

**The Pegasus Academy
Trust**

**Annual Report and
Financial Statements**

Year ended 31 August 2015

Company Limited by Guarantee
Registration Number 07542114
(England and Wales)

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Reference and administrative information

Members	Richard Hill Kevin Smith Geraldine Vassell
Directors	Richard Hill (Chair) Susan Bittle (resigned 25 September 2015) David Butler (resigned 22 January 2015) Shelley Davies (appointed 14 May 2015) Anne Gould (resigned 17 December 2014) Gary Griffin (appointed 12 March 2015) Maciej Idzikowski Cheryl Peters (resigned 6 July 2015) Susan Powell (appointed 4 December 2014; resigned 2 June 2015) Muhummad Umar Quarashi Jolyon Roberts Lynne Sampson Kevin Smith Geraldine Vassell
Company Secretary	Roger Melody
Executive Principals	Jolyon Roberts and Lynne Sampson
Director of Finance and Resources	Roger Melody
Registered office	Whitehorse Manor Junior School Whitehorse Road Thornton Heath Croydon Surrey CR7 8SB
Company registration number	07542114
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers	Royal Bank of Scotland 747 Attercliffe Road Sheffield S9 3RF
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Directors' report (including the strategic report) Year ended 31 August 2015

The Directors of The Pegasus Academy Trust ("the Trust") present their statutory report together with the financial statements of the charitable company for the year ended 31 August 2015.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 26 of the attached financial statements and comply with the Trust's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Pegasus Academy Trust was incorporated as a company limited by guarantee with no share capital (Company Registration No. 07542114) on 24 February 2011. As at 1 August 2011, The Pegasus Academy Trust became an exempt charity for the purpose of the Charities Act 2011. At this date, the principal regulator of the charitable company changed from the Charity Commission to the Department for Education (DfE). The Education Funding Agency (EFA) (an executive agency of the DfE) carries out the role of principal regulator on behalf of the DfE.

The charitable company's memorandum and articles of association are the primary governing documents of The Pegasus Academy Trust.

Details of the Directors who served throughout the period and were in office at the date of approval of the financial statements, except as noted, are included in the reference and administrative information on page 1.

Members' liability

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

Principal activities

The Trust is responsible for education of the following schools: Whitehorse Manor Junior School, Whitehorse Manor Infant School, Ecclesbourne Primary School and Beulah Infant and Nursery School. The latter was incorporated into the Trust on 1 September 2014. In addition the Trust has a satellite of the main Whitehorse Schools on Brigstock Road and runs Thornton Heath Nursery School under a service level agreement on behalf of Croydon Council. In total the Trust is responsible for over 1,700 children between the ages of two and eleven and has over 220 staff to support them, making the Trust the biggest employer in Thornton Heath.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities (continued)

The Trust's primary object, as set out in the articles of association is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Method of recruitment and appointment of Directors

In accordance with the articles of association the Board of Directors comprises as a minimum: one Local Authority Director, at least two Staff Directors, Academy Directors who shall be chairs of the Academy Councils (local Governing Bodies), a minimum of two Parent Directors, one Local Community Director and the two Executive Principals.

Policies and procedures adopted for the induction and training of Directors

All new Directors receive a full induction pack on appointment. Regular training for Directors is provided as appropriate, for example, on safeguarding and on their role as directors of a charitable company.

Organisational structure

For the period covered by these financial statements, the Board of Directors was responsible for overseeing the Academy Councils (Local Governing Bodies) at each of the four schools. A review is currently on-going into the overall governance of the Trust in terms of the committee/sub-committee structure, scheme of delegation and relationship between the Board and the Local Governing Bodies of individual schools. The review will incorporate a review of the skills and effectiveness of individual Directors and the impact and effectiveness of the Board as a whole. It will also take into account the output from the 'All Party Parliament Group on Education Governance and Leadership'.

During the accounting period the Board of Directors and the Local Governing Bodies have been responsible for: setting the general policies by which the Trust will operate; providing overall strategic direction; making decisions on key employees; making decisions on major items of expenditure; monitoring the overall financial position during 2014/15; and setting the 2015/16 budget.

The Executive Principals have overall responsibility for the strategic and operational direction of the Trust. They also have overall responsibilities for the schools within the Trust. They are responsible as Accounting Officers to Central Government in terms of operational and educational attainment, standards and services for the schools within the Trust. They provide the strategic and operational vision for the Trust in terms of guidance, accountability, external and internal assurance.

The senior leadership team, made up of Executive Principals, Heads of School, Deputy Heads of School and the Director of Finance and Resources provide the operational leadership and control for the Trust's activities. They meet weekly as a group and focus on educational attainment, operational efficiency and effectiveness.

OBJECTIVES AND ACTIVITIES

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

The Trust has adopted an admissions policy approved by the Secretary of State for Education and financial policies and procedures based on those recommended for academy trusts by the Department for Education. These policies specify, amongst other things, the basis for admitting pupils to the four schools and the curriculum that is provided.

Public benefit

The Directors confirm that they have complied with their duties under the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. The Directors' report gives a description of the activities undertaken by the Trust during the period in furtherance of its charitable purposes, and the Directors are satisfied that such activities provide public benefit.

Equal opportunities

The Directors recognise that equal opportunities should be an integral part of good practice in the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all pupils and employees are fully valued. The commitment to equality of opportunity of all potential employees is specifically considered at the interview stage.

Disabled persons

The Trust takes all reasonable steps to ensure that there is appropriate access for all persons to all main areas of the Trust's schools. The Trust supports the recruitment and retention of staff and students that have disabilities and will, wherever possible ensure that any necessary support is provided.

STRATEGIC REPORT

Achievements and performance

Throughout the 2014/15 academic year, The Pegasus Academy Trust maintained its record of effective school improvement with our three latest projects proving to be very successful as well as our original schools continuing to do well. The brand new satellite of Whitehorse Manor opened on 1 September 2014 with its impressive indoor and outdoor learning environments.

Beulah Infant and Nursery School became part of the Trust on 1 September 2014 and although the challenges with the condition of the site and the quality of staff proved greater than we had anticipated, we have demonstrated great capacity for improvement with directors, members of the Academy Council and the Croydon Local Authority representatives praising our work to date.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Thornton Heath Nursery School, while not actually part of the Trust, benefits from the outstanding leadership we provide and within nine months of the Trust beginning its Service Level Agreement with the London Borough of Croydon, the nursery was judged by Ofsted to be good with outstanding leadership and safeguarding. Across the Trust, the quality of teaching and learning continues to improve with all previous inadequate teaching now eradicated.

Leadership across the Trust is judged to be at least good and we are confident that this can be sustained and built upon. The eleven strong senior leadership team is supported by the Board of Directors which provides guidance on strategic direction and rigorous challenge to all aspects of our work. The effectiveness of the Trust is recognised by the Local Authority and the DfE who include The Pegasus Academy Trust on their list of preferred academy sponsors. We are regularly approached by The Schools' Regional Commissioner, the Local Authority and local Headteachers interested in the possibility of the Trust becoming their sponsor.

As part of its commitment to maximising the use of our facilities by the local community and meeting the needs of our working parents, the Trust continues to provide wraparound care facilities to through its breakfast and after-school clubs. Currently up to one hundred children per day benefit from this programme.

Financial review

Financial report for the year

The Trust's total incoming resources for the year ended 31 August 2015 amounted to £14,010,088 (2014 - £7,689,723). Included within this figure is a total of £5,900,000 relating to the Trust's two new sites. The first is the new Whithorse Manor site at Brigstock Road which was financed by the Local Authority and the second is the property utilised by the pupils of Beulah Infant and Nursery School which was inherited at no cost from the Local Authority upon Beulah joining the Trust.

In addition to the property, the Trust also inherited cash totalling £116,767 and a pension deficit of £949,000 relating to Beulah which has been deducted from income in arriving at the total incoming resources for the year. Further details are provided in notes 3 and 26 to the financial statements. For the year ended 31 August 2014, the total income included a total of £1,604,703 reflecting the value of capital works undertaken on the Trust's old sites as financed by the London Borough of Croydon.

The bulk of the remainder of the Trust's income was obtained from the EFA, an agency of the DfE, the use of which is restricted to particular educational purposes. The grants received from the EFA in the year ended 31 August 2015 and the associated expenditure are shown as restricted in the statement of financial activities.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

During the year ended 31 August 2015 total expenditure amounted to £8,686,758 (2014 - £6,055,021). 70% (2014 - 73%) of the Trust's expenditure relates to staff costs which totalled £6,083,682 for the year ended 31 August 2015 (2014 - £4,408,834). The overall increase in expenditure is as a result of Beulah Infant and Nursery School joining the Academy Trust.

The total surplus for the year (before actuarial losses on the Local Government Pension Scheme) was £5,323,330 (2014 - £1,634,702). Excluding FRS 17 adjustments, the movements on the fixed assets fund and other amounts inherited from the Local Authority upon Beulah Infant and Nursery School joining the Trust, the operational surplus for the year was £467,116 (2014 - £431,251).

Financial position

The Trust held fund balances at 31 August 2015 of £24,154,292 (2014 - £18,893,962) comprising £25,510,164 (2014 - £19,580,287) restricted fixed asset fund, a deficit of £2,033,549 (2014 - £1,110,000) on the general restricted fund, which includes a deficit on the pension reserve of £2,327,000 (2014 - £1,210,000), and unrestricted general funds of £677,677 (2014 - £423,675). Movements in the pension scheme reserve are shown in note 25.

Reserves policy

The review of reserves encompasses the nature of income and expenditure streams and the need to match income with commitments.

The reason for 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. At 31 August 2015, the Trust's free reserves, equating to the unrestricted general fund balance, amounted to £677,677 (2014 - £423,675).

During the year ending 31 August 2015 the Board of Directors adopted a policy on the appropriate level of free reserves to reflect revenue income and on-going commitments. This was based on recommendations from the Finance Committee.

The fund balances at the year end are adequate to fulfil the obligations of the Trust and provide a balance against most unforeseen future events. Whilst general restricted funds were in deficit by £2,033,549 at 31 August 2015, the deficit is almost entirely because of the Local Government Pension Scheme liability.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

As the Local Government Pension Scheme is a funded scheme, employers' pension contributions will increase in line with the deficit over a period of years. The Trust will not be liable for a lump sum and the increased pension contribution will be met from the Trust's budgeted annual income. In addition, 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. Accordingly, there is no direct impact on the Trust's free reserves in recognising the deficit on the pension scheme.

Principal risks and uncertainties

The Trust has undertaken a review of the main areas of risk which it faces and where appropriate, procedures, and written policies covering these areas are being developed and agreed by the Board of Directors.

The Trust regularly reviews its risk management process to assess business risks and to implement risk management strategies (as considered appropriate by the Board). This process will involve identifying the types of risk the Trust faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks.

The main areas of risk and uncertainty are related to the adequacy of future funding as we move into an era in which funding per pupil will remain flat.

Future plans

The Trust began to work with two new schools in September 2014 – Beulah Infants and Nursery School and Thornton Heath Nursery School and both proved quite demanding in terms of work that needed to be undertaken. Both these schools have benefitted from major refurbishment work, led by our newly appointed facilities manager, and have needed restructuring of staff and a great deal of staff training. The task of bringing these schools up to the standard of others within the Trust was exacerbated by problems recruiting new staff – a problem shared with all other UK schools at the moment but which seems set to only worsen in the future. To mitigate against this problem becoming critical we have a number of teachers in training within our schools, including six 'Schools' Direct' students, recruited through a partnership with Belleville teaching school in Wandsworth.

A major refurbishment at Beulah Infants is planned next academic year, as the school is in a poor state in terms of its facilities, and the planning for this is complete. This is scheduled to be complete by Christmas 2016. This school is currently not highly regarded by local parents and the Trust will have to plan to address a number of issues in order to turn this perception around if the school is to be financially viable going forward as many year groups are currently undersubscribed.

Directors' report (including the strategic report) Year ended 31 August 2015

Future plans (continued)

The Trust's new school at Brigstock (a satellite of Whitehorse) is open and now building up to full numbers (240) which should be achieved by September 2018. In the meantime the school has surplus space in the upper storey of this building and has come to a lease agreement with another school (Chestnut Park Primary run by the Glyn Learning Foundation) who will occupy this space in the academic year 2015-16. The money raised from this arrangement will be spent on refurbishing the premises at Beulah Infants.

We remain committed to establishing a secondary school within the Trust and plan to submit our revised free school bid in 2015/16.

AUDITORS

Insofar as the Directors are aware:

- ◆ there is no relevant audit information of which the Trust's auditor is unaware; and
- ◆ the Directors 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.

Approved by the Board of Directors and signed on its behalf by:



Richard Hill
Chair of the Board of Directors

Approved by the Directors on:

10/12/2015

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that The Pegasus 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 Directors has delegated the day-to-day responsibility to the Executive Principals, as Accounting Officers, 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 the Academy Trust and the Secretary of State for Education. The Executive Principals are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The Board of Directors have formally met five times during the year. Attendance during the year at meetings of the Directors was as follows:

Director	Role	Number of meetings attended	Out of a possible
Richard Hill	Academy Director (Chair)	5	5
Susan Bittle	Staff Director	5	5
David Butler	LA Director	3	3
Shelley Davies	LA Director	1	1
Anne Gould	Co-opted Director	1	1
Gary Griffin	Co-opted Director	2	2
Maciej Idzikowski	Co-opted Director	1	5
Cheryl Peters	Staff Director	4	4
Susan Powell	Co-opted Director	4	5
Muhammad Umar Qurashi	Academy Director	2	5
Jolyon Roberts	Executive Principal	5	5
Lynne Sampson	Executive Principal	5	5
Kevin Smith	Academy Director	4	5
Geraldine Vassell	Co-opted Director	4	5

Changes to the composition of the Board during the year included the resignation of David Butler, the LA representative on the Board. He was replaced by Shelley Davies. Other changes included the resignations of Anne Gould (Co-opted Director), Cheryl Peters (Staff Director) and the appointment of Gary Griffin (Co-opted Director). Susan Powell (Co-opted Director) served as Director for eight months of the financial year.

Governance (continued)

The Finance Committee is a sub-committee of the main Board of Directors. The purpose of the Finance Committee is to assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Directors' responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity. The Finance Committee is required to make appropriate comments and recommendations on such matters to the Board of Directors on a regular basis. Major issues identified by the Committee are referred to the Board of Directors for ratification. Membership is made up of six Directors (including the Executive Principals) together with the Director of Finance and Resources. Bernard Ofori-Atta (Director of Finance and Resources) resigned towards the end of the financial year and was succeeded by Roger Melody. Current membership comprises Susan Bittle (Staff Director), Richard Hill (Academy Director), Maciej Idzikowski (Co-opted Director), Kevin Smith (Academy Director) and the two Executive Principals.

Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Susan Bittle	3	4
Richard Hill	4	4
Maciej Idzikowski	3	4
Roger Melody	1	1
Bernard Ofori-Atta	4	4
Jolyon Roberts	4	4
Lynne Sampson	3	4
Kevin Smith	3	3

Governance review

In the light of the Trust's success and expansion, commitment to education at the highest level and the desire to expand further, the Board of Directors formed a working group which aims to review the Trust's governance and leadership arrangements and recruitment and retention policies.

A review is currently on-going into the overall governance of the Trust in terms of the committee/sub-committee structure, scheme of delegation and relationship between the Board and the Local Governing Bodies of individual schools. The review will incorporate a review of the skills and effectiveness of individual Directors and the impact and effectiveness of the Board as a whole. It will also take into account the output from the 'All Party Parliament Group on Education Governance and Leadership'.

Review of value for money

As Accounting Officers, the Executive Principals have responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officers understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Review of value for money (continued)

The Accounting Officers consider how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available.

Actions which we took during the year to bring improved value for money included implementing new accounting software which assists us in bringing greater centralisation of procurement and developing the role of the newly promoted facilities manager to include a greater focus on competitive tendering, especially during the significant building works at Beulah.

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 the Trust's 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 at the Trust for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

The 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 Directors;
- ◆ regular reviews by the 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;

The risk and control framework (continued)

- ◆ identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Jane Cousins as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, the RO will report to the Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The Responsible Officer visited the Trust during the year (as planned) and carried out a series of comprehensive checks on the internal control system in the Trust. She produced a report with recommendations which was presented to the Board. The report stated that the existing controls were adequate and highlighted particular areas where improvements could be made. None of the matters raised were material or significant. The various recommendations stated in the report have been used to design and implement an on-going action plan which is reviewed by the Board quarterly.

Review of effectiveness

As Accounting Officers, the Executive Principals have 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 Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the senior leadership team within the Trust who have responsibility for the development and maintenance of the internal control framework.

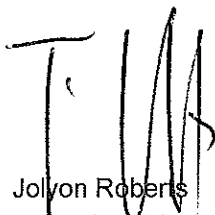
The Accounting Officers have been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to ensure continuous improvement of the system is in place.

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



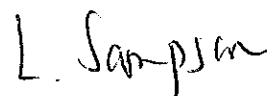
Richard Hill
Chair of the
Board of Directors

Approved on: 10/12/2015



Jolyon Roberts
Executive Principal
and Accounting Officer

10/12/15



Lynne Sampson
Executive Principal
and Accounting Officer

10/12/15

Statement on regularity, propriety and compliance 31 August 2015

As Accounting Officers of The Pegasus Academy Trust, we have considered our responsibility to notify the Board of Directors and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of our consideration we have had due regard to the requirements of the Academies Financial Handbook.

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

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Jolyon Roberts
Executive Principal and
Accounting Officer

Date: 10/12/15



Lynne Sampson
Executive Principal and
Accounting Officer

10/12/15

Statement of Directors' responsibilities 31 August 2015

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 Trust will continue in operation.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Trust 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 have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the charity and financial information included on the Trust'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 Board of Directors and signed on its behalf by:



Richard Hill
Chair of the Board of Directors

Date: 10/12/2015

Independent auditor's report on the financial statements to the members of The Pegasus Academy Trust

We have audited the financial statements of The Pegasus Academy Trust for the year ended 31 August 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, the Directors of The Pegasus Academy Trust (who are also the trustees of the charitable company for the purposes of charity legislation) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report, including the strategic 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.

Independent auditor's report on the financial statements Year ended 31 August 2015

Opinion

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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report, including the strategic report, for the financial year 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 Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

17 December 2015

Independent reporting accountant's assurance report on regularity to The Pegasus Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 3 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Pegasus Academy Trust during the period from 1 September 2014 to 31 August 2015 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 The Pegasus Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Pegasus Academy 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 The Pegasus Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Pegasus Academy Trust's Accounting Officers and the reporting accountant

The Accounting Officers are responsible, under the requirements of The Pegasus Academy Trust's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. 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 from 1 September 2014 to 31 August 2015 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 2014 to 2015 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.

Independent reporting accountant's report on regularity Year ended 31 August 2015

Approach (continued)

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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

17 December 2015

Statement of financial activities Year ended 31 August 2015

(including an income and expenditure account and statement of total recognised gains and losses)

			Restricted funds			
	Notes	Unrestricted funds £	General funds £	Fixed asset funds £	Year to 31 August 2015 £	Year to 31 August 2014 £
Incoming resources						
Incoming resources from generated funds:						
. Activities for generating funds	1	390,157	119,869	—	510,026	370,975
. Investment income	2	2,525	—	—	2,525	2,215
. Voluntary income	3	—	—	3,700,000	3,700,000	1,604,703
. Voluntary income – transfer from Local Authority on conversion	26	—	(832,233)	2,200,000	1,367,767	—
Incoming resources from charitable activities:						
. Funding for the schools' educational operations	4	—	7,850,879	578,891	8,429,770	5,711,830
Total incoming resources		392,682	7,138,515	6,478,891	14,010,088	7,689,723
Resources expended						
Charitable activities:						
. Schools' educational operations	6	138,680	7,890,017	568,677	8,597,374	5,985,117
Governance costs	7	—	89,384	—	89,384	69,904
Total resources expended	5	138,680	7,979,401	568,677	8,686,758	6,055,021
Net incoming (outgoing) resources before transfers		254,002	(840,886)	5,910,214	5,323,330	1,634,702
Gross transfers between funds	15	—	(19,663)	19,663	—	—
Net income (expenditure)		254,002	(860,549)	5,929,877	5,323,330	1,634,702
Other recognised gains and losses						
. Actuarial losses on defined benefit pension scheme	24	—	(63,000)	—	(63,000)	(80,000)
Net movement in funds		254,002	(923,549)	5,929,877	5,260,330	1,554,702
Fund balances brought forward at 1 September 2014		423,675	(1,110,000)	19,580,287	18,893,962	17,339,260
Fund balances carried forward at 31 August 2015		677,677	(2,033,549)	25,510,164	24,154,292	18,893,962

All of the Trust's activities were derived from continuing operations during the above two financial periods.

The Trust had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net movement in funds stated above and its historical cost equivalent.

Balance sheet 31 August 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible fixed assets	12		25,510,164		19,580,287
Current assets					
Debtors	13	426,066		213,487	
Cash at bank and in hand		1,221,791		780,879	
		<u>1,647,857</u>		<u>994,366</u>	
Creditors: amounts falling due within one year	14	<u>(676,729)</u>		<u>(470,691)</u>	
Net current assets			<u>971,128</u>		<u>523,675</u>
Net assets excluding pension scheme liability			26,481,292		20,103,962
Pension scheme liability	24		<u>(2,327,000)</u>		<u>(1,210,000)</u>
Net assets including pension scheme liability			<u>24,154,292</u>		<u>18,893,962</u>
Represented by:					
Restricted funds	15				
. General funds		293,451		100,000	
. Pension reserve		<u>(2,327,000)</u>		<u>(1,210,000)</u>	
		<u>(2,033,549)</u>		<u>(1,110,000)</u>	
. Fixed asset fund		<u>25,510,164</u>		<u>19,580,287</u>	
			23,476,615		18,470,287
Unrestricted funds	15				
. General fund			677,677		423,675
Total funds			<u>24,154,292</u>		<u>18,893,962</u>

Approved by the Board of Directors and signed on its behalf by:



Richard Hill
Chair of the Board of Directors

Approved on: 10/12/2015

Company registration number: 07542114 (England and Wales)

Cash flow statement Year ended 31 August 2015

	Notes	Year to 31 August 2015 £	Year to 31 August 2014 £
Net cash (outflow) inflow from operating activities	20	458,050	653,523
Returns on investments and servicing of finance	21	2,525	2,215
Capital expenditure	22	(19,663)	(390,975)
Increase in cash in the year		440,912	264,763
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		780,879	516,116
Increase in cash in the year		440,912	264,763
Net funds at 31 August 2015		1,221,791	780,879

Principal accounting policies Year ended 31 August 2015

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency (EFA) and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Going concern

The Directors 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 Trust to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes, but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet. Where income is received in advance of the 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.

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

Donations

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

Other income

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

Resources expended

Resources expended are recognised in the period in which they are incurred. They have been classified under headings that aggregate all costs relating to that activity.

As the Trust is able to reclaim the VAT paid on purchases, costs are stated net of recoverable VAT.

Charitable activities

These are costs incurred on the Trust's educational operations for the four schools.

Governance costs

Governance costs include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight-line basis beginning in the year in which the asset is brought into use at the following rates

- ◆ Leasehold buildings – 2% per annum;
- ◆ Computer equipment – 33.3% per annum;
- ◆ Furniture and equipment – 20% per annum.

Where fixed assets have been acquired with the aid of specific grants or donated to the Trust, they are included in the balance sheet at cost or an appropriate valuation and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

The Pegasus 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 company 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.

Pensions Benefits

Retirement benefits to employees of The Pegasus Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS').

The TPS and LGPS are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi employer scheme and the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus (deficit) are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

Unrestricted general funds represent monies which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Directors.

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

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

Schools joining the Trust

Upon a new school joining the multi-academy trust, the Local Authority transfers the identifiable assets and liabilities and the operation of the predecessor school to the control of the Trust. The assets and liabilities transferred are 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 net amount recognised in voluntary income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details are set out in note 26.

1 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Year to 31 August 2015 £	Year to 31 August 2014 £
Extracurricular activities	247,213	119,869	367,082	225,765
Catering	83,262	—	83,262	129,071
Lettings income	4,994	—	4,994	—
Miscellaneous income	54,688	—	54,688	16,139
	<u>390,157</u>	<u>119,869</u>	<u>510,026</u>	<u>370,975</u>

2 Investment income

	Unrestricted funds £	Restricted funds £	Year to 31 August 2015 £	Year to 31 August 2014 £
Bank interest	2,525	—	2,525	2,215

3 Voluntary income

	Unrestricted funds £	Restricted funds £	Year to 31 August 2015 £	Year to 31 August 2014 £
Capital donations	—	3,700,000	3,700,000	1,604,703
	<u>—</u>	<u>3,700,000</u>	<u>3,700,000</u>	<u>1,604,703</u>

Capital donations for the year ended 31 August 2015 relate to the new Whitehorse Manor site at Brigstock Road which was made available to the Trust from 1 September 2014 by the London Borough of Croydon on a 125 year lease.

Capital donations for the year ended 31 August 2014 reflect the increase in the value of the three school properties as a result of development work undertaken on those sites by the London Borough of Croydon as financed by the London Borough of Croydon (net of any financial contributions made directly by the Trust).

Notes to the financial statements Year ended 31 August 2015

4 Funding for the schools' educational operations

	Unrestricted funds £	Restricted funds £	Year to 31 August 2015 £	Year to 31 August 2014 £
Capital grants				
. Devolved Formula Capital allocations	—	70,000	70,000	23,205
. DfE/EFA capital grants	—	261,284	261,284	—
. Local Authority capital grants	—	247,607	247,607	—
	—	578,891	578,891	23,205
DfE/EFA revenue grants				
. General Annual Grant (GAG) (note 15)	—	5,866,187	5,866,187	4,264,082
. Other revenue grants	—	892,613	892,613	516,904
	—	6,758,800	6,758,800	4,780,986
Local Authority revenue grants				
. Early Intervention grant	—	—	—	74,673
. Other grants from the London Borough of Croydon	—	1,092,079	1,092,079	832,966
	—	1,092,079	1,092,079	907,639
	—	8,429,770	8,429,770	5,711,830

5 Resources expended

	Staff costs (note 8) £	Premises £	Other costs £	Year to 31 August 2015 £	Year to 31 August 2014 £
Schools' educational operations					
. Direct costs (note 6)	5,229,323	—	1,021,015	6,250,338	4,277,696
. Support costs (note 6)	854,359	471,793	1,020,884	2,347,036	1,707,421
	6,083,682	471,793	2,041,899	8,597,374	5,985,117
Governance costs (note 7)	—	—	89,384	89,384	69,904
	6,083,682	471,793	2,131,283	8,686,758	6,055,021

Net incoming resources for the year

This is stated after charging:

	Year to 31 August 2015 £	Year to 31 August 2014 £
Operating lease charges	14,409	11,907
Auditor's remuneration		
. Statutory audit	15,700	15,350
. Other services	4,440	2,650

Notes to the financial statements Year ended 31 August 2015

6 Schools' educational operations

	Year to 31 August 2015 £	Year to 31 August 2014 £
Direct costs		
Teaching and educational support staff costs	5,142,523	3,590,482
Agency costs	86,800	46,686
Educational supplies	184,594	194,360
Educational consultancy	173,572	61,934
Depreciation	568,677	330,457
Training and development	34,619	26,215
Transport	59,553	27,562
	<u>6,250,338</u>	<u>4,277,696</u>
Educational support costs		
Support staff costs*	808,591	771,666
Agency costs	45,768	—
ICT costs	144,256	51,695
Maintenance of premises, equipment and cleaning	361,406	238,236
Printing and stationery	109,354	57,497
Heat, light and rate	110,387	74,637
Insurance costs	74,309	59,013
Catering costs	439,000	264,762
Other support costs**	253,965	189,915
	<u>2,347,036</u>	<u>1,707,421</u>
	<u>8,597,374</u>	<u>5,985,117</u>

* Support staff costs include an FRS 17 operating charge of £53,000 (2014 - £57,000) (note 24).

** Other support costs include a net FRS 17 finance charge of £52,000 (2014 - £37,000) (note 24).

7 Governance costs

	Year to 31 August 2015 £	Year to 31 August 2014 £
Legal and professional fees	69,244	51,904
Auditor's remuneration		
. Statutory audit	15,700	15,350
. Other services	4,440	2,650
	<u>89,384</u>	<u>69,904</u>

8 Staff

(a) Staff costs

Staff costs comprise:

	Year to 31 August 2015 £	Year to 31 August 2014 £
Wages and salaries	4,920,729	3,597,506
Social security costs	305,759	219,557
Other pension costs	724,626	545,085
	5,951,114	4,362,148
Agency costs	132,568	46,686
	6,083,682	4,408,834

(b) Staff numbers

The average number of persons (including senior management team) employed by the Trust during the year expressed as full time equivalents was as follows:

	2015 Number	2014 Number
Teaching staff (including teaching assistants)	128	103
Administration and support	44	25
Management	4	3
	176	131

(c) Higher paid staff

The number of employees whose annualised emoluments fell within the following bands (including taxable benefits but excluding employer pension contributions), was:

	2015 Number	2014 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	—
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year to 31 August 2015, pension contributions for these staff amounted to £50,047 (2014 - £40,574).

9 Directors' remuneration and expenses

Executive Principals and Staff Governors only receive remuneration in respect of services they provide in undertaking their role as employees of the Trust and not in respect of their services as Directors. Directors did not receive any payments from the Trust in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

	2015 £'000	2014 £'000
L Sampson (Executive Principal and Director)		
. Remuneration	85-95	80-85
. Employer's pension contributions	10-15	10-15
J Roberts (Executive Principal and Director)		
. Remuneration	90-95	90-95
. Employer's pension contributions	10-15	10-15
Susan Bittle (Staff Governor)		
. Remuneration	25-30	25-30
. Employer's pension contributions	0-5	0-5
Cheryl Peters (Staff Governor)		
. Remuneration	20-25	20-25
. Employer's pension contributions	n/a	n/a

None of the Directors were reimbursed expenses during the year as directors (2014 – none).

10 Directors' and officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on company business. The insurance provides cover up to £1million during the period of cover and the amount paid in the period to 31 August 2015 was included in the amount of £72,243 paid for a comprehensive schools policy (2014 - £35,000).

11 Central services

The Trust has provided the following services to its schools during the year.

- ♦ Strategic management;
- ♦ Human resources;
- ♦ Financial services;
- ♦ Legal services;
- ♦ Education support services;
- ♦ Catering; and
- ♦ Other services on an ad hoc basis.

11 Central services (continued)

The Trust charges for these services based on the ratio of pupil numbers across the four schools (excluding nursery students).

The amounts charged during the year were as follows:

	2015 £
Ecclesbourne Primary School	326,002
Whitehorse Manor Infant School	506,578
Whitehorse Manor Junior School	435,752
Beulah Infant and Nursery School	209,814
	<u>1,478,146</u>

12 Tangible fixed assets

	Long leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2014	19,901,326	246,110	253,523	20,400,959
Additions	6,214,657	259,633	24,264	6,498,554
At 31 August 2015	<u>26,115,983</u>	<u>505,743</u>	<u>277,787</u>	<u>26,899,513</u>
Depreciation				
At 1 September 2014	557,172	107,859	155,641	820,672
Charge for the year	399,396	81,434	87,847	568,677
At 31 August 2015	<u>956,568</u>	<u>189,293</u>	<u>243,488</u>	<u>1,389,349</u>
Net book value				
At 31 August 2015	25,159,415	316,450	34,299	25,510,164
At 31 August 2014	<u>19,344,154</u>	<u>138,251</u>	<u>97,882</u>	<u>19,580,287</u>

The Trust buildings, acquired under a 125 year lease on a peppercorn basis from the London Borough of Croydon, have been capitalised under long leasehold land and buildings. All of the properties were donated to the Trust by the London Borough of Croydon and the values attributed to the properties have been derived as follows:

- The Whitehorse Manor Infant and Junior School sites are included on the balance sheet based on a professional valuation dated 5 June 2014;
- The Ecclesbourne Primary School site is included on the balance sheet based on a professional valuation dated 1 September 2013;
- The Whitehorse Manor site at Brigstock Road is included on the balance sheet based on an insurance valuation as at 1 September 2015; and
- The Beulah Infant and Nursery School site is included on the balance sheet based on a professional valuation dated 1 April 2012.

Any subsequent additions to the properties have been capitalised at cost.

Notes to the financial statements Year ended 31 August 2015

13 Debtors

	2015 £	2014 £
Trade debtors	64,307	—
VAT recoverable	225,071	83,579
Prepayments and accrued income	136,688	129,908
	426,066	213,487

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	183,632	164,059
Other tax and social security	99,107	72,453
Accruals	135,432	157,665
Deferred income (see below)	258,558	76,514
	676,729	470,691

Deferred income

	£
Deferred income at 1 September 2014	76,514
Amounts released from previous years	(76,514)
Resources deferred in the year	258,558
Deferred income a 31 August 2015	258,558

Deferred income includes funding received from the Education Funding Agency for Universal Infant Free School Meals Income which is specifically received for the 2015/16 academic year and an amount from the Local Authority received in advance for the 2015/16 academic year in respect to the rent of the Brigstock site.

15 Funds

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
Restricted general funds					
DfE / EFA restricted funds					
. General Annual Grant (GAG)	—	5,866,187	(5,846,524)	(19,663)	—
. Other DfE/EFA revenue grants	—	892,613	(599,162)	—	293,451
Other restricted general funds					
. Local Authority grants	100,000	1,092,079	(1,192,079)	—	—
. Beulah budget surplus (note 26)	—	116,767	(116,767)	—	—
. Other restricted income	—	119,869	(119,869)	—	—
	100,000	8,087,515	(7,874,401)	(19,663)	293,451
. Pension reserve (note 24)	(1,210,000)	(949,000)	(105,000)	(63,000)	(2,327,000)
Total restricted general funds	(1,110,000)	7,138,515	(7,979,401)	(82,663)	(2,033,549)
Restricted fixed asset funds					
. DfE / EFA and Local Authority capital grants	343,903	578,891	(169,281)	(402,764)	350,749
. Inherited from Local Authority	19,236,384	5,900,000	(399,396)	422,427	25,159,415
	19,580,287	6,478,891	(568,677)	19,663	25,510,164
Total restricted funds	18,470,287	13,617,406	(8,548,078)	(63,000)	23,476,615
Unrestricted general fund	423,675	392,682	(138,680)	—	677,677
Total funds	18,893,962	14,010,088	(8,686,758)	(63,000)	24,154,292

These grants relate to the Trust's development and educational activities.

General Annual Grant

Under the funding agreement with the Secretary of State, the Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2015. The transfer from the GAG fund to the fixed assets fund reflects the utilisation of GAG monies to help finance the purchase of the Trust's tangible fixed assets.

Other DfE/EFA revenue grants

This primarily includes the Pupil Premium income receivable from the EFA to support disadvantaged children from low-income families.

Other Local Authority grants

These are grants receivable from the London Borough of Croydon for specific purposes or projects.

Pension reserve

The pension reserve relates to the Trust's Local Government Pension Schemes FRS 17 liability for support staff.

Restricted fixed asset funds

These funds relate to the Trust's holding of tangible fixed assets, predominantly the buildings held under a long lease with the London Borough of Croydon.

15 Funds (continued)

Analysis of funds by school

Fund balances at 31 August 2015 were allocated as follows:

	£
Ecclesbourne Primary School	(3,538)
Whitehorse Manor Infant School	448,145
Whitehorse Manor Junior School	360,194
Beulah Infant and Nursery School	(25,157)
Central services	191,484
Total before fixed assets and pension reserve	971,128
Restricted fixed asset fund	25,510,164
Pension reserve	(2,327,000)
Total	24,154,292

Changes have already been made to the staffing structure at Beulah and during 2015/16 it is expected to come very close to break-even. The extra resources expended at Ecclesbourne have been effective. It is now judged to be a 'Good' school and it is expected that during 2015/16 its historic deficits will be eliminated.

Analysis of costs by school

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
Ecclesbourne Primary School	1,499,528	110,229	22,380	418,075	2,050,212
Whitehorse Manor Infant School	1,133,180	87,838	33,971	409,598	1,664,587
Whitehorse Manor Junior School	829,863	58,947	22,730	326,140	1,237,680
Beulah Infant and Nursery School	1,052,751	104,638	79,937	340,743	1,578,069
Central services	755,215	398,494	25,576	303,248	1,482,533
Total costs	5,270,537	760,146	184,594	1,797,804	8,013,081

16 Analysis of net assets between funds

	Unrestricted general funds £	Restricted general fund £	Restricted fixed assets fund £	2015 Total funds £
Fund balances at 31 August 2015 are represented by:				
Fixed assets	—	—	25,510,164	25,510,164
Current assets	677,677	970,180	—	1,647,857
Creditors: amounts falling due within one year	—	(676,729)	—	(676,729)
Pension scheme liability	—	(2,327,000)	—	(2,327,000)
Total net assets	677,677	(2,033,549)	25,510,164	24,154,292

17 Related party transactions

Owing to the nature of the Trust's activities and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

During the year ended 31 August 2015, the Trust made payments totalling £48,455 (2014 - £nil) towards the purchase of school improvement services from the Octavo Partnership. Mr J Roberts is a Director of The Pegasus Academy Trust and also a Director of the Octavo Partnership. At 31 August 2015, the Trust was owed services to the value of £31,981 (2014 - £nil) and this balance is included within prepayment debtors.

The Directors confirm that the purchase was made at arm's length and Mr J Roberts neither participated in, nor influenced the procurement discussion/decision in respect of this transaction. They further confirm that they have observed and complied with the requirements set out in EFA's Academies Financial Handbook.

18 Capital commitments

At 31 August 2015, the Academy Trust had the following capital commitments:

	2015 £	2014 £
Authorised and contracted for	112,575	—

19 Financial commitments

Operating leases

At 31 August 2015 the Trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Equipment		
Expiring within one year	11,846	—
Expiring within two and five years inclusive	—	14,409
	11,846	14,409

20 Reconciliation of net income to net cash inflow from operating activities

	Year to 31 August 2015 £	Year to 31 August 2014 £
Net incoming resources	5,323,330	1,634,702
Depreciation	568,677	330,457
Interest receivable	(2,525)	(2,215)
Capital grants from the EFA	(578,891)	(23,205)
Capital donations from Local Authority (note 3)	(3,700,000)	(1,604,703)
Long leasehold land and buildings inherited from Local Authority (note 3)	(2,200,000)	—
FRS 17 liability inherited from Local Authority (note 26)	949,000	—
FRS17 pension cost less contributions payable	53,000	57,000
FRS17 pension finance cost	52,000	37,000
Increase in debtors	(212,579)	(61,302)
Increase in creditors	206,038	285,789
Net cash inflow from operating activities	458,050	653,523

21 Returns on investments and servicing of finance

	Year to 31 August 2015 £	Year to 31 August 2014 £
Interest received	2,525	2,215
Net cash inflow from returns on investment	2,525	2,215

22 Capital expenditure

	Year to 31 August 2015 £	Year to 31 August 2014 £
Purchase of tangible fixed assets	(598,554)	(414,180)
Capital donations from EFA (note 5)	578,891	23,205
Net cash outflow from capital expenditure	(19,663)	(390,975)

23 Analysis of changes in net funds

	At 1 September 2014 £	Cash flows £	At 31 August 2015 £
Cash in hand at bank	780,879	440,912	1,221,791

24 Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and Local Government Pensions Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Croydon. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 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.

24 Pension commitments (continued)

Teachers' Pension Scheme (continued)

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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £ 363,676 (2014: £259,917).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

24 Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 August 2015 was £414,000 (2014 - £241,000) of which employer's contributions totalled £333,000 (2014 - £192,000) and employee's contributions totalled £81,000 (2014 - £49,000). The best estimate of contributions to be paid to the scheme for the year ending 31 August 2016 is £329,000 (2015 - £204,000).

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.

The following information is based upon an actuarial valuation of the funds at 31 August 2015 by a qualified independent actuary.

Principal actuarial assumptions

	31 August 2015 % per annum	31 August 2014 % per annum
Rate of increase in salaries	3.5%	3.4%
Rate of increase for pensions	2.6%	2.6%
Discount rate for scheme liabilities	3.7%	3.7%
Inflation assumption (CPI)	2.6%	2.6%

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

	31 August 2015	31 August 2014
Retiring today		
. Males	22.3	22.3
. Females	24.4	24.4
Retiring in 20 years		
. Males	24.4	24.4
. Females	26.7	26.7

24 Pension commitments (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2015 £000	Expected return at 31 August 2014* %	Fair value at 31 August 2014 £000
Equities	1,186	6.4%	896
Bonds	414	3.7%	342
Property	263	4.5%	114
Cash	19	3.3%	71
Total market value of assets	1,882		1,423
Present value of scheme liabilities	(4,209)		(2,633)
Deficit in the scheme	(2,327)		(1,210)

* No long-term expected rate of return at 31 August 2015 has been provided, as for accounting periods beginning on or after 1 January 2015, the expected return and interest cost will be replaced with a single net interest cost. This will effectively set the expected return at a level equal to the discount rate of 3.7%.

The actual return on scheme assets was £53,000 (2014 - £102,000).

Amount recognised in the statement of financial activities

	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	386	249
Total operating charge	386	249
Interest on pension liabilities	141	91
Expected return on pension scheme assets	(89)	(54)
Net pension finance costs	52	37

The actuarial gains and losses for the current period are recognised in the statement of recognised gains and losses. The cumulating amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a net loss of £1,250,000 (2014 -£238,000).

24 Pension commitments (continued)

Local Government Pension Scheme (continued)

	2015 £'000	2014 £'000
Movement in deficit during the period		
Deficit at 1 September 2014	(1,210)	(1,036)
Current service cost (net of employee contributions)	(386)	(249)
Employer contributions	333	192
Net finance interest	(52)	(37)
Actuarial losses	(63)	(80)
Deficit inherited from Local Authority (note 26)	(949)	—
Deficit at 31 August 2015	(2,327)	(1,210)

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

	2015 £'000	2014 £'000
At 1 September 2014	2,633	1,842
Current service cost	386	249
Interest cost	141	91
Employee contributions	81	49
Estimated benefits paid	(32)	(8)
Actuarial losses	27	410
Liabilities assumed in a business combination	973	—
At 31 August 2015	4,209	2,633

Movements in the fair value of Trust's share of scheme assets

	2015 £'000	2014 £'000
At 1 September 2014	1,423	806
Expected return on assets	89	54
Actuarial gains	(36)	330
Employer contributions	333	192
Employee contributions	81	49
Estimated benefits paid	(32)	(8)
Assets acquired in a business combination	24	—
At 31 August 2015	1,882	1,423

24 Pension commitments (continued)

Local Government Pension Scheme (continued)

The experience adjustment is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(4,209)	(2,633)	(1,842)	(1,475)	(1,037)
Fair value of share of scheme assets	1,882	1,423	806	492	234
Deficit in the scheme	(2,327)	(1,210)	(1,036)	(983)	(803)
Experience adjustments on share of scheme assets					
Amount £'000	(36)	330	38	10	(9)
Experience adjustments on scheme liabilities					
Amount £'000	7	(226)	—	—	—

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 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.

26 Transfer from Local Authority on conversion

On 1 September 2014, Beulah Infant and Nursery School joined The Pegasus Academy Trust. Upon joining the Trust, Beulah Infant and Nursery School achieved academy status under the Academies Act 2010 and the operations together with any assets and liabilities of predecessor Local Authority controlled school was transferred to the Trust at that date. These transfers have been accounted for using the acquisition method. The assets and liabilities transferred have been recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities.

The following table sets out the identifiable assets and liabilities transferred from the Local Authority and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £	Restricted general funds £	Restricted fixed assets funds £	Total 2015 £
Leasehold land and buildings (note 12)	—	—	2,200,000	2,200,000
Budget surplus on Local Authority funds	—	116,767	—	116,767
LGPS pension deficit (note 24)	—	(949,000)	—	(949,000)
Net assets	—	(832,233)	2,200,000	1,367,767