

Registered number: 09718257

PA Community Trust

Trustees Report and Financial Statements

For the period ended 31 August 2016

PA Community Trust
(A company limited by guarantee)

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PA Community Trust
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Reference and Administrative Details of the Academy, its Trustees and Advisers
For the period ended 31 August 2016

Members	N Razaq (appointed 5 August 2015) A Balson (appointed 5 August 2015) L Scragg (appointed 5 August 2015) S Islam (appointed 5 August 2015) M Griffiths (appointed 5 August 2015, resigned 25 November 2015)
Trustees	N Razaq, Chair (appointed 5 August 2015, resigned 27 September 2016) A Balson, Director of School Improvement (appointed 5 August 2015) P Downes, Chief Operations Officer (appointed 5 August 2015) M Griffiths (appointed 5 August 2015, resigned 25 November 2015) S Gulzar, Chief Executive Officer (appointed 5 August 2015) P Hamilton, Director of Finance (appointed 5 October 2015) S Islam, Vice Chair (appointed 5 August 2015) S Knottebelt (appointed 22 April 2016) M Rowley, Chair from 27 September 2016 (appointed 1 September 2016) N Tabassam (appointed 5 August 2015) M Zaman (appointed 5 August 2015, resigned 5 October 2015) S Shah (appointed 5 August 2015, resigned 17 September 2015)
Company registered number	09718257
Company name	PA Community Trust
Principal and registered office	Prince Albert Primary School Albert Road Aston Birmingham B6 5NH
Company secretary	M Jones
Senior management team	S Gulzar, Chief Executive Officer P Downes, Chief Operating Officer M Davies, Head of School, Prince Albert Primary S Amir-Baz, Head of School, Heathfield Primary
Independent auditor	Dains LLP Statutory Auditor Chartered Accountants 15 Colmore Row Birmingham B3 2BH
Bankers	Lloyds Bank Plc 114-116 Colmore Row Birmingham B3 3BD
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

PA Community Trust
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Trustees' Report
For the period ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was constituted on the 5th August 2016 and commenced activities as an Academy on 1 September 2015.

The Trustees act as the trustees for the charitable activities of the PA Community Trust and are also the Trustees of the Charitable Company for the purposes of company law.

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides unlimited cover, with the exception of contract work which has a limit of £250,000 and legal expenses with a limit of £100,000 in any one claim.

Method of recruitment and appointment or election of Trustees

The Trustees are recruited by members who will determine the recruitment process, ensuring skills and experience of potential candidates are matched to the requirements of the board.

Policies and procedures adopted for the induction and training of Trustees

The Trust Board has a Service Level Agreement with the National Governors Association, to provide training, advice and support to the Trust Board and or Governing Body. The Chair of the Trust Board in a NLG and with the COO provides a training programme based on the needs from the governance skills audit.

Newly elected Governors attend Induction Training for new Governors, and in addition select specific training provided by the Local Authority in accordance with their needs.

Organisational structure

The Board of Trustees assumes full responsibility for overseeing the strategic direction of the Multi-Academy Trust. The Trustees are accountable for the entire business of the MAT. Each school within the MAT will have a local governing body that has responsibility for the quality of teaching and learning, standards and safeguarding. Although the Board of Trustees will have overall control of the MAT, it is important that at the local level, schools have autonomy in these areas. Such local governance will include holding the school to account, challenge and support. Sponsored schools that are in 'special measures' at the time of conversion will not have a local governing body until the Trustees are satisfied that aspects of governance can safely be delegated away from the board. All details of organisational structure and persons responsible can be found in the scheme of delegation.

Arrangements for setting pay and remuneration for key management personnel

Pay and remuneration for senior management personal is set by the Trust Board, taking independent professional advice when necessary. Pay for the CEO (Executive Head Teacher), the COO and Heads of School is subject to the School Teachers Pay & Conditions Document. Pay and remuneration for non-teaching senior management such Trust Leads for Finance and HR, is set based on the needs of the Trust, market conditions and independent professional advice where necessary.

Connected organisations, including related party relationships

During the period to 31st August 2016 there were no connected organisations or related party organisations.

Trustees' Report (continued)
For the period ended 31 August 2016

Objectives and Activities

Objects and aims

- To provide a high quality education to all our pupils that not only prepares them for the next stage of their learning journey but for life beyond.
- To ensure that all member schools are outstanding, building a reputation for innovation and excellence
- To transform failing schools in to high performing sponsored academies

Objectives, strategies and activities

- To build school improvement capacity through high quality staff professional development at all levels including non-teaching staff.
- To develop a Central Support Team comprising of leaders for Site & Buildings, HR, Finance, ICT and Pastoral Care that will provide high quality school improvement input to all Trust schools.
- To ensure that special measures schools improve rapidly and are at least 'good' at first inspection post sponsorship.
- To continue to grow at a rate of 1 school per academic year up to a maximum of 5.
- To ensure that the Trust continues to develop leaders from within who will have the knowledge, skills and expertise to lead Trust schools in the future.
- To continue to work towards opening a secondary free school that will serve the same communities as the Trust primary schools. To continue to build links with key partners to this end.
- To ensure that the Trust remains financially viable through an appropriate top-slice that funds the Central Support Team and other services.
- To continue to develop the Trust Board through high quality training and CPD.

Public benefit

In setting our objectives and planning our activities, the Trust Board has given careful consideration to the Charity Commission's general guidance on public benefit.

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Trustees' Report (continued)
For the period ended 31 August 2016

Achievements and performance

Key financial performance indicators

Heathfield Primary School

Heathfield Primary school was federated with Prince Albert School in February 2014 following a period of leadership support. Both schools were led by a single governing body from this point until conversion to a multi-academy trust in September 2016 when they became part of the PA Community Trust. The school was barely RI at this time and only avoided Special Measures due to the planned hard federation. The school has improved significant over the last three years and provides a good level of education.

Highfield Junior & Infant School

Highfield J&I was placed in 'special measures' by Ofsted in September 2014. Highfield joined the PA Community Trust as a sponsored academy in April 2016. Prior to conversion much of the teaching was inadequate, with very little that was good. The academy has received significant support from the MAT leading to rapid school improvement. All inadequate teaching has been eliminated and the proportion that is good is increasing.

Prince Albert

The capacity developed at Prince Albert has enabled us to staff the leadership teams at both Heathfield and Highfield J&I leading to significant school improvement at both.

Achievements and Performance: Pupil Outcomes 2016

EYFS	% GLD
Heathfield	55
Prince Albert	59
Highfield	32

Y1 Phonics Check	Pass
Heathfield	81
Prince Albert	87
Highfield	55

Key Stage 1			Reading %	Writing %	Maths %
	Heathfield	GD	14	6	13
		EX	66	48	55
	Prince Albert	GD	11	8	8
		EX	78	76	73
	Highfield	GD	2	0	1
		EX	41	25	28

Trustees' Report (continued)
For the period ended 31 August 2016

Key Stage 2			Reading %	Writing %	GPS %	Math's %	Comb RWM %
	Heathfield	GD	2	2	21	8	0
		EX	49	80	82	79	48
		Av. scaled score	98		104.5	103.6	
	Prince Albert	GD	9	9	22	10	3
		EX	46	86	73	67	35
		Av. scaled score	98.3		103.3	101.5	
	Highfield	GD	3	0	4	1	0
		EX	33	25	46	28	10
		Av. scaled score	95.6		98.2	96.1	

Going concern

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

Financial review

Reserves policy

The academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the academy has or can make available to spend for any or all of the academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the academy which is to be spent at the Trustees' discretion in furtherance of any of the academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams. The trustees will ensure that an appropriate level of free reserves will be maintained across the MAT. This is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The multi academy trust's current level of free reserves is £1,694,924.

The deficit on restricted general funds is £7,385,384 which includes the deficit on the local government pension scheme of £7,499,000. The pension scheme deficit will be dealt with as advised by the actuary. The Governors intend to eliminate the remaining deficit through careful management of the Academy's reserves.

Investment policy

Any surplus funds are invested with Lloyds Bank in a deposit account. These investments are carried out in accordance with the powers vested in the Governing Body.

Principal funding

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year, the Academy received total funding of £18,471,522 compared to total resources expended of £8,385,108 to give a surplus for the year of £10,086,414.

The Trust receives the majority of its income monthly in advance from the EFA and as such does not have to retain a large amount of reserves, as it believes the income received from the EFA based on the pupils for that year, should be spent on these pupils for which it was intended. As such the trustees consider an appropriate level of reserves to be in the order of 5% of the total planned expenditure to cover any unexpected expenditure.

Financial risk management objectives and policies

The financial results of the Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the DfE and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the DfE. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the period ended 31st August 2016 total resources expended were £8,385,108 and the surplus of income over expenditure was £10,086,414 which included depreciation of £268,096.

At 31st August 2016 the net book value of fixed assets was £13,004,490. The assets were used exclusively for providing the education and the associated support services to the pupils of the PA Community Trust.

The academy has a comprehensive Risk Register, which is used in conjunction with regular financial reporting to monitor the operational and financial performance of the academy.

Principal risks and uncertainties

The Governors have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Outlined below is a description of the principal risk factors that may affect the academy. However, not all factors are within the academy's control and other factors besides those listed below may also adversely affect the academy.

1. Government funding

The academy has considerable reliance on continued government funding through the Education Funding Agency (EFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the academy budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the academy's balance sheet in line with the requirements of FRS 102.

The academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The academy seeks to maintain its popularity with current and prospective pupils by:

- ensuring the academy delivers high quality education and training;
- maintaining outstanding success rates and good inspection outcomes; and
- investing in the its teaching staff and resources.

With ongoing commitment to quality, the academy now provides high quality learning environments. This places the academy in an excellent position to attract new pupils.

Plans for future periods

Future developments

The Trust is expecting to grow from 3 primary schools to 5 primary schools (an increase from just over 2000 pupils to 3000) within the next 3 years. The Trust has submitted an application for a 4-6 form entry secondary Free School in Wave 12 of the Free School application process. The opening date for the proposed Free School is September 2019 and it will be located in Birmingham.

There are plans in place to bid for capital grant money to replace a significant amount of windows at Highfield School. There is also a bid being written for roof repairs at Heathfield School.

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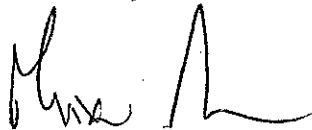
Trustees' Report (continued)
For the period ended 31 August 2016

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the board of trustees as the company directors, on **19/12/16** and signed on its behalf by:



M Rowley
Chair of Trustees

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Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive 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 PA Community 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 8 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
N Razaq, Chair to 27 September 2016	7	8
A Balson, Director of School Improvement	5	8
P Downes, Chief Operations Officer	6	8
M Griffiths	2	2
S Gulzar, Chief Executive Officer	7	8
P Hamilton, Director of Finance	3	7
S Islam, Vice Chair	7	8
S Knottebelt	1	2
M Rowley, Chair from 27 September 2016	0	0
N Tabassam	7	8
M Zaman	0	2
S Shah	0	0

Over the academic year 15/16 three Trustees resigned and three new Trustees were appointed.

Due to the personal roles of Trustees it has been very difficult finding a time where all Trustees can attend the meetings.

The PACT consists of three schools, two of which have their own local governing bodies. The details of these are as follows:

Prince Albert School

Miss Phillipa Downes- Head of School
Mrs Melonie Davis- Deputy Head
Mrs Zoe Thewlis- Staff (AHT)
Mr Robert Capella- Chair
Miss Natalie Sage- Co-opted
Mrs Madhia Naeem- Parent
Mr Shahunul Islam- Trustee

Heathfield Primary School

Mr Nigel Oram – Head of School
Ms Shabana Amir-Baz- Deputy Head
Mr Anwar Karim- Chair and parent
Mr Philip Hynan- Staff (AHT)
Cllr. Mr. Waseem Zaffar- Co-opted
Mrs Naila Tabassum- Trustee

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Governance Statement (continued)

Mrs Shazna Shah- Parent

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to;

- Oversee the annual budget setting, propose the budget and regularly report all financial matters to the Trust Board.
- Regularly monitor income and expenditure against the budget, including reporting of any significant budget amendments.
- To review and monitor all policies that fall under the finance remit.
- To ensure compliance with the Trusts financial policies and procedures and to ensure that the trusts financial control systems are robust.
- To ensure the annual report and accounts are produced in accordance with the academies financial handbook.
- To approve opening and operation of the academies bank accounts, authorise signatories, transfers between accounts, the operation of charge cards; payment system controls including BACs.
- To review the annual report and accounts and recommend to Members and the Trust Board approval.
- To approve improvement plans and actions relating to the finance and premises area.
- To ensure a strategic financial view of income, staffing, other expenditure ad capital projects. To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects.
- To ensure that the school asset management plan is regularly updated and to monitor the progress of all facilities works.
- To review and approve all bought in service provision.
- To manage this program of risk review and checking of financial controls in a way that they deem more appropriate to their circumstances. Options include; internal audit, additional work by the external auditor, the work of the 'responsible officer' and/or by 'peer review'.

The adequacy of arrangements will be established as part of the process leading to the accounting officer's annual statement and, where appropriate, through the self-assessment review of financial management and governance, FGMS.

Other roles are to monitor the effectiveness of financial control, advise the trust board on risk management and audit and to report back to the trust board about audit requirements and outcomes. The audit committee will also prepare an annual report for submission to the trust board on the work of the committee including an opinion of effectiveness of the internal control system and the pursuit of value for money together with an assurance on risk management.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
P Hamilton, Chair	3	4
S Gulzar	4	4
N Razaq	4	4
S Islam	3	3

Governance Statement (continued)

Review of Value for money

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

The Accounting Officer considers how the academy'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 has delivered improved value for money during the year by:

- 1) Ensuring that where goods and services needed are specific, and would be identical no matter which supplier is to be chosen, at least 3 quotes are obtained and the cheapest quote is proceeded with. An example of this would be flooring work completed at one of the trusts schools where only a specific surface was suitable across a specified area of the school.
- 2) Setting up a preferred suppliers list for orders over £10,000. This ensures quotes obtained are from suppliers who are likely to give the most value for money and not from suppliers who may not have the trusts best interests in mind.
- 3) Choosing a supplier who gave a more complete and comprehensive service including free training when purchasing Interactive touchscreens even though this supplier was slightly more expensive than other quotes obtained. This gave a more effective purchase of goods for only a little extra cost and therefore better value for money.

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 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 PA Community Trust for the period 1 September 2015 to 31 August 2016 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 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's significant risks, that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Audit 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 not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. 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.

The Trustee Board have also appointed two external financial advisory companies; DRB and SFS their role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

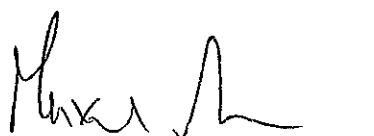
Review of Effectiveness

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


- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 19/12/16 and signed on their behalf, by:



M Rowley
Chair of Trustees



S Gulzar
Accounting Officer

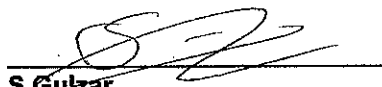
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of PA Commuity Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 2015.

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 2015.

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



S. Gulzar
Accounting Officer

19/12/16

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Statement of Trustees' Responsibilities
For the period ended 31 August 2016

The Trustees (who act as governors of PA Community Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 19/12/16 and signed on its behalf by:



M Rowley
Chair of Trustees

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Independent Auditor's Report on the Financial Statements to the Members of PA Community Trust

We have audited the financial statements of PA Community Trust for the period ended 31 August 2016 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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Independent Auditor's Report on the Financial Statements to the Members of PA Community Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Julian Townsend ACA FCCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

Date: 20/12/16

PA Community Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to PA Community Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 2 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by PA Community Trust during the period 1 September 2015 to 31 August 2016 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 PA Community Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to PA Community Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than PA Community Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of PA Community Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of PA Community Trust's funding agreement with the Secretary of State for Education dated 28 August 2015, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

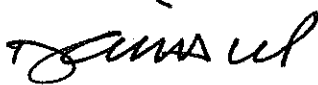
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

PA Community Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to PA Community Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

Date: 20/12/16

PA Community Trust
(A company limited by guarantee)

Statement of Financial Activities
(Incorporating Income and Expenditure Account)
For the period ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Income from:					
Donations & capital grants:					
Transfer from local authority on conversion	2	1,580,208	(4,527,000)	13,210,335	10,263,543
Other donations and capital grants	2	14,852	-	38,666	53,518
Charitable activities:					
Funding for the multi academy trust's educational operations	4	130,000	8,023,361	-	8,153,361
Investments	3	1,100	-	-	1,100
Total income		1,726,160	3,496,361	13,249,001	18,471,522
Expenditure on:					
Charitable activities:					
Multi academy trust educational operations		144,852	7,972,160	268,096	8,385,108
Total expenditure	6	144,852	7,972,160	268,096	8,385,108
Net income / (expenditure) before transfers		1,581,308	(4,475,799)	12,980,905	10,086,414
Transfers between Funds	16	-	(23,585)	23,585	-
Net income / (expenditure) before other recognised gains and losses		1,581,308	(4,499,384)	13,004,490	10,086,414
Actuarial losses on defined benefit pension schemes	13	-	(2,886,000)	-	(2,886,000)
Net movement in funds		1,581,308	(7,385,384)	13,004,490	7,200,414
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		1,581,308	(7,385,384)	13,004,490	7,200,414

All of the academy's activities derive from acquisitions in the current financial period.

PA Community Trust
(A company limited by guarantee)
Registered number: 09718257

Balance Sheet
As at 31 August 2016

	Note	£	2016 £
Fixed assets			
Tangible assets	13		13,004,490
Current assets			
Debtors	14	581,870	
Cash at bank and in hand		3,200,121	
		<u>3,781,991</u>	
Creditors: amounts falling due within one year	15	<u>(2,087,067)</u>	
Net current assets			<u>1,694,924</u>
Total assets less current liabilities			<u>14,699,414</u>
Defined benefit pension scheme liability	21		<u>(7,499,000)</u>
Net assets including pension scheme liabilities			<u><u>7,200,414</u></u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	16	113,616	
Restricted fixed asset funds	16	13,004,490	
		<u>13,118,106</u>	
Restricted income funds excluding pension liability		<u>(7,499,000)</u>	
Pension reserve			
Total restricted income funds			<u>5,619,106</u>
Unrestricted income funds	16		<u>1,581,308</u>
Total funds			<u><u>7,200,414</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 19/12/16 and are signed on their behalf, by:



M Rowley
Chair of Trustees

The notes on pages 23 to 42 form part of these financial statements.

PA Community Trust
(A company limited by guarantee)

Statement of Cash Flows
For the period ended 31 August 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	17	3,252,606
Cash flows from investing activities:		
Dividends, interest and rents from investments		1,100
Purchase of tangible fixed assets		(62,251)
Capital grants from DfE/EFA		8,666
Net cash used in investing activities		(52,485)
Change in cash and cash equivalents in the period		3,200,121
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	18	3,200,121

All of the cash flows are derived from acquisitions in the current financial year.

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.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

PA Commuity Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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.

Donations

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

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

1. Accounting Policies (continued)

1.4 Expenditure

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

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

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

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	Over the life of the lease
Long-term leasehold property	-	Over 50 years
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	Over 10 years straight line
Computer equipment	-	Over 3 years straight line

1. Accounting Policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Taxation

The academy 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 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.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1. Accounting Policies (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.14 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Prince Albert Junior and Infant School, Heathfield Primary School and Highfield Junior and Infant School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 19.

1. Accounting Policies (continued)

1.15 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and the Education Funding Agency 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 and include grants from the Department for Education and the Education Funding Agency.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement:

The preparation of the financial statements in conformity with general accepted accounting principals requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results in the future could differ from those estimates. In this regard, the Trustees believe that the critical accounting policies where judgement or estimate are necessarily applied are summarised below:

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

PA Community Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2016

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Transfer from local authority on conversion	1,580,208	(4,527,000)	13,210,335	10,263,543
Donations and capital grants	14,852	-	38,666	53,518
Total donations and capital grants	1,595,060	(4,527,000)	13,249,001	10,317,061

3. Income from investments

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Bank interest	1,100	-	1,100

4. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General annual grant (GAG)	-	6,416,597	6,416,597
Start up grant	-	115,000	115,000
Other DfE/EFA grants	-	1,382,953	1,382,953
	-	7,914,550	7,914,550
Other funding			
Other income	-	41,315	41,315
Catering income	-	67,496	67,496
Consultancy income	130,000	-	130,000
	130,000	108,811	238,811
	130,000	8,023,361	8,153,361

PA Community Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2016

5. Charitable activities

	Total funds 2016 £
Direct costs - educational operations	
Wages and salaries	2,986,838
National insurance	216,381
Pension cost	320,948
Depreciation	199,961
Pension income	132,000
Educational supplies	134,418
Examination fees	225
Staff development	76,275
Travel and subsistence	3,110
	<u>4,070,156</u>
Support costs - educational operations	
Wages and salaries	2,023,363
National insurance	155,230
Pension cost	388,912
Depreciation	68,134
Educational supplies	202,200
Staff development	31,726
Technology costs	282,959
Travel and subsistence	650
Recruitment and support	9,190
Maintenance of premises	316,759
Maintenance of equipment	172,668
Cleaning	101,141
Rent and rates	35,537
Water rates	18,693
Energy	83,921
Insurance	40,057
Transport	6,585
Catering costs	343,553
Other occupancy costs	33,674
	<u>4,314,952</u>
	<u><u>8,385,108</u></u>

PA Community Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2016

6. Expenditure

	Staff costs	Premises	Other costs	Total
	2016	2016	2016	2016
	£	£	£	£
Educational operations:				
Direct costs	3,524,167	199,961	346,028	4,070,156
Support costs	2,567,504	566,700	1,180,748	4,314,952
	6,091,671	766,661	1,526,776	8,385,108

In 2016, of the total expenditure, £397,865 was to unrestricted funds, £7,610,763 was to restricted funds and £268,096 was to restricted fixed assets funds.

7. Net incoming resources/(resources expended)

This is stated after charging:

	2016
	£
Depreciation of tangible fixed assets:	
- owned by the charity	268,096
Auditors remuneration	11,750
Operating lease rentals	62,609
Auditors remuneration - non audit	2,350

8. Auditors' remuneration

	2016
	£
Fees payable to the academy's auditor for the audit of the academy's annual accounts	9,750
Fees payable to the academy's auditor in respect of:	
All other non-audit services not included above	2,000

PA Community Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2016

9. Staff

a. Staff costs

Staff costs were as follows:

	2016 £
Wages and salaries	5,010,201
Social security costs	371,610
Operating costs of defined benefit pension schemes	709,860
	<hr/> 6,091,671 <hr/>

b. Staff numbers

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

	2016 No.
Teachers	92
Administration and support	218
Management	4
	<hr/> 314 <hr/>

Average headcount expressed as a full time equivalent:

	2016 No.
Teachers	84
Administration and support	125
Management	4
	<hr/> 213 <hr/>

c. Higher paid staff

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

	2016 No.
In the band £60,001 - £70,000	1
In the band £100,001 - £110,000	1
In the band £130,001 - £140,000	1

The above 3 employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for these 3 employees amounted to £50,946.

Notes to the Financial Statements
For the period ended 31 August 2016

9. Staff costs (continued)

d. Key management personnel

The key management personnel of the academy trust comprise the trustees, the senior management team (as listed on page 1) and each head of school. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £350,000.

10. Central services

No central services were provided by the academy to its academies during the period and no central charges arose.

11. Trustees' remuneration and expenses

During the year retirement benefits were accruing to 2 Trustees in respect of defined benefit pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other 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:

		2016 £
S Gulzar, CEO	Remuneration	135,000-140,000
	Pension contributions paid	20,000-25,000
P Downes, COO	Remuneration	105,000-110,000
	Pension contributions paid	15,000-20,000

During the period, no Trustees received any benefits in kind.

During the period, no Trustees received any reimbursement of expenses.

12. 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.

PA Community Trust
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Notes to the Financial Statements
For the period ended 31 August 2016

13. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2015	-	-	-	-	-
Additions	26,600	-	8,310	27,341	62,251
Transferred on conversion	12,929,468	32,000	138,458	110,409	13,210,335
At 31 August 2016	12,956,068	32,000	146,768	137,750	13,272,586
Depreciation					
At 1 September 2015	-	-	-	-	-
Charge for the period	199,961	8,000	14,677	45,458	268,096
At 31 August 2016	199,961	8,000	14,677	45,458	268,096
Net book value					
At 31 August 2016	12,756,107	24,000	132,091	92,292	13,004,490

14. Debtors

	2016 £
Trade debtors	3,741
VAT recoverable	271,635
Other debtors	34,189
Prepayments and accrued income	272,305
	<u>581,870</u>

15. Creditors: Amounts falling due within one year

	2016 £
Trade creditors	1,740,967
Accruals and deferred income	346,100
	<u>2,087,067</u>
Deferred income	
Deferred income at 1 September 2015	-
Resources deferred during the year	143,544

At the balance sheet date the multi academy trust was holding funds received in advance from the EFA

PA Community Trust
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Notes to the Financial Statements
For the period ended 31 August 2016

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	-	1,726,160	(144,852)	-	-	1,581,308
Restricted funds						
General annual grant (GAG)	-	6,416,597	(6,355,481)	(23,585)	-	37,531
Start up grant	-	115,000	(38,915)	-	-	76,085
Other DfE/EFA grants	-	1,382,953	(1,382,953)	-	-	-
Other income	-	108,811	(108,811)	-	-	-
Pension reserve	-	(4,527,000)	(86,000)	-	(2,886,000)	(7,499,000)
	-	3,496,361	(7,972,160)	(23,585)	(2,886,000)	(7,385,384)
Restricted fixed asset funds						
Transfer on conversion	-	13,210,335	(268,096)	23,585	-	12,965,824
DfE/EFA capital grants	-	38,666	-	-	-	38,666
	-	13,249,001	(268,096)	23,585	-	13,004,490
Total restricted funds	-	16,745,362	(8,240,256)	-	(2,886,000)	5,619,106
Total of funds	-	18,471,522	(8,385,108)	-	(2,886,000)	7,200,414

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

Restricted general funds

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

Pension reserve

The pension reserve included within restricted general funds represents the multi academy trust's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

This fund represents grants and other income received to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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Notes to the Financial Statements
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16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £
Prince Albert Junior and Infant School	221,617
Heathfield Primary School	300,535
Highfield Junior and Infant School	1,096,687
PA Community Trust	76,085
	<hr/>
Total before fixed asset fund and pension reserve	1,694,924
Restricted fixed asset fund	13,004,490
Pension reserve	(7,499,000)
	<hr/>
Total	7,200,414
	<hr/>

Analysis of academies by cost

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 2016 £
Prince Albert Junior and Infant School	1,776,201	1,635,564	144,253	812,108	4,368,126
Heathfield Primary School	959,727	626,036	111,765	287,816	1,985,344
Highfield Junior and Infant School	820,648	273,495	80,600	572,881	1,747,624
PA Community Trust	-	-	-	15,918	15,918
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,556,576	2,535,095	336,618	1,688,723	8,117,012
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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Notes to the Financial Statements
For the period ended 31 August 2016

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £
Net income for the year (as per Statement of financial activities)	10,086,414
Adjustment for:	
Depreciation charges	268,096
Assets inherited on conversion	(13,210,335)
Dividends, interest and rents from investments	(1,100)
Increase in debtors	(581,869)
Increase in creditors	2,087,066
Capital grants from DfE and other capital income	(8,666)
Defined benefit pension scheme obligation inherited	4,527,000
Net gain on assets and liabilities from local authority on conversion	86,000
Net cash provided by operating activities	3,252,606

18. Analysis of cash and cash equivalents

	2016 £
Cash in hand	3,200,121
Total	3,200,121

19. Conversion to an academy trust

On 1 September 2015 Prince Albert Junior and Infant School and Heathfield Primary School and on 1 April 2016 Highfield Junior and Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to PA Commuity Trust from Birmingham City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

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

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19. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
leasehold land and buildings	-	-	12,929,468	12,929,468
- Other tangible fixed assets	-	-	280,907	280,907
Budget surplus/(deficit) on LA funds	1,580,208	-	-	1,580,208
LGPS pension surplus/(deficit)	-	(4,527,000)	-	(4,527,000)
Net assets/(liabilities)	<u>1,580,208</u>	<u>(4,527,000)</u>	<u>13,210,375</u>	<u>10,263,583</u>

The above net assets/liabilities include £1,580,208 that were transferred as cash.

20. Capital commitments

At 31 August 2016 the academy had capital commitments as follows:

	2016 £
Contracted for but not provided in these financial statements	<u>-</u>

21. Pension commitments

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

As described in note 19 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed

21. Pension commitments (continued)

and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £346,000.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £494,000., of which employer's contributions totalled £394,000. and employees' contributions totalled £100,000. The agreed contribution rates for future years are 13.6% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016
Discount rate for scheme liabilities	2.20 %
Rate of increase in salaries	3.75 %
Rate of increase for pensions in payment / inflation	2.00 %

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

	2016
Retiring today	
Males	23.1
Females	25.8
Retiring in 20 years	
Males	25.3
Females	28.1

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21. Pension commitments (continued)

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

	Fair value at 31 August 2016 £
Equities	635,000
Government bonds	74,000
Other bonds	92,000
Property	85,000
Cash/liquidity	68,000
Other	115,000
Total market value of assets	<u>1,069,000</u>

The actual return on scheme assets was £103,000.

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £
Current service cost (net of employee contributions)	348,000
Net interest cost	132,000
Total	<u>480,000</u>
Actual return on scheme assets	<u>103,000</u>

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

	2016 £
Upon conversion	4,999,000
Current service cost	348,000
Interest cost	149,000
Contributions by employees	100,000
Actuarial losses	2,972,000
Closing defined benefit obligation	<u>8,568,000</u>

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21. Pension commitments (continued)

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

	2016 £
Upon conversion	472,000
Return on plan assets (excluding net interest on the net defined pension liability)	86,000
Interest income	17,000
Contributions by employer	394,000
Contributions by employees	100,000
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Closing fair value of scheme assets	1,069,000
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22. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £
Amounts payable:	
Within 1 year	59,695
Between 1 and 5 years	112,038
	<hr/>
Total	171,733
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23. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

24. Post balance sheet events

There are no post balance sheet events that require disclosure in the financial statements

25. Members' liability

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