making expected progress in English		% making expected progress in Maths		% entered Ebacc		% achieve Ebacc	
		2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Carleton Community	162	57	43	57	50	63	57	22	25	13	14
The King's	205	65	57	64	69	71	63	43	70	25	18

It should be noted that although the statistics for 2013 are included in the above table, comparisons across the two years are not useful or advised as the 2014 measures have changed significantly due to only certain exams and entries being included, exams no longer being modular in their assessment but linear, re-sits no longer being allowed, certain elements are excluded from the overall grade, early entry is no longer available or does not count in some performance measures. These changes have contributed to widespread national variability and volatility in Key Stage 4 results in 2014.

The Key Stage 2 average point score on entry to the two high schools for the class of 2014 was significantly below average, even after taking into account that the calculation was almost wholly based on teacher assessments not national tests, due to the boycott of Key Stage 2 standard assessment tests in 2009.

Both secondary schools had a significant proportion of middle (and lower) ability students who nationally appear to have been more adversely affected by the changes to the assessment process described above, than have higher ability students.

The picture of improvement is therefore mixed at key stage 4, across and within both academies and work is underway to ensure that future cohorts of students and their teachers are well prepared for the new examination and assessment measures.

#### Attendance

	% Attendance Levels		% of pupils persistently absent (<85% attendance)	
	2013	2014	2013	2014
De Lacy *	93.4	94.9	7.9	6.4
Carleton Park*	96.8	96.0	6.0	5.6
Orchard Head	95.2	95.9	5.8	5.6
The Rookeries	95.5	94.9	3.2	6.3
Larks Hill	96.6	97.2	0.0	3.3
Halfpenny Lane	95.0	95.4	7.7	5.7
Carleton Community High	93.5	94.9	9.6	6.6
The King's	95.3	94.9	5.9	6.0

## Trustees' Report (continued)

### Key Performance Indicators (continued)

#### Attendance (continued)

The academies have achieved some significant improvements in attendance rates over the last 2 years. The Trust has supported this improvement by procuring two area based education welfare officers to work across all academies providing a coordinated and consistent approach.

The average attendance in 2014 across the primary academies is now broadly in line with the national average. The percentage of children persistently absent from school has also reduced, although is still higher than the national average. The Headteachers and Local Governing Bodies have continued to implement their policy to refuse authorised absence for holidays in term time and issue fixed penalty notices where relevant. In the secondary academies, The King's School attendance has been above the national average for a number of years, and at Carleton Community High School attendance has improved to also be above the national average. Persistent absence in the secondary phase has reduced considerably over time to now be at or below the national average.

#### Going Concern

After making appropriate enquires, the board of trustees has a reasonable expectation that the Academies 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.

#### Financial Review

Pontefract Academies Trust income is derived in the main from the Department for Education (DFE) via the Education Funding Agency (EFA) in the form of revenue and capital grants, the use of which is restricted to particular purposes. The grants received from the EFA and other sources during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academies Trust also receives an element of funding for the acquisition and replacement of fixed assets from the EFA. In accordance with the charities statement of recommended practice, "Accounting and Reporting by Charities" (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed assets fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Incoming resources during the period ended 31 August 2014 totalled £52.9 million and were sufficient to cover outgoing resources and provided a surplus of £27.3 million before transfers and other recognised gains and losses.

The net book value of tangible fixed assets was £27.1 million; movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were exclusively for providing educational and associated support services to pupils and the community.

During the period ended 31 August 2014 the Academies Trust continued to allow all new staff the opportunity to join one of two pension schemes, Teachers Pension Scheme (TPS) or West Yorkshire Local Government Pension Scheme each of the pension funds are defined benefit schemes. A more detailed explanation of each pension scheme can be found in note 27.

In comparison it is possible to account for the assets and liabilities of the Local Government Pension Scheme (LGPS) as shown in the statement of financial activities and note 27. The West Yorkshire Local Government Pension Scheme currently provides for a deficit balance of £2.701 million.

## Trustees' Report (continued)

### Financial Position

The Academies Trust held fund balances at 31 August 2014 of £26.3 million comprising £27.3 million of restricted fixed assets, with restricted funds overcommitted by £2.1 million and unrestricted funds by £1.1 million.

### Reserves Policy

Pontefract Academies Trust has established a reserves policy to protect the organisation and its charitable activities by providing a financial cushion against an unpredictable future. This restricts the impact of any risk (internal or external) upon continuing operations. The principal risk with reference to continuing operations and the need for surpluses relate to the maintenance and replacement of the charities substantial asset base and any possible delay in the receipt of grant funds. The reserves policy also provides the framework for future strategic planning and will assist decision-making.

The reserves policy establishes what is believed to be an appropriate target range for reserves held and will be reviewed on an annual basis.

### Restricted Reserves (Non Capital)

The target range for restricted reserves has been established at between 8% and 10% of incoming resources excluding restricted fixed asset funding, providing sufficient working capital to cover delays between spending and receipt of funds and to provide a cushion to deal with unexpected emergencies.

Details of the restricted funds held by the Academies Trust are set out in notes 6 to 8 of the attached financial statements.

### Pension Reserve

The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean the equivalent amount is already committed or no longer available.

The presence of a pension surplus or deficit will generally result in a cash flow effect for the trust in the form of an increase or decrease in employers' pension contributions over a period of years. The trust is confident that it can meet the required pension contributions from projected future income without significantly impacting its planned level of activities. The risks surrounding Pontefract Academies Trust pension liability have been taken into consideration when preparing the annual budgets therefore we continue to calculate our reserves without setting aside a designated reserve to cover the pension liability.

### Principal Risks and Uncertainties

Pontefract Academies Trust faces a broad spectrum of risks and uncertainties within its complex operating environment. The principal risks are summarised below:

- outcomes for children – children not making progress in line with or above national expectations. This is mitigated through effective, regular monitoring of pupil progress data and instigating interventions when progress is not rapid enough.
- funding uncertainties – reductions in future funding allocations from the government. This is mitigated through the ongoing review and update of medium term financial plans embedded within organisational decision making.
- physical and infrastructure - relating to the risk of flooding, fire or explosion or loss of utilities, heat, lighting catering etc. This is mitigated through the completion of fire assessments, health and safety procedures and reinstatement costs covered through insurance policies.
- governance risks - academies fail to attract potential new Governors. This is mitigated through effective governor recruitment from a range of sectors and the provision of effective information and training.
- staffing - the risk of losing key staff, gradually or suddenly due to illness. This is mitigated through academy cover policies, and business continuity plans.

## Trustees' Report (continued)

### Principal Risks and Uncertainties (continued)

Pontefract Academies Trust has been proactive in identifying and managing these risks and uncertainties to mitigate their impact.

### Risk Management

The trustees have a fundamental role to play in the management of risk; trustees set the tone and influence the culture of risk management within the organisation. The board of trustees is responsible for determining whether Pontefract Academies Trust is risk taking or risk averse, as a whole or on any relevant individual issue. It is also responsible for determining which types of risk are acceptable and which are not and to set the standards and expectations for staff with respect to conduct and probity. The trustees will also determine the risk appetite and exposure for the Pontefract Academies Trust. Any issues which affect the Academies Trust's risk profile or exposure are to be approved by the board of trustees. The trustees annually review the Trust's approach to risk management and approve changes or improvements to key elements of its processes and procedures. The trustees also seek to minimise the risk exposure by ensuring that appropriate policies and procedures exist to manage any such risk. Where risk cannot be eliminated or reduced to sufficiently acceptable levels the trustees have ensured that adequate insurance cover has been provided.

The system of internal control incorporates risk management. The system encompasses a number of elements that together facilitate an effective and efficient operating environment, enabling the Academies Trust to respond to a variety of operational, financial and commercial risks. These elements include:

- **Policies And Procedures**  
Attached to significant risk are a series of policies that underpin the internal control process. The policies are set by the trustees and implemented by the senior management team across Pontefract Academies Trust.
- **Strategic Planning And Budgeting**  
The strategic planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting strategic objectives is monitored regularly by the board of trustees.
- **Risk Management Policy and Procedures**  
The Risk Management Policy and procedures set out the framework for risk identification, measurement of impact, probability of occurrence and mitigating control measures. This framework provides a consistent approach to risk management and monitoring across the Trust.

### Plans for future periods

The Trust now aims to build on its significant progress made in improving achievement, particularly in its primary academies. It recognises the significant challenges which remain to realise one of the key objectives of moving all its academies to become 'Outstanding' or at least 'Good'.

It plans to achieve this by:

- Improving achievement at all key stages to further close the gap with national averages. The focus will be on accelerating the progress for disadvantaged pupils, boys, and the more able, focusing on reading and maths in our primary academies and focusing on core, Ebacc subjects and specific groups in our secondary academies;
- Investing in developing early years foundation stage resources, environment and experiences;
- Improving teaching (and therefore learning and achievement) through a focus on assessment, delivering an exciting new skills based curriculum, making a wider use of appropriate new technologies, and providing a programme of staff training at all levels;

## Trustees' Report (continued)

### Plans for future periods (continued)

- Improving Leadership and Management further by:
  - accessing the expertise and strengthening the partnership with our local outstanding sixth form provider NEW College;
  - engaging Ofsted trained colleagues to moderate our self-evaluation processes, peer reviews and judgements;
  - improving the recording and analysis of staff appraisal to ensure a more efficient and effective link with whole school self-evaluation, identified subsequent priorities for improvement and shared training opportunities;
  - ensuring effective and efficient curriculum planning and appropriate and affordable staffing structures to deliver the new secondary curriculum, examinations and performance measures and to embed and achieve a smooth transition from the Trusts' new Primary curriculum.
- Improving the effectiveness of the trust by continuing to develop capacity and improvement in central support functions so that they continually evolve and develop to provide effective support to the Trust in meeting both its statutory and regularity responsibilities and also value for money services to its academies.
- To continue to review and evaluate the effectiveness of governance throughout the Trust and implement a programme of support for improvement.

### Funds held as Custodian Trustee on Behalf of Others

The Trust does not hold any funds as custodian trustee on behalf of others at the date of signing.

### 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 them themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

In accordance with section 487 of the Companies Act 2006, Allotts Business Services Ltd will be deemed to be reappointed as auditors at the Annual General Meeting.

Allotts Business Services Ltd having expressed their willingness to continue in office will be deemed re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006, unless the charitable company receives notice under section 488(1) of the companies Act 2006.

Trustees' report, incorporating a strategic report, approved by order of the members of the board of trustees, as the company directors, on 8 December 2014 and signed on its behalf by:



**Ulric Murray**

**Chair of Trustees**

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Pontefract Academies Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Pontefract Academies 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 13 times during the accounting period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
U A Murray OBE	12	13
J A Craig	13	13
J Gough	12	13
J Allinson	11	13
A R Smith	10	13
M K Brooke	2	4
P G Morris	3	4
D Wilkin	3	4

The following changes to the board of trustees have been made during the period:

#### Appointments:

Trustee	Date of Appointment
U A Murray OBE	14 March 2013
J Gough	14 March 2013
J Allinson	14 March 2013
J A Craig (Chief Executive and Accounting Officer)	1 April 2013
A R Smith (Staff trustee)	1 April 2013
M K Brooke	9 April 2014
P G Morris	9 April 2014
D Wilkin	9 April 2014

The board of trustees considers that its main challenges during the period of incorporation to 31 August 2014 have included:-

- Determining and implementing an appropriate infrastructure, processes and policies required in the new organisation. During the accounting period key posts have been recruited to and the key systems; processes and policies introduced.

## Governance Statement (continued)

### Governance (continued)

The board of trustees has undertaken a skills audit during the period of account which identified the skills required from appointments of new trustees made on 9 April 2014. The trustees plan to undertake a self evaluation of governance during spring 2015, followed by an external review during summer 2015.

The **audit and risk committee** is a sub-committee of the main board of trustees. Its purpose is to:

- ensure that the internal control systems and the arrangements for risk management, control and governance processes of Pontefract Academies Trust are independently, objectively and actively monitored
- reinforce the independence and effectiveness of the internal audit function, providing an independent medium of communication with the Pontefract Academies Trust auditors.

The audit and risk committee have reviewed and recommended to the board of trustees the following policies during the period of account:

- Anti Fraud Bribery and Corruption Policy
- Whistleblowing Policy
- Financial Regulations & Scheme of Delegation
- Conflicts Policy, including the Register of Business Interests
- Complaints Policy
- Discretions Policy
- Risk Management Policy and Procedures
- Gifts and Hospitality Policy
- Donations Policy
- Accounting Policies

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Gough	2	2
M K Brooke	1	2
P G Morris	2	2

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academies 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 systems of internal control have been developed and are being fully embedded during the accounting period of operation.

### Capacity to Handle Risk

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



## Governance Statement (continued)

### The Risk and Control Framework

The Academies 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 committees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Allotts Business Services Ltd, the external auditor, to perform additional checks during the accounting period.

The additional checks undertaken by the external auditor have included a review of the operation of the financial systems and controls operating in each academy and also from a central trust perspective.

### Review of Effectiveness

As accounting officer the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by the supplementary work undertaken by Allotts Business Services Ltd and also the work of the Director of Finance, Business and Operations who has responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of areas for improvement and the audit and risk committee are making plans to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8 December 2014 and signed on its behalf by:



**Ulric Murray**  
Chair of Trustees



**Julie A Craig**  
Accounting Officer

## Statement on Regularity, Propriety and Compliance

As accounting officer of Pontefract Academies Trust I have considered my responsibility to notify the Academies Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academies Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 EFA.



**Julie A Craig**  
Accounting Officer

## Statement of Trustees' Responsibilities

The trustees (who act as governors of Pontefract Academies Trust and 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 Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 8 December 2014 and signed on its behalf by:



**Ulric Murray**

Chair of Trustees

## Independent Auditor's Report on the Financial Statements to the Members of Pontefract Academies Trust

We have audited the financial statements of Pontefract Academies Trust for the period ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academies trust members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academies trust members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academies Trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, the trustees (who are also the directors of the academies trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academies Trust circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academies Trust affairs as at 31 August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditor's Report on the Financial Statements to the Members of Pontefract Academies Trust**

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

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.



Mark Garrison BCom FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
Allotts Business Services Limited  
Chartered Accountants  
Statutory Auditor  
The Old Grammar School  
13 Moorgate Road  
Rotherham  
South Yorkshire  
S60 2EN

8th December 2014

## **Independent Reporting Accountant's Assurance Report on Regularity to Pontefract Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pontefract Academies Trust during the period 14 March 2013 to 31 August 2014 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 Pontefract Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Pontefract Academies Trust and EFA 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 the Pontefract Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Pontefract Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Pontefract Academies Trust's funding agreement with the Secretary of State for Education dated 27 March 2013 and the Academies Financial Handbook, extant from 1 September 2013 (updated October 2013), 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 14 March 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. 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 academies trust income and expenditure.

The work undertaken to draw our conclusions includes:

- Enquiry of officers of the Academies Trust
- Review and testing of income and expenditure for compliance with the funding agreements, the Academies Financial Handbook and the academy's system of controls.
- Examination of relevant documents
- Review of the activities carried out by the Academies Trust
- Review of the delegated authorities set out in the Academies Financial Handbook

## **Independent Reporting Accountant's Assurance Report on Regularity to Pontefract Academies Trust and the Education Funding Agency**

### **Conclusion**

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 14 March 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the period under review, insufficient evidence was available to satisfy ourselves that appropriate tendering and procurement procedures had always been followed.

*Allotts Business Services Ltd.*

Reporting Accountant  
Allotts Business Services Limited  
Chartered Accountants  
The Old Grammar School  
13 Moorgate Road  
Rotherham  
South Yorkshire  
S60 2EN

8 December 2014

## Statement of Financial Activities for the period Ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	
		Funds	General	Fixed	
		£000	Funds	Asset	
	Notes	£000	£000	Funds	Total
				£000	2014
					£000
<b>Incoming resources</b>					
<i>Incoming resources from generating funds:</i>					
Voluntary Income	2	23	42	-	65
Voluntary Income - transfer from local authority on conversion	3	1,089	(1,588)	26,427	25,928
Activities for generating funds	4	741	755	-	1,496
Investment Income	5	3	-	-	3
<i>Incoming resources from charitable activities:</i>					
Funding for the academies trust's educational operations	6	-	23,960	1,433	25,393
<b>Total incoming resources</b>		<b>1,856</b>	<b>23,169</b>	<b>27,860</b>	<b>52,885</b>
<b>Resources expended</b>					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	53	-	53
Fundraising trading	7	94	82	-	176
<i>Charitable activities:</i>					
Academies trust educational operations	8	648	23,471	1,136	25,255
Governance Costs	9	-	126	-	126
<b>Total resources expended</b>	7	<b>742</b>	<b>23,732</b>	<b>1,136</b>	<b>25,610</b>
Net incoming/(outgoing) resources before transfers		1,114	(563)	26,724	27,275
Gross transfers between funds	17	-	(530)	530	-
<b>Net income/(expenditure) for the year</b>		<b>1,114</b>	<b>(1,093)</b>	<b>27,254</b>	<b>27,275</b>
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	17,27	-	(1,049)	-	(1,049)
<b>Net movement in funds</b>		<b>1,114</b>	<b>(2,142)</b>	<b>27,254</b>	<b>26,226</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 14 March 2013	17	-	-	-	-
<b>Total Funds carried forward at 31 August 2014</b>		<b>1,114</b>	<b>(2,142)</b>	<b>27,254</b>	<b>26,226</b>

All of the Trust's activities derive from acquisitions in the current accounting period.



## **Statement of Financial Activities for the period Ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

Operations acquired in the year are those of Carleton Community High School, Carleton Park J&I School, De-Lacy Primary School, Halfpenny Lane JI&N School, Larks Hill J&I School, Orchard Head JI&N School, The King's School, and The Rookeries, Carleton J&I School, which all joined the Trust on conversion from Local Authority Maintained Schools.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes attached form part of these financial statements.

# Pontefract Academies Trust

## Balance Sheet as at 31 August 2014

	Notes	2014 £000	2014 £000
<b>Fixed Assets</b>			
Tangible assets	14		27,105
<b>Current assets</b>			
Debtors	15	1,015	
Cash at bank and in hand		2,799	
		<u>3,814</u>	
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	16	<u>(1,992)</u>	
<b>Net current assets</b>			<u>1,822</u>
<b>Total assets less current liabilities</b>			28,927
Pension scheme liability	27		(2,701)
<b>Net assets including pension liability</b>			<u>26,226</u>
<b>Funds of the academies trust</b>			
<b>Restricted Income funds</b>			
Fixed Asset Fund	17	27,254	
General Fund	17	559	
Pension Reserve	17	<u>(2,701)</u>	
<b>Total restricted funds</b>			25,112
<b>Unrestricted income funds</b>			
General fund	17	<u>1,114</u>	
<b>Total unrestricted funds</b>			1,114
<b>Total Funds</b>			<u>26,226</u>

The financial statements on pages 22 to 49 were approved by the trustees, and authorised for issue on 8 December 2014 and are signed on their behalf by:



**Ulric Murray**  
Chair of Trustees

## Cash Flow Statement for the Period Ended 31 August 2014

	Notes	2014 £000
Net cash inflow from operating activities	21	2,088
Cash transferred on conversion to an academies trust	21	1,089
Returns on investments and servicing of finance	22	3
Capital Expenditure	23	(381)
Increase in cash in the year		<u>2,799</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 14 March 2013	24	-
Net funds at 31 August 2014		<u>2,799</u>

All of the cash flows are derived from acquisitions in the current accounting period.

## Notes to the Financial Statements for the Period Ended 31 August 2014

### 1. Statement of Accounting Policies

#### (a) Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Results for each academy and the Trust have been aggregated on a line by line basis and internal transactions excluded.

#### (b) 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 one year from the date of approval of the financial statements.

#### (c) Incoming Resources

All incoming resources are recognised when the academies trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. Income is not netted off with related expenditure.

- **Grants Receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the academies trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academies trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academies trust's policies.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 1. Statement of Accounting Policies (continued)

The Trust's land and buildings for De-Lacy Primary School are on 125 year lease from Wakefield M D Council and the land and buildings for its other academies are freehold transfer from Wakefield M D Council. No premium was paid and the rent for De-Lacy Primary School is one peppercorn. The buildings were valued on conversion at depreciated replacement cost and are depreciated over the remainder of their expected lives. Leased land was valued at market value and is depreciated over the length of the lease.

Other fixed assets transferred on conversion were valued at an estimate of the fair value to each Academy.

### (d) Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of Generating Funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable Activities**

These are costs incurred on the academies trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academies trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are exclusive of recoverable VAT but include any irrecoverable VAT.

### (e) Tangible Fixed Assets

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

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

▪ Long leasehold land	125 Years
▪ Freehold and Long leasehold buildings	50 Years
▪ Fixtures, fittings and equipment	10 Years
▪ ICT equipment	4 Years



## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 1. Statement of Accounting Policies (continued)

#### (e) Tangible Fixed Assets (continued)

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.

#### (f) Leased Assets

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

#### (g) Stock

Stocks of consumables and catering supplies where of material value are valued at the lower of cost or net realisable value.

#### (h) Taxation

The academies 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 academies 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.

#### (i) Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academies 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 quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the academies trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academies 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 1. Statement of Accounting Policies (continued)

#### (j) Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academies 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 funder where the asset acquired or created is held for a specific purpose.

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

#### (k) Conversion to Academy

The conversions from state maintained schools to academies in the multi academies trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and have been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Carleton Community High School, Carleton Park J&I School, De-Lacy Primary School, Halfpenny Lane JI&N School, Larks Hill J&I School, Orchard Head JI&N School, The King's School, and The Rookeries, Carleton J&I School to academies in the multi academies trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in Note 30.

### 2. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Other donations	23	42	65
	23	42	65

### 3. Voluntary Income – transfer from Local Authority on conversion

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Freehold land and buildings	-	23,576	23,576
Leasehold land and buildings	-	1,845	1,845
Other tangible fixed assets	-	1,006	1,006
Budget surplus on Local Authority funds	995	-	995
Budget surplus on other school funds	94	-	94
LGPS pension deficit	-	(1,588)	(1,588)
	1,089	24,839	25,928

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 4. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Catering Income	647	-	647
Music Services	44	-	44
Educational Sales	-	125	125
Services of Staff	-	81	81
Trip Income	-	269	269
Uniform Income	-	62	62
Insurance Receipts	-	69	69
Hire of Facilities	50	-	50
Other Income	-	149	149
	<u>741</u>	<u>755</u>	<u>1,496</u>

### 5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Bank interest	3	-	3
	<u>3</u>	<u>-</u>	<u>3</u>

### 6. Funding for the Academies Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
<b>DfE / EFA Grants</b>			
General Annual Grant (GAG)	-	21,494	21,494
Pupil Premium	-	1,201	1,201
PE Sport Grant	-	50	50
Capital Grants	-	1,433	1,433
Conversion Grants	-	401	401
Other DfE / EFA Grants	-	28	28
	<u>-</u>	<u>24,607</u>	<u>24,607</u>
<b>Other Government Grants</b>			
Local Authority Grants - Early Years	-	414	414
Local Authority Grants - High Cost Pupils	-	246	246
Local Authority Grants - Other	-	126	126
	<u>-</u>	<u>786</u>	<u>786</u>
	<u>-</u>	<u>25,393</u>	<u>25,393</u>



## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 7. Resources Expended

	Staff Costs £000	Non - Pay Expenditure Premises £000	Other Costs £000	Total 2014 £000
Costs of generating voluntary income	-	-	53	53
Costs of activities for generating funds	-	50	126	176
Academy's educational operations	-	-	-	-
Direct Costs	15,863	647	2,569	19,079
Allocated Support Costs	2,874	1,410	1,892	6,176
	18,737	2,107	4,640	25,484
Governance costs including allocated support costs	-	-	126	126
	18,737	2,107	4,766	25,610
<b>Incoming / outgoing resources for the period include:</b>				<b>2014 £000</b>
Operating leases:				
Vehicle leases				6
Plant and Machinery leases				49
				55

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 8. Charitable Activities – Academy's Educational Operations

	<b>Total 2014 £000</b>
<b>Direct Costs</b>	
Teaching & educational support staff costs	15,863
Depreciation	1,136
Technology Costs	190
Educational Supplies	1,222
Examination Fees	237
Staff Development	147
Educational Consultancy	164
Staff Absence Insurances	84
Other Direct Costs	36
	<u>19,079</u>
<b>Allocated Support Costs</b>	
Support Staff Costs	2,874
Technology costs	316
Recruitment and support	73
Maintenance of premises and equipment	570
Cleaning	134
Rent & Rates	120
Energy Costs	323
Insurance	250
Catering	889
Security and transport	79
Bank interest and charges	1
Other Support Costs	547
	<u>6,176</u>
	<u>25,255</u>

### 9. Governance Costs

	<b>Total 2014 £000</b>
Legal and Professional Fees	51
Auditor's remuneration	
Audit of the financial statements	18
Audit related advisory and assurance services	57
Support staff costs	-
Trustees' reimbursed expenses	-
	<u>126</u>

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 10. Staff

#### (a) Staff Costs

Staff costs during the period were:	<b>2014</b>
	<b>£000</b>
Wages and Salaries	14,975
Social Security Costs	934
Pension Costs	<u>2,137</u>
	18,046
Supply teacher & educational support costs	627
Staff restructuring costs	<u>64</u>
	<u>18,737</u>

#### (b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £64,200. Five of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £6,600, £7,888, £10,989, £14,850 and £19,000.

#### (c) Staff numbers

The average number of persons employed by the academies trust during the year expressed as full time equivalents during the 17 month period was as follows:

	<b>2014</b>
	<b>No.</b>
Teachers and Educational Support	312
Administration and Other Support	101
Management	<u>20</u>
	<b>433</b>

#### (d) High paid staff

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

	<b>2014</b>
	<b>No.</b>
£ 60,001 - £ 70,000	6
£ 70,001 - £ 80,000	7
£ 80,001 - £ 90,000	1
£ 90,001 - £100,000	3
£120,001 - £130,000	<u>1</u>
	<b>18</b>

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014 employer's pension contributions for these staff amounted to £215,530.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 11. Central Services

The academies trust has provided the following central services to its academies during the period of account:

- Financial services, assurances and information systems
- Education Welfare and Education Psychology Services
- Legal advice and support

The trust charges for these services on an increasing basis to reflect the time taken to build its capacity in the central support to its academies:

- Period to 31 August 2013: 2.5% of General Annual Grant excluding educational services grant and notional SEN elements
- Period from 1 September 2013 to 31 March 2014: 3% of General Annual Grant excluding educational services grant, notional SEN, hearing impaired unit high cost place funding\*
- Period from 1 April 2014 to 31 August 2015: 5% of General Annual Grant excluding, notional SEN, hearing impaired unit high cost place funding(support element only)\*

\*For the sponsored academies converting during accounting period: 5% of General Annual Grant excluding educational services grant, notional SEN, high cost place funding from the conversion date.

The actual amounts charged during the period of account were as follows:

	2014 £000
Carleton Community High School	170
Carleton Park Junior & Infant School	29
De Lacy Primary School	50
Halfpenny Lane Junior Infant & Nursery	61
Kings School	232
Larks Hill Junior Infant School	37
Orchard Head Junior Infant & Nursery	45
The Rookeries, Carleton Junior & Infant	35
	<hr/>
	659

### 12. Related party Transactions – Trustees' Remuneration & Expenses

The Chief Executive Officer and the Headteacher only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and Headteacher, and not in respect of their services as trustees. The value of trustees' remuneration during the period of account was as follows:

J A Craig (Chief Executive Officer and trustee)	£120,000- £125,000	*(17 months)
A Smith (Headteacher and trustee)	£ 80,000 - £ 85,000	*(17 months)

During the period ended 31 August 2014, travel and subsistence expenses totaling £849 were reimbursed to 2 trustees

Other related party transactions involving the trustees are set out in note 28.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 13. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides for cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2014 is not separately identifiable. The cost of this insurance is included in the total insurance cost.

### 14. Tangible Fixed Assets

	Freehold Land & Buildings	Long- term Leasehold Land & Buildings	Furniture and Equipment	Computer Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
Transfer on conversion	23,576	1,845	460	546	-	<b>26,427</b>
Additions	334	-	809	306	365	<b>1,814</b>
Disposals	-	-	-	-	-	-
At 31 August 2014	<b>23,910</b>	<b>1,845</b>	<b>1,269</b>	<b>852</b>	<b>365</b>	<b>28,241</b>
<b>Depreciation</b>						
Charged in period	616	32	106	382	-	<b>1,136</b>
Disposals	-	-	-	-	-	-
At 31 August 2014	<b>616</b>	<b>32</b>	<b>106</b>	<b>382</b>	<b>-</b>	<b>1,136</b>
<b>Net Book Values</b>						
At 31 August 2014	<b>23,294</b>	<b>1,813</b>	<b>1,163</b>	<b>470</b>	<b>365</b>	<b>27,105</b>

### 15. Debtors

	2014 £000
Trade debtors	73
VAT recoverable	365
Other debtors	1
Prepayments and accrued income	576
	<b>1,015</b>

### 16 Creditors: Amounts Falling due within one Year

	2014 £000
Trade creditors	1,405
Taxation and social security	216
Other creditors	54
Accruals and deferred income	317
	<b>1,992</b>

# Pontefract Academies Trust

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### Deferred Income

	2014 £000
Resources deferred in year	317
Deferred income at 31 August 2014	317

At the balance sheet date the academies trust was holding funds received in advance for funds received from the EFA relating to the implementation of the Universal Infant Free School Meals from September 2014; funds received from Wakefield M D Council relating to estimated pupil growth at Orchard Head J&IN from September 2014; and other funds received in advance for music lessons or trips booked during academic commencing September 2014.

### 17 Funds

	Balance at 14 March 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	21,494	(20,405)	(530)	559
Pupil Premium	-	1,201	(1,201)	-	-
PE Sport Grant	-	50	(50)	-	-
Conversion Grants	-	401	(401)	-	-
Other DfE / EFA Grants	-	28	(28)	-	-
Local Authority Grants	-	786	(786)	-	-
Pension Deficit	-	(1,588)	(64)	(1,049)	(2,701)
Other restricted donations	-	42	(42)	-	-
Other Generated Income	-	755	(755)	-	-
	-	23,169	(23,732)	(1,579)	(2,142)
<b>Restricted fixed asset funds</b>					
Inherited Assets	-	26,427	(1,053)	-	25,374
DfE/EFA capital grants	-	1,433	(21)	-	1,412
Capital expenditure from GAG	-	-	(62)	530	468
	-	27,860	(1,136)	530	27,254
<b>Total restricted funds</b>	-	<b>51,029</b>	<b>(24,868)</b>	<b>(1,049)</b>	<b>25,112</b>
<b>Unrestricted funds</b>					
unrestricted funds	-	1,856	(742)	-	1,114
<b>Total unrestricted funds</b>	-	<b>1,856</b>	<b>(742)</b>	-	<b>1,114</b>
<b>Total funds</b>	-	<b>52,885</b>	<b>(25,610)</b>	<b>(1,049)</b>	<b>26,226</b>

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 17 Funds (continued)

The General Annual Grant (GAG) is restricted to spending in accordance with the conditions of the Trust's Master Funding Agreement with the Secretary of State for Education. This does not subject a limit on the amount of GAG which can be carried forward at 31 August 2014 to future periods.

The Pupil Premium is restricted to activities which reduce the attainment gap between pupils who are disadvantaged and those who are not.

The Conversion Grants are restricted to meeting the costs of preparing or converting a school to academy status, and developing primary academy chains.

Dfe / EFA capital grants include devolved formula grant funds received towards capital investment in Academies above £2,000, and academies capital maintenance funds for specific projects.

The transfer into the restricted fixed asset funds represents fixed assets purchased out of GAG funding.

### Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	2014 £000
Carleton Community High School	75
Carleton Park J&I School	70
De Lacy Primary School	143
Halfpenny Lane J&IN School	149
Larks Hill J&I School	137
Orchard Head J&IN School	(26)
The King's School	643
The Rookeries, Carleton J&I School	151
Central Services	331
<b>Total before fixed asset fund and pension reserve</b>	<b>1,673</b>
Restricted fixed asset fund	27,254
Pension Reserve	(2,701)
<b>Total</b>	<b>26,226</b>

Orchard Head J&IN School is carrying a net deficit of £26k on these funds, and reflects a reduction in the £30k net deficit inherited on conversion. The approved three year budget plans have been approved by the board of trustees and incorporate a three year repayment plan of which £9k will be repaid to the EFA in the next accounting period and the remaining £15k to the Central Trust over the following two accounting periods.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 17 Funds (continued)

#### Analysis of academies by cost

Expenditure incurred by each academy during the accounting period was as follows:

	Teaching & Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total £000
Carleton Community High School	4,424	832	300	901	6,457
Carleton Park J&I School	431	75	34	108	648
De Lacy Primary School	861	121	66	219	1,267
Halfpenny Lane J&IN School	1,656	229	125	472	2,482
The King's School	5,260	953	361	1,437	8,011
Larks Hill J&I School	811	180	40	274	1,305
Orchard Head J&IN School	1,308	234	75	306	1,923
The Rookeries, Carleton J&I School	952	148	151	340	1,591
Central Services	160	102	70	458	790
<b>Academies Trust</b>	<b>15,863</b>	<b>2,874</b>	<b>1,222</b>	<b>4,515</b>	<b>24,474</b>

### 18 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000
Tangible fixed assets	-	-	27,105	27,105
Current assets	1,162	1,837	815	3,814
Current liabilities	(48)	(1,278)	(666)	(1,992)
Pension scheme liability	-	(2,701)	-	(2,701)
	<b>1,114</b>	<b>(2,142)</b>	<b>27,254</b>	<b>26,226</b>

### 19 Capital Commitments

	2014 £000
Contracted for, but not provided in the financial statements	480



## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 20 Financial Commitments

#### Operating Leases

At 31 August 2014 the academies trust had annual commitments under non-cancellable operating leases as follows:

	<b>2014 £000</b>
<b>Land and buildings</b>	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring over five years	-
	<u>-</u>
<b>Other</b>	
Expiring within one year	1
Expiring within two and five years inclusive	44
Expiring in over five years	-
	<u>45</u>

### 21 Reconciliation of Net Income to Net Cash inflow from Operating Activities

	<b>2014 £000</b>
Net income	27,275
Depreciation	1,136
Assets and Liabilities inherited on conversion	(25,928)
Capital grants from DfE and other capital income	(1,433)
Interest receivable	(3)
FRS 17 pension cost less contributions payable	153
FRS 17 pension finance income	(89)
Increase in debtors	(1,015)
Increase in creditors	1,992
<b>Net Cash Inflow from Operating Activities</b>	<u><b>2,088</b></u>
	<b>2014 £000</b>
Cash transferred on conversion to an academies trust	<u>1,089</u>
<b>Net cash inflow from cash transferred on conversion to academies trust</b>	<u><b>1,089</b></u>

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 22 Returns on Investments and Servicing of Finance

	2014 £000
Interest received	3
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>3</b>

### 23 Capital Expenditure and Financial Investment

	2014 £000
Purchase of tangible fixed assets	(1,814)
Capital grants from DfE/EFA	1,433
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(381)</b>

### 24 Analysis of Changes in Net Funds

	As at 14 March 2013 £000	Cash flows £000	As at 31 August 2014 £000
Cash at bank and in hand	-	2,799	2,799
	-	2,799	2,799

### 25 Contingent Liabilities

There are no contingent liabilities.

### 26 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

### 27 Pension and Similar Obligations

The academies 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 West Yorkshire Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £10,962 were payable to the schemes at 31 August 2014 and are included within creditors.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 27 Pension and Similar Obligations (continued)

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' 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 actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48 of pensionable pay (including a 0.08% employer administration charge (currently 14.1%) ;
- Total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>)

##### Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design of a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 27 Pension and Similar Obligations (continued)

#### Teachers' Pension Scheme Changes (continued)

normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academies trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £1.039 million, of which employer's contributions totalled £0.780 million and employees' contributions totalled £0.259 million. The agreed contribution rates for future years are 15.4 per cent for employers and a varied scale rate depending on salary bands of 5.5% to 7.5% for employees.

All the academies within the academies trust are members of the West Yorkshire Pension Fund

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

#### Principal Actuarial Assumptions (%age per annum)

	<b>As at 31 August 2014</b>
Rate of increase to deferred pensions	2.10%
Rate of general increase in salaries	3.60%
Rate of Increase to pensions in payment	2.10%
Rate of revaluation of pension accounts	2.10%
Discount Rate for scheme liabilities	3.70%
CPI Inflation	2.10%
RPI Inflation	3.10%

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 27 Pension and Similar Obligations (continued)

#### Sensitivity analysis

The report prepared by the actuary does not provide advice on the sensitivity of the results to key assumptions.

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies resulting from these mortality assumptions are below:

	As at 31 August 2014
<b>Retiring Today</b>	
Males	22.5
Females	25.4
<b>Retiring in 20 years</b>	
Males	24.7
Females	27.7

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £000
Equities	7.50%	5,933
Property	6.80%	261
Government Bonds	2.90%	814
Corporate Bonds	3.30%	411
Cash	1.10%	308
Other	7.50%	173
<b>Total market value of assets</b>	6.50%	<b>7,900</b>
Present value of scheme liabilities		
- Funded		(10,601)
<b>Deficit in the scheme</b>		<b>(2,701)</b>

A building block approach is employed in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2014.

The actual return on scheme assets was £678,000

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 27 Pension and Similar Obligations (continued)

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

	<b>2014</b>
	<b>£000</b>
Current Service Cost (net of employee contributions)	(933)
Past Service Cost	-
<b>Total Operating Charge</b>	<b><u>(933)</u></b>
 <b>Analysis of pension finance income</b>	
Expected return on pension scheme assets	597
Interest on pension liabilities	(508)
<b>Pension finance income</b>	<b><u>89</u></b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,049,000.

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

	<b>2014</b>
	<b>£000</b>
<b>At 1 April 2013</b>	<b>(6,591)</b>
Current Service Costs	(933)
Interest	(508)
Employer Contributions	-
Employee Contributions	(259)
Net benefits paid out of the fund	160
Actuarial Losses/gains	(1,130)
Expected Return	-
Net increase in liabilities from acquisitions	(1,340)
 <b>At 31 August 2014</b>	<b><u>(10,601)</u></b>

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 27 Pension and Similar Obligations (continued)

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

	<b>2014 £000</b>
<b>At 1 April 2013</b>	<b>5,277</b>
Current Service Costs	-
Interest	-
Employer Contributions	780
Employee Contributions	259
Net benefits paid out of the fund	(160)
Net increase in assets from acquisitions	1,066
Actuarial gains on assets	81
Expected Return on assets	597
<b>At 31 August 2014</b>	<b><u>7,900</u></b>

The estimated value of employer contributions for the period ended 31 August 2015 is £0.5 million.

### The five-year history of experience adjustments

The history of experience adjustments will be built up over time and once complete will show the current period and previous four periods. The current experience adjustments reflect the period since the trust joined the pension scheme and are as follows:

	<b>2014 £000</b>
Present value of defined benefit obligations	(10,601)
Fair value of share of scheme assets	7,900
<b>Deficit in the scheme</b>	<b><u>(2,701)</u></b>
<b>Experience adjustments on share of scheme assets:</b>	
Amount £000	<b>81</b>
<b>Experience adjustments on scheme liabilities:</b>	
Amount £000	<b>0</b>

The LGPS obligation relates to the employees of Pontefract Academies Trust, who were the employees transferred as part of the conversion from maintained school and new employees who were eligible to, and did, join the pension schemes in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and Pontefract Academies Trust at the balance sheet date.

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 28 Related Party Transactions

Owing to the nature of the academies trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

- The Headteacher of Balby Carr Community College in the period of account is the Husband of J A Craig, Trustee and CEO of Pontefract Academies Trust. The college was provided support through the provision of an Education Support Assistant employed by The King's School at full cost recovery during the summer term 2013. The amount of income recovered for this service was £7,747;
- J Gough, Member and Trustee of Pontefract Academies Trust is also the Chair of Governors at Pontefract New College. The college has provided sports provision for pupils at two academies within the Trust at a total cost of £3,000. The Trust has received income from the College totaling £1,272 for joint improvement activities;
- A Robinson, a Governor at The Kings School is also a Director for the Davison and Robinson Group. Davison and Robinson Group provided fresh fruit and vegetables fresh and frozen products, water and soft drinks to both The Kings School and Carleton Community College at a total cost of £64,219. This provision is part of a range of providers utilised by the schools and was procured as part of a tender process prior to conversion;
- G Lindley, former Headteacher of Halfpenny Lane J&I School is connected to the company trading as Phil the Stripe. Phil the Stripe provided signage to Halfpenny Lane J&I School totaling £1,035.

### 29 Events after the balance sheet date

The Trust has no post balance sheet events to report.

### 30 Conversions to an Academy Trust

During the accounting period, the following schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Pontefract Academies Trust from Wakefield M D Council which they were maintained by for £nil consideration:

Converted Schools	Conversion Date
Carleton Community High School	1 April 2013
Carleton Park J&I School	1 December 2013
De Lacy Primary School	1 October 2013
Halfpenny Lane J&IN School	1 April 2013
Larks Hill J&I School	1 April 2013
Orchard Head J&IN School	1 April 2013
The King's School	1 April 2013
The Rookeries, Carleton J&I School	1 April 2013

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

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.



# Pontefract Academies Trust

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 30 Conversions to an Academy Trust (continued)

#### (a) Carleton Community High School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	7,391	7,391
Other tangible fixed assets	-	-	472	472
Budget surplus on LA Funds	116	-	-	116
Budget surplus on other school funds	70	-	-	70
LGPS pension deficit	-	(467)	-	(467)
<b>Net assets</b>	<b>186</b>	<b>(467)</b>	<b>7,863</b>	<b>7,582</b>

The above net assets include £186k that were transferred as cash

#### (b) Carleton Park Junior & Infants School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	1,210	1,210
Other tangible fixed assets	-	-	35	35
Budget surplus on LA Funds	28	-	-	28
Budget surplus on other school funds	5	-	-	5
LGPS pension deficit	-	(96)	-	(96)
<b>Net assets</b>	<b>33</b>	<b>(96)</b>	<b>1,245</b>	<b>1,182</b>

The above net assets include £33k that were transferred as cash

#### (c) De Lacy Primary School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Leasehold land and buildings	-	-	1,845	1,845
Other tangible fixed assets	-	-	69	69
Budget surplus on LA Funds	20	-	-	20
Budget surplus on other school funds	2	-	-	2
LGPS pension deficit	-	(178)	-	(178)
<b>Net assets</b>	<b>22</b>	<b>(178)</b>	<b>1,914</b>	<b>1,758</b>

The above net assets include £22k that were transferred as cash

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 30 Conversions to an Academy Trust (continued)

#### (d) Halfpenny Lane Junior, Infants, and Nursery School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	3,114	3,114
Other tangible fixed assets	-	-	47	47
Budget surplus on LA Funds	118	-	-	118
Budget surplus on other school funds	2	-	-	2
LGPS pension deficit	-	(156)	-	(156)
Net assets	120	(156)	3,161	3,125

The above net assets include £120k that were transferred as cash

#### (e) Larks Hill Junior and Infants School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	1,604	1,604
Other tangible fixed assets	-	-	32	32
Budget surplus on LA Funds	107	-	-	107
Budget surplus on other school funds	10	-	-	10
LGPS pension deficit	-	(103)	-	(103)
Net assets	117	(103)	1,636	1,650

The above net assets include £117k that were transferred as cash

#### (f) Orchard Head Junior, Infants, and Nursery School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	1,969	1,969
Other tangible fixed assets	-	-	30	30
Budget deficit on LA Funds	(31)	-	-	(31)
Budget surplus on other school funds	1	-	-	1
LGPS pension deficit	-	(116)	-	(116)
Net assets	(30)	(116)	1,999	1,853

The above net assets include a £30k reduction deducted in cash

## Notes to the Financial Statements for the Period Ended 31 August 2014 (continued)

### 30 Conversions to an Academy Trust (continued)

#### (g) The King's School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	6,721	6,721
Other tangible fixed assets	-	-	278	278
Budget surplus on LA Funds	505	-	-	505
LGPS pension deficit	-	(421)	-	(421)
Net assets	505	(421)	6,999	7,083

The above net assets include £505k that were transferred as cash

#### (h) The Rookeries, Carleton Junior and Infants School

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed	
	£000	Funds	Asset	Total
	£000	£000	Funds	£000
Freehold land and buildings	-	-	1,567	1,567
Other tangible fixed assets	-	-	43	43
Budget surplus on LA Funds	131	-	-	131
Budget surplus on other school funds	5	-	-	5
LGPS pension deficit	-	(51)	-	(51)
Net assets	136	(51)	1,610	1,695

The above net assets include £136k that were transferred as cash