

Registration number: 08727883

# Preston Primary Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2021

**PRESTON PRIMARY ACADEMY TRUST**  
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**PRESTON PRIMARY ACADEMY TRUST**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	M Kerrigan A Miller A Weston Bath and Wells DBE Trust
<b>Trustees (Directors)</b>	B Green, Chief Executive Officer & Accounting Officer M Kerrigan, Chair of Trustees D Kirby P Levey P Murley L Orton S Schaffer
<b>Senior Management Team</b>	B Green, Chief Executive Officer C Hodgson, Head teacher - Preston Primary School D Glentworth, Head teacher - Kingfisher (from 1 September 2020) L Talmage, Head teacher - Manor Court L Talmage, Head teacher (interim) - Countess Gytha (until 31 August 2021) D Gordon, Head teacher - Countess Gytha (from 1 September 2021) L Thompson, Head teacher - North Cadbury A Draper, Chief Financial Officer L Hayward, Head teacher - Middlezoy/Othery T Doughty Davis, Head teacher - Huish Episcopi J St John, Head teacher - Hambridge
<b>Principal and Registered Office</b>	Preston C of E Primary School The Toose Abbey Manor Park Yeovil Somerset BA21 3SN
<b>Company Registration Number</b>	08727883
<b>Auditors</b>	Albert Goodman LLP Goodwood House Blackbrook Park Avenue Taunton TA1 2PX
<b>Bankers</b>	Lloyds Bank Plc 9 High Street Yeovil BA20 1RN

## **PRESTON PRIMARY ACADEMY TRUST**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Preston Primary Academy Trust ("PPAT") is a Multi Academy Trust currently comprising of nine primary schools.

- Preston C of E Primary School which caters for children from reception to year 6. On 1 November 2013 Preston C of E Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Somerset County Council.
- Kingfisher Primary School which opened on 1 September 2016 is a 2-11 provision and currently caters for Nursery, reception, year 1, year 2, year 3, year 4 and year 5 aged children only. Kingfisher moved to its new site on 1 September 2018 and will continue to grow, adding at least one reception class each academic year.
- Manor Court Primary School joined the Trust on 1 September 2018 and caters for children from reception to year 6.
- Countess Gytha Primary joined on 1 February 2019 and caters for children from reception to year 6.
- North Cadbury C of E Primary joined on 1 April 2019 and also caters for children from reception to year 6.
- Huish Episcopi Primary, Hambridge Primary, and Middlezoy Primary who cater for reception to year 6 pupils and Othery Primary School which is a 2-11 provision joined PPAT on 1 February 2021.

Having originally incorporated as Preston Primary School Academy Trust the Trust changed its name to Preston Primary Academy Trust on 9 October 2015 when it transitioned to a Multi Academy Trust.

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

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

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company registration number is 08727883.

The governors act as the trustees for the charitable activities of Preston Primary Academy Trust and are also the directors of the charitable company for the purposes of company law.

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

The Trust's principal activity is the operation of primary schools and to advance for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

##### ***Members' liability***

Each member (with the exception of Bath & Wells DBE Trust which is liable for £nil) of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

##### ***Trustees' indemnities***

The academy trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees. The Academy has indemnity insurance for trustees via RPA. The limit of indemnity is £10,000,000.

***Method of recruitment and appointment or election of Trustees***

The academy trust shall have the following trustees as set out in its articles of association and funding agreement:

- up to 4 Trustees appointed by members,
- the members may appoint 2 Staff Trustees through such process as they determine, provided that the total number of Trustees (including the Head Teacher) who are employees of the academy trust does not exceed one third of the total number of trustees,
- up to 5 Parent Trustees appointed under articles 53 to 58 of the Articles of Association,
- the Headteacher,
- Foundation Trustees as per article 51 of the Articles of Association.

Trustees will have a term of office of 4 years, except for the Headteacher appointed to serve as a trustee in which case the term of office shall be specified at the time of their appointment. A trustee may be re-appointed or re elected.

***Policies and procedures adopted for the induction and training of Trustees***

The academy trust buys the services of Somerset County Council who provide regular training events and bespoke training for governing bodies on request. All new trustees are given induction training as well as training relevant to the committees on which they will serve. Trustees are given access to an online Governor portal on the Somerset Learning Platform where they can access copies of policies, improvement plans, minutes and other documents they may need to undertake their role as trustees. An induction meeting also takes place with the CEO to outline vision, values and the ethos of the Trust.

A full review of Governance will take place in Spring 2022.

***Organisational structure***

The academy trust's management structure ensures the effective and efficient running of the academy. This consists of three levels: the Members, Trustees and the Headteacher and senior leadership teams in the schools. The aim of the management structure is to distribute responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting a development plan and budget, monitoring the Academy through close liaison with and reporting from the Chief Executive Officer and through personal observations by visits to the school, making major decisions about the strategic direction of the academy including capital expenditure and involvement in key staff appointments in consultation with the Chief Executive Officer.

The trustees are appointed in line with articles 50 to 58 within the Articles of Association. When appointing new trustees, the Trust Board recognises the need to have a wide range of skills amongst the trustees.

The senior leadership team is led by the Chief Executive Officer and she is supported by the School Heads, the Chair of Trustees and the Chief Financial Officer. These senior leaders manage the academy implementing the policies agreed by the trustees and reporting back to them on progress. The Chief Executive Officer, assisted by other key staff, is responsible for the authorisation of spending within agreed budgets and the appointment of staff.

The Chief Executive Officer is the Accounting Officer.

***Arrangements for setting pay and remuneration of key management personnel***

The board of trustees and the senior leadership team comprise the key management personnel of the academy trust in charge of directing and controlling, running and operating the academy trust on a day to day basis. All trustees give their time freely, except for those disclosed in note 10 of the accounts, who are remunerated for their role in the senior leadership team.

Details of trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay for key management personnel is reviewed annually in accordance with our Performance Management Policy and Pay Policy. The academy trust follows National School Teachers Pay and Conditions Document.

The Chief Executive Officer's review is undertaken externally. The information from this is then considered by a Remuneration and Pay Committee of Trustees.

Performance management for Headteachers at other schools within the Trust is reviewed annually by the Chief Executive Officer with the support of the Local Governing Body.

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

There are no related parties that either control or significantly influence the decisions and operations of Preston Primary Academy Trust. There are Parent Teacher Associations at each school whose purpose is to raise funds for use by the children attending the school.

**Objectives and activities**

***Objects and aims***

The main objectives of the academy during the year ended 31 August 2021 were:

- to deliver high quality education and care to all pupils within the Trust;
- to maintain the high standard of achievement of all pupils;
- to include and meet the needs of all pupils;
- to provide value for money.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and transparency;
- to ensure that Covid 19 constraints did not (as much as possible) hinder children's learning, progress and well being.

***Objectives, strategies and activities***

As detailed in our prospectus, the main aims of the Academy are:

- to create a safe and stimulating environment, providing a learning experience which meets the needs of all;
- to enable children to develop as independent, motivated learners with creative enquiring minds, building transferable skills for adult life;
- to help children to care for and respect themselves, the community, other cultures and the environment;
- to encourage children to be happy and healthy, both physically and emotionally, and to practise a healthy and safe lifestyle.

**PRESTON PRIMARY ACADEMY TRUST**

**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)**

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***Public benefit***

The academy trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

**STRATEGIC REPORT**

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**Achievements and performance**

Despite continuing interruptions due to Covid 19, the year ending August 21 was positive with higher than National average pupil attendance rates, keen children, and 'joy' at returning to some type of normality when it was possible.

At the start of the year, our five schools demonstrated strong academic standards and good financial management. We were not certain of the growth that came to follow. The new schools (previously TLAT) who joined in February quickly become members of the Team and shared the same PPAT high aspirations for the children in their care. Changes to Leadership in three of the schools aided the integration process. Strong Leadership at Huish Episcopi Primary School and a very positive Ofsted inspection, meant that much of the school improvement and compliance focus could be centred on Hambridge, Middlezoy and Othery. Local Governance was reviewed to enable a 'fresh start' to Governance where necessary. (Previous Board Members of TLAT were no longer members of Local Boards) Aspiring Headteachers across PPAT were then ready to take on the challenge of improving all aspects of the incoming schools where necessary. It is wonderful to see the difference that has been made to educational provision and financial processes and stability from February to August 2021.

COVID remained prevalent throughout this year, but our schools operated with as little disruption to children and families as possible. Each school monitored the situation carefully and introduced further precautions as necessary. There was little in the way of closures.

As last year, National Tests were not required in 2021, but rigorous internal assessments were used to gain valid data regarding attainment. As you can see from the Attainment Summary 2020-2021, standards across the Trust remain high (despite restrictions) and show real consistency in terms of expectations and outcomes. We are particularly pleased with the percentage of pupils reaching higher levels of attainment across the Trust, demonstrating real challenge. Our schools are in a very strong position academically in comparison with National results for 2019.

We have a full complement of staff and strong Leadership in each school from September 21. Arrangements put in place for interim Leadership at Countess Gytha worked well this year and allowed a suitable substantive Head teacher to be recruited. The recruitment of the highest quality staff remains key to securing the best provision for children and will not be compromised. The new Headteacher at Countess Gytha, Dave Gordon, was able to spend time during the summer term to make an excellent start getting to know his school and the local community.

Luke Talmage, Head of Manor Court has been chosen to be a Member of The Local Authority Somerset Education Board. This will develop the Trust's links with the LA.

Our Curriculum throughout the year has focused on bridging any gaps in core curriculum areas following virtual learning periods. All schools were keen to continue the widening of the Curriculum as restrictions were lifted at points during the year. Trips and visits recommenced in the Summer Term. The emotional wellbeing and safeguarding of our pupils have been a high priority throughout the year. During the year, our Trust has continued to support other schools and Trusts where possible to enhance educational provision for a wider group of children. We have also supported the recruitment and definition of the role of new CEOs in the Clifton Diocese.

Governance: We have continued to push forward our focus on Governance this academic year as virtual meetings can sometimes feel less interactive. We want to provide the most effective practice. A full review of Governance across the Trust will take place in Spring 2022.



**PRESTON PRIMARY ACADEMY TRUST**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)**

**STRATEGIC REPORT**

The following table represents Preston Primary Academy Trust's performance in the academic year 2020-2021. It includes outcomes in key areas of attainment for Year 1, Year 2 and Year 6 pupils against 2019 National outcomes. (GD- % achieving at greater depth)  
 Our schools are performing above National averages

**Paragraph with Title 1 style Preston Primary Academy Trust - Attainment Summary 2020 - 2021**

School Name	National 2019	Preston	Kingfisher	Manor Court	Countess Gytha	North Cadbury	Hambridge	Huish Episcopi	Middlezoy & Othery
EYFS (Reception GLD)	71%	83%	77%	74%	84%	85%	82%	81%	88%
Year 1 Phonics	82%	90%	93%	82%	81%	89%	83%	93%	83%
Year 2 Reading	75% GD 25%	92%	90%	84%	81%	91%	80%	71%	78%
Year 2 Writing	69% GD 15%	92%	90%	84%	81%	91%	80%	71%	78%
Year 2 Maths	76% GD 22%	93%	90%	84%	81%	91%	87%	71%	78%
Year 2 Combined	-	87%	86%	84%	81%	91%	80%	63%	78%
Year 6 Reading	73% GD 27%	97% GD 56%	N/A	84% GD 24%	88% GD 38%	88% GD 47%	88% GD 64%	100% GD 33%	94% GD 31%
Year 6 Writing	78% GD 20%	95% GD 48%	N/A	81% GD 17%	88% GD 38%	88% GD 47%	84% GD 28%	92% GD 29%	81% GD 19%
Year 6 Maths	79% GD 27%	97% GD 54%	N/A	84% GD 17%	88% GD 44%	88% GD 47%	88% GD 36%	92% GD 33%	81% GD 12%
Year 6 Combined	65% GD 11%	95% GD 37%	N/A	79% GD 12%	81% GD 31%	88% GD 47%	84% GD 32%	88% GD 21%	81% GD 6%
Year 6 SPAG	78%	96% GD 65%	N/A	81% GD 28%	88% GD 50%	88% GD 47%	92% GD 64%	88% GD 33%	94% GD 19%

**STRATEGIC REPORT**

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**Covid-19**

As detailed in our Strategic Report the Trust continued to deliver a high quality education to all children during the lockdown period.

The change of IT provision enabled staff to work effectively from home which ensured the Trusts business and financial operations continued effectively.

Remote learning for pupils was of a high quality and was praised by parents in subsequent surveys of provision during this time.

Individual school allocation for Covid catch up funding (£116k) has been appropriately allocated to each school for the benefit of the children funds were intended for. It was decided by Headteachers at LGBs to use existing staff to deliver catch up programmes and booster sessions. We did not choose to take part in the National Tutoring Programme as we felt this would be less effective.

The Trusts finances were not materially affected by the virus control measures, this is as a result of our ongoing strategic planning.

Although the Covid virus has been prevalent across the Trust, in terms of pupils and staff, we have been able to keep our schools operational to avoid disruption to childrens learning and parents. Being part of a larger group meant we could support each setting when staffing was affected. Pupils have returned to school eager to learn and where 'catch up 'is required, this has been put in place.

***Going concern***

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

**PRESTON PRIMARY ACADEMY TRUST**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)**

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**STRATEGIC REPORT**

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**Financial review**

The majority of the academy trust's funding is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants. This funding is recognised as restricted due to its specific purposes. Any ESFA funding received for fixed assets is shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the academy trust's accounting policies.

The academy trust also receives grants from Somerset County Council for Individually Assigned Resources to support pupils who are eligible for SEN funding. These grants are treated as restricted income.

During the year the academy trust had income of £8,532,940 (after adjusting for The Levels Academy Trust transferring into the Trust of £3,354,572) (2020: £5,853,553) and incurred expenditure of £8,483,129 (2020: £6,633,360) which, together with an actuarial pension fund deficit of £512,000 (2020: deficit £1,253,000), results in a net decrease in funds of £462,189 (2020: net adjusted decrease £2,032,807). By fund these figures are broken down as:

- Unrestricted income, generated through activities such as educational trips and clubs, of £281,101 less attributable expenditure, including transfers, of £353,490 to leave a deficit of £72,389.
- Restricted income of £7,610,165 less expenditure, transfers and pension adjustments of £8,191,180 to leave deficit of £581,015.
- Restricted fixed asset income of £641,674 less expenditure and transfers of £450,459 to leave a surplus of £191,215.

***Reserves policy***

The academy trust aims to carry forward a prudent level of resources from the General Annual Grant, the general non-GAG restricted fund and the general unrestricted fund to cover the medium and long-term needs for renewal and replacement, for major unforeseen contingencies and to contribute to major capital developments. The trustees have identified the requirement to hold an amount which is the equivalent to one month's salary costs, which currently amounts to circa £567k. The Trust used £74k of its reserves to upgrade IT provision and £44k to upgrade buildings and facilities across Manor Court, Hambridge, Middlezoy and Othery from their individual school reserves.

The current level of reserves are in excess of the policy, however, there are a number of capital projects in progress which the Trust intends to contribute in excess of £225k (capital works at Middlezoy/Othery and Huish Episcopi), as well as other projects to improve school buildings and classrooms, IT and play equipment. We will apply for all appropriate CIF and other funding opportunities to support these.

## STRATEGIC REPORT

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### *Investment policy*

The trustees review the financial position of the academy quarterly and future demands for cash flow and any possible investment opportunities are discussed and the decision made appropriately.

Trustees are firmly committed to ensuring that all funds under their control are administered in such a way as to maximize return while minimising risk. Trustees do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the board.

The approval of the full board of trustees is required before any investment is made.

### *Principal risks and uncertainties*

**Income and Pupil Numbers** - The main risks and uncertainties faced by the academy relates to future income. The academy trust is funded mainly from the ESFA, which is based on pupil numbers. Future pupil numbers are difficult to predict with a great degree of accuracy and this therefore results in an element of uncertainty surrounding future financing. The academy believes the local parental preference is sufficient to attract the appropriate level of funding and future projections anticipate an increase in demand for places. Pupil numbers have remained stable throughout 2020/21.

**Reputational Risk** - The continuing success of the academy trust depends on maintaining the highest educational standards in order to continue to attract applicants in sufficient numbers. Trustees are clearly focused on monitoring and reviewing the achievement and success of pupils.

**Fraud/Mismanagement** - The academy appointed Education Financial Services as an internal audit function for 2020/21 to carry out checks on the financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

**Cash Flow** - The academy considers that it has sufficient cash reserves for normal day-to-day operations.

### **Fundraising**

Fundraising for the academy is completed only by the PTA. We do not use professional fundraisers. We monitor all fundraising activities within the Trust to ensure that they conform to the recognised standards and do not put undue pressure on any member of the public.

### **Funds held as Custodian Trustee on behalf of others**

The academy and its Trustees do not act as the Custodian Trustees of any other Charity.

### **Auditor**

Insofar as the Trustees are aware:

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

PRESTON PRIMARY ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

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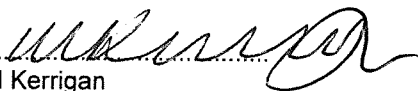
STRATEGIC REPORT

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***Reappointment of auditor***

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Albert Goodman LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The trustees' report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 22.11.21 and signed on its behalf by:

  
.....  
M Kerrigan  
Trustee

## PRESTON PRIMARY ACADEMY TRUST

### GOVERNANCE STATEMENT

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#### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to B Green, Chief Executive Officer & Accounting Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Preston Primary Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Kerrigan	6	6
B Green	6	6
P Levey	6	6
L Orton	6	6
P Murley	6	6
D Kirby	6	6
S Schaffer	6	6

#### Governance reviews

The Trust has commissioned an external Governance Review to take place in 21/22.

The Board has one vacancy. The Board are actively looking to recruit a new Trustee with the skills required.

The Board and Audit and Finance Committee continued to meet virtually and in person during 20/21 which allowed them to continue as normal throughout this period. They also met in extraordinary meetings virtually to manage the proposal from the ESFA to take a 4 school Trust into PPAT.

The Board and Audit and Finance Committee received monthly, detailed financial management accounts which ensured they were aware of the financial position of the Trust throughout the year. They also received termly CEO reports giving details of pupil data and the performance of each school in the Trust.

The Board of Trustees and Local Governing Bodies carry out annual skills audits and these were last carried out at the end of the 20/21 academic year. The Board of Trustees also asked each Local Governing Body to prepare a review of their effectiveness, including areas such as training and governor visits. Neither of these exercises showed any areas for concern and these processes will be refined in future years.

**PRESTON PRIMARY ACADEMY TRUST**  
**GOVERNANCE STATEMENT (CONTINUED)**

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The Audit and Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee the finances, personnel and premises of the Academy Trust. Attendance at meetings during the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
P Levey	4	4
B Green	4	4
M Kerrigan	4	4
L Orton	4	4
D Kirby	4	4

**Review of value for money**

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- The 4 schools who joined the Trust in February 2021 migrated to the Trust IT provision. This enabled finance staff to work remotely and work across more than 1 school - thus achieving high quality staffing within the smaller schools budgets.
- Staffing levels are reviewed on an ongoing basis to ensure best use and value is achieved from both teaching and support staff at both School and Trust level
- The appointment of a highly qualified Trust SENCO has resulted in top quality SEN provision for our smaller schools, along with the support available to Head Teachers when they require it.
- The ex Levels Academy Trust schools have moved from a reliance on the provision of many historic County provided services to Trust procured services (Risk Management, Reprographics/Printing, Grounds Management, ICT Support and Security provision/management)

**The purpose of the system of internal control**

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

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**PRESTON PRIMARY ACADEMY TRUST**  
**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Education Financial Services as internal auditor

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

- A review of the General Operations and Payroll
- A review of Purchasing and Income

These took place in July 2021

On an annual basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

**Review of effectiveness**

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

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

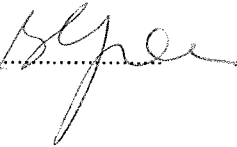
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

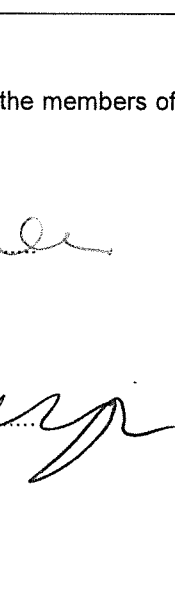


**PRESTON PRIMARY ACADEMY TRUST  
GOVERNANCE STATEMENT (CONTINUED)**

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Approved by order of the members of the Board of Trustees on 22.11.21 and signed on its behalf by:

  
.....  
B Green  
Trustee

  
.....  
M Kerrigan  
Trustee

**PRESTON PRIMARY ACADEMY TRUST**  
**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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

  
.....  
B Green, Chief Executive Officer & Accounting Officer  
Accounting officer

Date: 22.11.21.....

**PRESTON PRIMARY ACADEMY TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

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

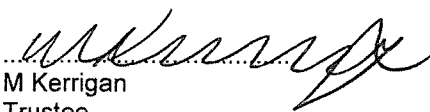
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 22.11.21 and signed on its behalf by:

  
M Kerrigan  
Trustee

## **PRESTON PRIMARY ACADEMY TRUST**

### **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRESTON PRIMARY ACADEMY TRUST**

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#### **Opinion**

We have audited the financial statements of Preston Primary Academy Trust (the 'Academy') for the year ended 31 August 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

#### **Basis for opinion**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## PRESTON PRIMARY ACADEMY TRUST

### INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRESTON PRIMARY ACADEMY TRUST (CONTINUED)

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 17], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

**PRESTON PRIMARY ACADEMY TRUST**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
PRESTON PRIMARY ACADEMY TRUST (CONTINUED)**

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

**The extent to which the audit was considered capable of detecting irregularities including fraud**

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Academy through discussions with trustees and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Academy, including the Companies Act 2006, Academies Accounts Direction 2020 to 2021, Charities SORP 2019, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

**PRESTON PRIMARY ACADEMY TRUST**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
PRESTON PRIMARY ACADEMY TRUST (CONTINUED)**

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There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of our report**

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

*Albert Goodman LLP*

Robert Oram BFP FCA (Senior Statutory Auditor)  
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House  
Blackbrook Park Avenue  
Taunton  
TA1 2PX

Date: 21/12/21.....

**PRESTON PRIMARY ACADEMY TRUST**  
**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY**

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

This report is made solely to Preston Primary Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Preston Primary Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Preston Primary Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of the Board of Trustees' funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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



**PRESTON PRIMARY ACADEMY TRUST**

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY (CONTINUED)**

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The work undertaken to draw to our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2020);
- A review of the governance policies and procedures with specific consideration of financial planning, monitoring and control;
- Gaining assurance that the lines of delegation and the limits set both internally by the academy and by ESFA have been adhered to;
- A review of all meeting minutes of the board trustees;
- An examination of financial transactions to identify any unusual items which may be improper; and
- A review of the declaration of interests completed by the trustees.

**Conclusion**

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

*Robert Oram*

Robert Oram BFP FCA

For and on behalf of Albert Goodman LLP, Chartered Accountants

Goodwood House  
Blackbrook Park Avenue  
Taunton  
TA1 2PX

Date: *2/12/21*

PRESTON PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2020/21 Total £
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants					
	2	15,700	8,357	641,674	665,731
		216,923	(2,027,463)	5,165,112	3,354,572
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations					
	3	-	7,601,808	-	7,601,808
	4	265,239	-	-	265,239
	5	162	-	-	162
		<u>498,024</u>	<u>5,582,702</u>	<u>5,806,786</u>	<u>11,887,512</u>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations					
	7	<u>257,341</u>	<u>7,717,143</u>	<u>508,645</u>	<u>8,483,129</u>
		240,683	(2,134,441)	5,298,141	3,404,383
		(96,149)	37,963	58,186	-
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes					
	25	<u>-</u>	<u>(512,000)</u>	<u>-</u>	<u>(512,000)</u>
		144,534	(2,608,478)	5,356,327	2,892,383
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2020					
		<u>485,104</u>	<u>(4,540,643)</u>	<u>14,155,927</u>	<u>10,100,388</u>
Total funds/(deficit) carried forward at 31 August 2021					
		<u><u>629,638</u></u>	<u><u>(7,149,121)</u></u>	<u><u>19,512,254</u></u>	<u><u>12,992,771</u></u>

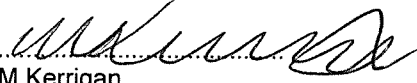
PRESTON PRIMARY ACADEMY TRUST  
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2019/20 Total £
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	16,482	2,694	68,886	88,062
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,509,463	-	5,509,463
Other trading activities	4	255,340	-	-	255,340
Investments	5	688	-	-	688
<b>Total</b>		<b>272,510</b>	<b>5,512,157</b>	<b>68,886</b>	<b>5,853,553</b>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	160,197	6,064,503	408,660	6,633,360
Net income/(expenditure)		112,313	(552,346)	(339,774)	(779,807)
Transfers between funds		(29,776)	(23,028)	52,804	-
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	25	-	(1,253,000)	-	(1,253,000)
Net movement in funds/(deficit)		82,537	(1,828,374)	(286,970)	(2,032,807)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2019		402,567	(2,712,269)	14,442,897	12,133,195
Total funds/(deficit) carried forward at 31 August 2020		485,104	(4,540,643)	14,155,927	10,100,388

**PRESTON PRIMARY ACADEMY TRUST**  
**(REGISTRATION NUMBER: 08727883)**  
**BALANCE SHEET**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	12	19,348,391	14,302,304
<b>Current assets</b>			
Debtors	13	163,145	145,566
Cash at bank and in hand		<u>2,210,269</u>	<u>986,572</u>
		2,373,414	1,132,138
Creditors: Amounts falling due within one year	14	<u>(485,237)</u>	<u>(422,054)</u>
Net current assets		<u>1,888,177</u>	<u>710,084</u>
Total assets less current liabilities		21,236,568	15,012,388
Creditors: Amounts falling due after more than one year	15	<u>(39,797)</u>	-
Net assets excluding pension liability		21,196,771	15,012,388
Pension scheme liability	25	<u>(8,204,000)</u>	<u>(4,912,000)</u>
Net assets including pension liability		<u>12,992,771</u>	<u>10,100,388</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		(7,149,121)	(4,540,643)
Restricted fixed asset fund		<u>19,512,254</u>	<u>14,155,927</u>
		12,363,133	9,615,284
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>629,638</u>	<u>485,104</u>
Total funds		<u>12,992,771</u>	<u>10,100,388</u>

The financial statements on pages 24 to 54 were approved by the Trustees, and authorised for issue on 22.11.21 and signed on their behalf by:

  
M Kerrigan  
Trustee

**PRESTON PRIMARY ACADEMY TRUST**  
**STATEMENT OF CASH FLOWS**

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	<b>Note</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	897,867	21,642
Cash flows from investing activities	21	280,488	(396,965)
Cash flows from financing activities	20	<u>45,342</u>	<u>-</u>
Change in cash and cash equivalents in the year		1,223,697	(375,323)
Cash and cash equivalents at 1 September		<u>986,572</u>	<u>1,361,895</u>
Cash and cash equivalents at 31 August	22	<u><u>2,210,269</u></u>	<u><u>986,572</u></u>

## PRESTON PRIMARY ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

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

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

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

##### **Going concern**

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

##### **Income**

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

##### **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

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**1 Accounting policies (continued)**

***Sponsorship income***

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

***Donations***

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

***Other income***

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

***Donated goods, facilities and services***

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

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

***Expenditure***

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

All resources expended are inclusive of irrecoverable VAT.

***Expenditure on raising funds***

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

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

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**1 Accounting policies (continued)**

***Charitable activities***

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

**Tangible fixed assets**

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, per the table below. Where an asset comprises of two or more components which have substantially different useful lives, each component is depreciated separately over its useful economic life.

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

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Long leasehold land	125 years
Long leasehold buildings	50 years
Property improvements	15-50 years
Fixtures and fittings	5 years
ICT equipment	4 years

**Liabilities**

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



**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

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**1 Accounting policies (continued)**

***Provisions***

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

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

***Leased assets***

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

***Taxation***

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

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

**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

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**1 Accounting policies (continued)**

**Pension benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

1 Accounting policies (continued)

**Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2020/21 Total £	2019/20 Total £
<b>Other voluntary income</b>					
Capital grants					
DfE/ESFA	-	-	641,674	641,674	68,886
Other donations	15,700	8,357	-	24,057	19,176
	<u>15,700</u>	<u>8,357</u>	<u>641,674</u>	<u>665,731</u>	<u>88,062</u>

3 Funding for the Academy Trust's educational operations

	Restricted funds £	2020/21 Total £	2019/20 Total £
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	5,638,513	5,638,513	4,296,476
Other DfE/ESFA grants	528,080	528,080	252,301
UIFSM	274,493	274,493	181,202
Rates	32,733	32,733	32,313
Pupil Premium	355,896	355,896	273,146
PE Grant	117,577	117,577	89,470
	<u>6,947,292</u>	<u>6,947,292</u>	<u>5,124,908</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

3 Funding for the Academy Trust's educational operations (continued)

	Restricted funds £	2020/21 Total £	2019/20 Total £
<b>Other government grants</b>			
Other Government grants	-	-	1,347
Early Years Funding	371,820	371,820	313,149
Individually assigned resources	144,897	144,897	61,776
Covid catch up premium	115,960	115,960	-
	<u>632,677</u>	<u>632,677</u>	<u>376,272</u>
<b>Non-government grants and other income</b>			
Non Government grants	21,839	21,839	8,283
Total grants	<u>7,601,808</u>	<u>7,601,808</u>	<u>5,509,463</u>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The catch up premium income, associated expenditure and carried forward balance to be spent in 2021-22 is detailed in the Funds note.

4 Other trading activities

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Facilities and services income	256,815	256,815	247,843
Educational trips and activities	4,017	4,017	7,497
Other income	4,407	4,407	-
	<u>265,239</u>	<u>265,239</u>	<u>255,340</u>

5 Investment income

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Short term deposits	162	162	688

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

6 Expenditure

	Non Pay Expenditure			2021 Total £	2020 Total £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations</b>					
Direct costs	5,068,435	-	321,310	5,389,745	4,492,491
Allocated support costs	1,503,838	1,066,967	522,579	3,093,384	2,140,869
	<u>6,572,273</u>	<u>1,066,967</u>	<u>843,889</u>	<u>8,483,129</u>	<u>6,633,360</u>
<b>Net income/(expenditure) for the year includes:</b>				<b>2020/21</b>	<b>2019/20</b>
				£	£
Operating lease rentals				12,706	13,577
Depreciation				517,802	420,813
Fees payable to auditor - audit				9,300	7,200
- other audit services				2,100	1,850
(Gain)/loss on disposal of fixed assets				-	3,900

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

7 Charitable activities

		2020/21 £	2019/20 £
Direct costs - educational operations		5,389,745	4,492,491
Support costs - educational operations		3,093,384	2,140,869
		<u>8,483,129</u>	<u>6,633,360</u>
	<b>Educational operations</b>	<b>2020/21 Total</b>	<b>2019/20 Total</b>
	£	£	£
<b>Analysis of direct costs</b>			
Teaching and educational support staff costs	5,068,435	5,068,435	4,194,430
Educational supplies	200,735	200,735	178,889
Staff development	18,226	18,226	10,252
Educational consultancy	51,119	51,119	28,441
Other direct costs	250	250	71
Technology costs	1,140	1,140	-
Trip costs	49,840	49,840	80,408
Total direct costs	<u>5,389,745</u>	<u>5,389,745</u>	<u>4,492,491</u>
	<b>Educational operations</b>	<b>2020/21 Total</b>	<b>2019/20 Total</b>
	£	£	£
<b>Analysis of support costs</b>			
Support staff costs	1,503,838	1,503,838	1,034,699
Depreciation	517,802	517,802	420,813
Recruitment and support	36,442	36,442	28,855
Rent, rates and utilities	125,722	125,722	106,962
Insurance	53,459	53,459	19,863
Catering	344,291	344,291	220,005
Maintenance of premises and equipment	384,889	384,889	196,269
Cleaning	38,554	38,554	43,526
Professional fees	79,009	79,009	30,355
Other support costs	4,687	4,687	36,146
Governance costs	4,691	4,691	3,376
Total support costs	<u>3,093,384</u>	<u>3,093,384</u>	<u>2,140,869</u>

PRESTON PRIMARY ACADEMY TRUST  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021  
(CONTINUED)

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**8 Staff**

**Staff costs**

	2020/21 £	2019/20 £
<b>Staff costs during the year were:</b>		
Wages and salaries	4,496,677	3,639,549
Social security costs	310,436	285,599
Operating costs of defined benefit pension schemes	<u>1,743,732</u>	<u>1,241,024</u>
	6,550,845	5,166,172
Supply staff costs	<u>21,428</u>	<u>62,957</u>
	<u><u>6,572,273</u></u>	<u><u>5,229,129</u></u>

**Staff numbers**

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

	2021 No	2020 No
<b>Charitable Activities</b>		
Teachers	89	70
Administration and support	200	146
Management	<u>7</u>	<u>2</u>
	<u><u>296</u></u>	<u><u>218</u></u>

**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

**8 Staff (continued)**

**Higher paid staff**

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

	<b>2021</b>	<b>2020</b>
	<b>No</b>	<b>No</b>
£60,001 - £70,000	1	-
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

**Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £743,546 (2020: £641,858).

**9 Central services**

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

- Chief Executive Officer
- Chief Financial Officer
- Other administrative salary costs
- Travel costs on the above

The academy trust charges for these services on the following basis:

Percentage of the GAG funding

The actual amounts charged during the year were as follows:

	<b>2021/20</b>	<b>2020/19</b>
	<b>£</b>	<b>£</b>
Preston C of E Primary School	111,945	96,300
Kingfisher Primary School	41,184	30,271
Manor Court Primary School	92,940	82,871
Countess Gytha Primary School	38,076	22,233
North Cadbury C of E Primary School	26,796	37,666
Huish Episcopi Primary School	25,774	-
Hambridge Primary School	20,720	-
Middlezoy/Othery Primary School	19,173	-
	<u>376,608</u>	<u>269,341</u>



**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

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**10 Related party transactions - trustees' remuneration and expenses**

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

B Green (Chief Executive Officer):

Remuneration: £90,000 - £95,000 (2020 - £85,000 - £90,000)

Employer's pension contributions: £20,000 - £25,000 (2020 - £15,000 - £20,000)

During the year ended 31 August 2021, travel and subsistence expenses totalling £Nil (2020 - £Nil) were reimbursed or paid directly to trustees (2020 - 0).

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

**11 Trustees' and officers' insurance**

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

**PRESTON PRIMARY ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)**

**12 Tangible fixed assets**

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Property improvements £	Total £
<b>Cost</b>						
At 1 September 2020	-	14,708,439	181,249	290,082	68,566	15,248,336
Additions	-	271,791	8,039	81,518	-	361,348
Transferred on conversion	3,874,151	1,036,036	220,446	71,907	-	5,202,540
At 31 August 2021	3,874,151	16,016,266	409,734	443,507	68,566	20,812,224
<b>Depreciation</b>						
At 1 September 2020	-	679,653	106,045	154,524	5,809	946,031
Charge for the year	39,086	355,320	47,307	74,820	1,269	517,802
At 31 August 2021	39,086	1,034,973	153,352	229,344	7,078	1,463,833
<b>Net book value</b>						
At 31 August 2021	3,835,065	14,981,293	256,382	214,163	61,488	19,348,391
At 31 August 2020	-	14,028,786	75,204	135,558	62,757	14,302,305

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

**13 Debtors**

	2021 £	2020 £
VAT recoverable	37,760	18,861
Prepayments and accrued income	125,385	126,705
	<u>163,145</u>	<u>145,566</u>

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

	2021 £	2020 £
Trade creditors	59,765	24,800
Other taxation and social security	95,042	59,112
Loans	5,546	-
Other creditors	131,481	89,548
Accruals and deferred income	193,403	248,594
	<u>485,237</u>	<u>422,054</u>

	2021 £	2020 £
<b>Deferred income</b>		
Deferred income at 1 September 2020	111,733	109,139
Resources deferred in the period	135,835	111,733
Amounts released from previous periods	<u>(111,733)</u>	<u>(109,139)</u>
Deferred income at 31 August 2021	<u>135,835</u>	<u>111,733</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals, and for school trips taking place in 2020/21.

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

	2021 £
Loans	<u>39,797</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

16 Funds

	Balance at 1 September 2020 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2021 £
<b>Restricted general funds</b>					
Other Local Authority Grant	105,244	393,661	(420,602)	-	78,303
General Annual Grant (GAG)	142,491	5,677,594	(5,105,601)	18,843	733,327
Other DfE/ESFA grants	95,443	594,267	(538,766)	49,068	200,012
Individually Assigned Resources	-	144,897	(144,897)	-	-
Other restricted funds	-	8,357	(8,357)	-	-
Pupil Premium	11,151	355,896	(352,997)	(1,890)	12,160
PE Grant	17,028	117,577	(75,470)	(28,058)	31,077
Covid catch up grant	-	115,960	(115,960)	-	-
UIFSM	-	274,493	(274,493)	-	-
Pension reserve	(4,912,000)	(2,100,000)	(680,000)	(512,000)	(8,204,000)
	<u>(4,540,643)</u>	<u>5,582,702</u>	<u>(7,717,143)</u>	<u>(474,037)</u>	<u>(7,149,121)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	13,208,024	5,165,112	(426,811)	(7,801)	17,938,524
DfE/ESFA capital grants	679,670	583,028	(16,163)	16,173	1,262,708
Capital expenditure from GAG	19,724	-	(5,619)	17,864	31,969
Capital expenditure from other restricted funds	248,509	58,646	(60,052)	31,950	279,053
	<u>14,155,927</u>	<u>5,806,786</u>	<u>(508,645)</u>	<u>58,186</u>	<u>19,512,254</u>
Total restricted funds	<u>9,615,284</u>	<u>11,389,488</u>	<u>(8,225,788)</u>	<u>(415,851)</u>	<u>12,363,133</u>
<b>Unrestricted funds</b>					
General	296,006	498,024	(248,183)	(96,149)	449,698
Capital expenditure	189,098	-	(9,158)	-	179,940
Total unrestricted funds	<u>485,104</u>	<u>498,024</u>	<u>(257,341)</u>	<u>(96,149)</u>	<u>629,638</u>
Total funds	<u>10,100,388</u>	<u>11,887,512</u>	<u>(8,483,129)</u>	<u>(512,000)</u>	<u>12,992,771</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

16 Funds (continued)

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

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
Other Local Authority Grant	135,076	322,659	(350,996)	(1,495)	105,244
General Annual Grant (GAG)	205,290	4,296,476	(4,383,300)	24,025	142,491
Other DfE/ESFA grants	160,455	284,734	(304,188)	(45,558)	95,443
Individually Assigned Resources	-	61,776	(61,776)	-	-
Other restricted funds	3,000	2,694	(5,694)	-	-
Pupil Premium	-	273,146	(261,995)	-	11,151
PE Grant	13,910	89,470	(86,352)	-	17,028
UIFSM	-	181,202	(181,202)	-	-
Pension reserve	<u>(3,230,000)</u>	<u>-</u>	<u>(429,000)</u>	<u>(1,253,000)</u>	<u>(4,912,000)</u>
	<u>(2,712,269)</u>	<u>5,512,157</u>	<u>(6,064,503)</u>	<u>(1,276,028)</u>	<u>(4,540,643)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	13,562,064	-	(350,588)	(3,452)	13,208,024
DfE/ESFA capital grants	657,343	36,162	(12,864)	(971)	679,670
Capital expenditure from GAG	2,366	-	(10,020)	27,378	19,724
Capital expenditure from other restricted funds	<u>221,124</u>	<u>32,724</u>	<u>(35,188)</u>	<u>29,849</u>	<u>248,509</u>
	<u>14,442,897</u>	<u>68,886</u>	<u>(408,660)</u>	<u>52,804</u>	<u>14,155,927</u>
Total restricted funds	<u>11,730,628</u>	<u>5,581,043</u>	<u>(6,473,163)</u>	<u>(1,223,224)</u>	<u>9,615,284</u>
<b>Unrestricted funds</b>					
General	370,120	272,510	(148,044)	(198,580)	296,006
Capital expenditure	<u>32,447</u>	<u>-</u>	<u>(12,153)</u>	<u>168,804</u>	<u>189,098</u>
Total unrestricted funds	<u>402,567</u>	<u>272,510</u>	<u>(160,197)</u>	<u>(29,776)</u>	<u>485,104</u>
Total funds	<u>12,133,195</u>	<u>5,853,553</u>	<u>(6,633,360)</u>	<u>(1,253,000)</u>	<u>10,100,388</u>

**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

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**16 Funds (continued)**

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

General Annual Grant (GAG) – Funding from the Education and Skills Funding Agency to support the education and running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Other DfE/ESFA grants – Grants from the Education and Skills Funding Agency to support PE and sport costs, pupils from low income families, Teacher Pension and Pay grant and universal infant free school meals.

Early years funding – Funding from Somerset County Council for children that have a specific requirement for additional support and for children attending nursery.

Individually assigned resources – A grant from the local authority to support costs associated with supporting pupils with special educational needs.

Other local authority grants – Funding from Somerset County

Pension Reserve – This fund represents the pension deficit for the Local Government Pension Scheme and its associated costs for the period.

Inherited Fixed Assets – Represents the building and equipment donated to the school from the County Council on conversion to an academy.

DfE/ESFA capital grants – This is funding from the DfE/ESFA to support capital projects undertaken by the academy.

Capital expenditure from GAG – This represents the amount of the General Annual Grant allocated towards capital expenditure during the period and its associated depreciation.

Capital expenditure from other restricted funds – This represents restricted funds allocated towards capital and the associated depreciation.

**PRESTON PRIMARY ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**  
**(CONTINUED)**

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**16 Funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2021 were allocated as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Preston C of E Primary School	720,322	370,357
Kingfisher Primary School	177,497	104,974
Manor Court Primary School	118,199	25,576
Countess Gytha Primary School	198,656	190,685
North Cadbury C of E Primary School	(56,552)	(24,229)
Huish Episcopi Primary School	246,173	-
Hambridge Primary School	45,023	-
Middlezoy/Othery Primary School	55,259	-
	<hr/>	<hr/>
Total before fixed assets and pension reserve	1,504,577	667,363
Restricted fixed asset funds	19,512,254	14,155,927
Unrestricted fixed asset fund	179,940	189,098
Pension reserve	(8,204,000)	(4,912,000)
	<hr/>	<hr/>
Total	12,992,771	10,100,388

North Cadbury C of E Primary School is carrying a net deficit of £56,552 on these funds because:

- A - The Trust supported the provision of an additional teacher during 20-21 to continue to aid the provision of outstanding education
- B - The Trust supported the provision on an additional Sports Learning Support Assistant to enhance the PE provision
- C - North Cadbury consultancy income was reduced by £13k as the planned 1 year/2 day secondment (Headteacher cover) ended in January 2021.

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

- 1 - The Academy has reduced to a 3 class structure which has resulted in a cost saving of £50k.
- 2 - The Trust continues to source and deliver Trust level procurement and provide savings to the school.
- 3 - The school has been pledged an anonymous donation of £40k in 2021/22.

**PRESTON PRIMARY ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)**

**16 Funds (continued)**

**Total cost analysis by academy**

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2021 £	Total 2020 £
Preston C of E Primary School	1,261,302	202,159	82,068	381,472	1,927,001	1,748,283
Kingfisher Primary School	555,510	131,373	25,966	127,423	840,272	705,601
Manor Court Primary School	1,242,326	199,279	25,065	269,571	1,736,241	1,745,922
Countess Gytha Primary School	453,853	106,227	19,007	119,629	698,716	784,922
North Cadbury C of E Primary School	379,321	69,248	17,471	67,600	533,640	533,798
Huish Episcopi Primary School	312,707	61,868	16,165	78,003	468,743	-
Hambridge Primary School	222,596	51,000	8,206	65,046	346,848	-
Middlezoy/Other Primary School	205,568	52,340	6,787	92,563	357,258	-
Central services	116,094	260,514	-	-	376,608	269,341
Academy Trust	<u>4,749,277</u>	<u>1,134,008</u>	<u>200,735</u>	<u>1,201,307</u>	<u>7,285,327</u>	<u>5,787,867</u>



PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

**17 Analysis of net assets between funds**

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	179,940	-	19,168,451	19,348,391
Current assets	449,698	1,579,913	343,803	2,373,414
Current liabilities	-	(485,237)	-	(485,237)
Creditors over 1 year	-	(39,797)	-	(39,797)
Pension scheme liability	-	(8,204,000)	-	(8,204,000)
Total net assets	<u>629,638</u>	<u>(7,149,121)</u>	<u>19,512,254</u>	<u>12,992,771</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	189,098	-	14,113,206	14,302,304
Current assets	305,166	784,251	42,721	1,132,138
Current liabilities	-	(422,054)	-	(422,054)
Pension scheme liability	-	(4,912,000)	-	(4,912,000)
Total net assets	<u>494,264</u>	<u>(4,549,803)</u>	<u>14,155,927</u>	<u>10,100,388</u>

**18 Long-term commitments, including operating leases**

***Operating leases***

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	15,360	8,378
Amounts due between one and five years	<u>13,937</u>	<u>10,090</u>
	<u>29,297</u>	<u>18,468</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

**19 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities**

	2021 £	2020 £
Net income/(expenditure)	3,404,383	(779,807)
Depreciation	517,802	420,813
Capital grants from DfE and other capital income	(641,674)	(68,886)
Interest receivable	(162)	(688)
Defined benefit pension scheme obligation inherited	2,100,000	-
Defined benefit pension scheme finance cost	680,000	429,000
(Increase)/decrease in debtors	(17,579)	49,469
Increase/(decrease) in creditors	57,637	(24,359)
Profit on disposal of tangible fixed assets	-	(3,900)
Fixed assets transferred on conversion	(5,202,540)	-
Net cash provided by Operating Activities	<u>897,867</u>	<u>21,642</u>

**20 Cash flows from financing activities**

	2021 £
Cash inflows from new borrowing	<u>45,342</u>
Net cash provided by financing activities	<u>45,342</u>

**21 Cash flows from investing activities**

	2021 £	2020 £
Dividends, interest and rents from investments	162	688
Purchase of tangible fixed assets	(361,348)	(474,339)
Proceeds from sale of tangible fixed assets	-	7,800
Capital funding received from sponsors and others	641,674	68,886
Net cash provided by/(used in) investing activities	<u>280,488</u>	<u>(396,965)</u>

**22 Analysis of cash and cash equivalents**

	2021 £	2020 £
Cash in hand and at bank	<u>2,210,269</u>	<u>986,572</u>
Total cash and cash equivalents	<u>2,210,269</u>	<u>986,572</u>

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

**23 Analysis of changes in net debt**

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash	<u>986,572</u>	<u>1,223,697</u>	<u>2,210,269</u>
Total	<u>986,572</u>	<u>1,223,697</u>	<u>2,210,269</u>

**24 Members' liability**

Each member (with the exception of Bath & Wells DBE Trust which is liable for £nil) of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**25 Pension and similar obligations**

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

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

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

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £568,685 (2020: £453,000).

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

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

**Local government pension scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £617,000 (2020 - £463,000), of which employer's contributions totalled £493,000 (2020 - £366,000) and employees' contributions totalled £124,000 (2020 - £97,000). The agreed contribution rates for future years are 21 per cent for employers and 5.5 per cent for employees.

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

PRESTON PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

(CONTINUED)

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

**Principal actuarial assumptions**

	<b>2021</b>	<b>2020</b>
	%	%
Rate of increase in salaries	4.40	3.80
Rate of increase for pensions in payment/inflation	2.90	2.30
Discount rate for scheme liabilities	<u>1.70</u>	<u>1.60</u>

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

	<b>2021</b>	<b>2020</b>
<b>Retiring today</b>		
Males retiring today	23.10	23.30
Females retiring today	24.60	24.80
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.40	24.70
Females retiring in 20 years	<u>26.10</u>	<u>26.20</u>

**Sensitivity analysis**

	<b>2021</b>	<b>2020</b>
	£	£
Discount rate +0.1%	13,622,000	7,779,000
Discount rate -0.1%	14,348,000	8,194,000
Mortality assumption – 1 year increase	14,539,000	8,276,000
Mortality assumption – 1 year decrease	<u>13,442,000</u>	<u>7,703,000</u>

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

	<b>2021</b>	<b>2020</b>
	£	£
Equities	4,202,000	2,138,000
Gilts	327,000	215,000
Other bonds	602,000	334,000
Property	414,000	225,000
Cash and other liquid assets	<u>231,000</u>	<u>160,000</u>
Total market value of assets	<u>5,776,000</u>	<u>3,072,000</u>

The actual return on scheme assets was £873,000 (2020 - £88,000).

PRESTON PRIMARY ACADEMY TRUST  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021  
 (CONTINUED)

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

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

	<b>2021</b>	<b>2020</b>
	£	£
Current service cost	(1,079,000)	(736,000)
Interest cost	(92,000)	(58,000)
Admin expenses	<u>(2,000)</u>	<u>(1,000)</u>
Total amount recognized in the SOFA	<u>(1,173,000)</u>	<u>(795,000)</u>

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

	<b>2021</b>	<b>2020</b>
	£	£
At start of period	7,984,000	5,763,000
Transferred in on existing academies joining the trust	3,139,000	-
Current service cost	1,079,000	736,000
Interest cost	157,000	110,000
Employee contributions	124,000	97,000
Actuarial (gain)/loss	1,589,000	1,371,000
Benefits paid	<u>(92,000)</u>	<u>(93,000)</u>
At 31 August	<u>13,980,000</u>	<u>7,984,000</u>

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

	<b>2021</b>	<b>2020</b>
	£	£
At start of period	3,072,000	2,533,000
Transferred in on existing academies joining the trust	1,308,000	-
Interest income	65,000	52,000
Actuarial gain/(loss)	806,000	117,000
Employer contributions	493,000	366,000
Employee contributions	124,000	97,000
Benefits paid	<u>(92,000)</u>	<u>(93,000)</u>
At 31 August	<u>5,776,000</u>	<u>3,072,000</u>

**PRESTON PRIMARY ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

**(CONTINUED)**

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**26 Related party transactions**

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

**Expenditure related party transactions**

During the year the academy made the following related party transactions:

**Diocese of Bath & Wells**

During the year, the academy trust purchased services for conferences, workshops, and for a SIAMS inspection, totalling £303 (2019: £682).

In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

At the balance sheet date the amount due to Diocese of Bath & Wells was £Nil (2020 - £Nil).

All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

**27 Transfer of existing academies into the Trust**

On 1 February 2021, The Levels Academy Trust joined the academy trust and all the operations, assets and liabilities were transferred to Preston Primary Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding amounts recognised as income in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

PRESTON PRIMARY ACADEMY TRUST  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021  
 (CONTINUED)

27 Transfer of existing academies into the Trust (continued)

The Levels Academy Trust

	Value reported by transferring academy trust £	Transfer in recognised £
<b>Tangible fixed assets</b>		
Freehold land and buildings	3,874,151	3,874,151
Leasehold land and buildings	1,036,036	1,036,036
Computer equipment	71,907	71,907
Furniture and equipment	220,446	220,446
	<u>5,202,540</u>	<u>5,202,540</u>
<b>Other assets</b>		
Debtors due in less than one year	29,286	29,286
Cash in bank and in hand	324,611	324,611
	<u>353,897</u>	<u>353,897</u>
<b>Liabilities</b>		
Creditors due in less than one year	(56,522)	(56,522)
Creditors due in more than one year	(45,343)	(45,343)
	<u>(101,865)</u>	<u>(101,865)</u>
<b>Pensions</b>		
Pensions – pension scheme assets	1,308,000	1,308,000
Pensions – pension scheme liabilities	(3,408,000)	(3,408,000)
	<u>(2,100,000)</u>	<u>(2,100,000)</u>
Net assets	<u>3,354,572</u>	<u>3,354,572</u>