

The Pegasus Academy Trust

Annual Report and Financial Statements

Year ended 31 August 2022

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

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Reference and administrative information

Members	Richard Hill Patricia Salami Geraldine Vassell
Directors	Shelley Davies Fiona Fearon Gary Griffin Sasha Henry-Crawford Richard Hill (Co-Chair) Ian Patterson Nina Pogossova Jolyon Roberts Lynne Sampson Xavier Villers Emma Whapham (Co-Chair)
Company Secretary	Josephine Ridge
Senior Leadership Team	
Executive Principal and CEO	Jolyon Roberts
Executive Principal	Lynne Sampson
Head of School – Whitehorse Manor Junior School	Nina Achenbach
Head of School – Beulah Infants	Deborah Butler
Head of School – Ecclesbourne Primary School	Paul Robins
Head of School – Whitehorse Manor Infants	Sharon Russell
Head of School – Cypress Primary (Upper)	Nikki Carpenter
Head of School – Cypress Primary (Lower)	Jo Sorenson
Chief Financial Officer	Josephine Ridge
Registered office	Cypress Primary School 32 Cypress Road London SE25 4AU
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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Trust Solicitor	Winckworth Sherwood 5 Montague Close London SE1 9BB
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Directors' report (including the strategic report) Year ended 31 August 2022

The Directors of The Pegasus Academy Trust (the 'Academy Trust' or 'The Trust') present their statutory report together with the financial statements of the charitable company for the year ended 31 August 2022.

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 32 to 37 of the attached financial statements and comply with the Academy Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

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 and Skills Funding Agency ('ESFA') (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.

Directors' indemnities

Directors' indemnity insurance (including professional liability) is provided through the Department for Education Risk Protection Arrangement (RPA) and provides unlimited cover.

Directors' report (including the strategic report) Year ended 31 August 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

The Academy Trust's primary objective, 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. It achieves this by

Currently running six schools within the Academy Trust; Whitehorse Manor Junior School, Whitehorse Manor Infant School, Ecclesbourne Primary School, Beulah Infant and Nursery School, Cypress Primary School and since 1 September 2022, Atwood Primary School. The Academy Trust also runs Thornton Heath Nursery School under a service level agreement on behalf of Croydon Council. In total the Academy Trust is responsible for over 2000 pupils between the ages of two and eleven and has approximately 300 members of staff to support them.

In addition, as part of the Trust's educational mission and in order to ensure that the Trust's facilities are available to the wider community the Academy Trust runs Breakfast and After School Clubs at each of its sites at competitive rates.

Members

On the advice of the Department for Education ('DfE') the number of members was changed in the year ended 31 August 2017, increasing the number of place available from three to five. At present the Trust has three members although we are still seeking to recruit additional members. However, members who are not also Directors remain in the majority – which is a requirement for Academy Trusts.

Method of recruitment and appointment of Directors

In accordance with the articles, the Board of Directors comprises as a minimum: one Local Authority Director, seven co-opted Directors, the CEO and the Executive Principals. Members have the power to appoint Directors (as specified in the Articles of Association). The articles allow for Academy Directors but these are now optional and the Trust does not have any representatives in this category. Similarly, the appointment of Community Directors is optional and the Trust currently has no Directors in this category.

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 advisory bodies) at each of the five schools.

Directors' report (including the strategic report) Year ended 31 August 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

During the accounting period the Board of Directors has been responsible for: setting the general policies by which the Academy Trust will operate; providing overall strategic direction, including decisions related to COVID-19; making decisions on key employees; making decisions on major items of expenditure; ensuring compliance with statutory and contractual requirements; ensuring accountability that drives up educational standards and financial performance; monitoring the overall financial position during 2021/22 and setting the 2022/23 budget. In order to provide clarity for schools considering joining the Trust [an update was made to the Trust's website](#) in May 2022 making clear the separation of duties between Directors and Academy Councils.

The Executive Principals have overall responsibility for the strategic and operational direction of the Academy Trust. They also have overall responsibilities for the schools within the Academy Trust. As Accounting Officer, Jolyon Roberts is responsible to central government in terms of the Trust's operational and educational attainment as well as standards and services for the schools within the Academy Trust. The Executive Principals provide the strategic and operational vision for the Academy Trust in terms of guidance, accountability, external and internal assurance.

The Senior Leadership Team, comprising the Executive Principals, Heads of School and the Chief Financial Officer provide the operational leadership and control for the Academy Trust's activities. They meet weekly as a group and focus on educational attainment, operational efficiency and effectiveness.

The Trust has no subsidiaries and operates with a single bank account and under a single company number – giving Directors a clear, unequivocal view of the activities of the Trust.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy Trust responsible for directing and controlling the Academy Trust comprise the Directors together with the Senior Leadership Team (listed on page 1). Directors are not remunerated for their services as directors of the Academy Trust. However, certain Directors (the Executive Principals) are remunerated in their capacity as employees of the Academy Trust.

Salary ranges for the Executive Principals and Heads of School are set in accordance with the provisions of the School Teachers' Pay and Conditions Document. Progression through the pay range depends on an annual review of performance using the Academy Trust's performance management process. This takes into account performance objectives, pupil progress, leadership and management, and other evidence as appropriate. Decisions on progression rest ultimately with the Remuneration Committee.

In relation to the Chief Financial Officer, the Remuneration Committee has set a pay range, and annual progression within that range is subject to satisfactory annual assessment under the Academy Trust's appraisal scheme.

Directors' report (including the strategic report) Year ended 31 August 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

The Pegasus Academy Trust now has no employee remunerated through trade union facility time arrangements as the employee who formerly worked under these arrangements retired in August 2021.

Related parties and other connected organisations

The Pegasus Academy Trust is not part of a wider network and does not have any related parties. The Academy Trust is a stand-alone organisation in the borough of Croydon and has no other links with any charities or any other organisations.

Engagement with employees (including disabled persons)

The Trust is always keen to engage with the employees of the Trust on matters of concern to them, although many matters are dealt with through the NJC (National Joint Council) or JLC (Joint Labour Committees) joint collective bargaining arrangements at Croydon Council that the Trust agrees to mirror. Senior leaders of the Trust, right up to Executive Principal level, make themselves available to deal with employees' concerns and as a result the Trust maintains good relationships with its employees and their trade unions.

Examples of employee engagement during this reporting period:

- ◆ TUPE meetings with employees at Atwood Primary School relating to the school joining the Trust in September 2022. There was excellent engagement with these meetings with most staff attending and there were no union objections to the proposed measures. Individual and group meetings with employees were also offered with good engagement.
- ◆ MACs (Members of Academy Council) and Directors were involved in the development of the Trust's new anti-racist policy which was raised as a matter for development by staff following the murder of George Floyd in Minneapolis, USA and the subsequent protests in solidarity with his family which took place in London in May and June 2020. The Trust arranged for Patrick Hutchinson to visit to speak to children at Whitehorse Manor with an anti-racist message and also arranged training from the Hackney Learning Trust on the black curriculum and 'Unconscious bias'. The resulting policy is now in place and is part of the Trust's induction pack for new employees.

The Trust recognises all Trade Unions listed in Chapter 7 of the London Borough of Croydon's HR handbook <https://www.octavopartnership.org/resources/hr-handbook-chapters-7-7a-employee-relations/> and has engaged in useful meetings with various unions on matters concerning their members. The Trust abides by the London Borough of Croydon's employee relations guidance agreed with the recognised Unions.

The Trust runs an equal opportunity policy in respect of applications for employment from disabled persons and has current examples of making reasonable adjustments for employees who have become disabled. An overview of the training, career development and promotion of disabled persons within the Trust may be requested by Directors to whom this duty falls.

Directors' report (including the strategic report) Year ended 31 August 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Engagement with suppliers, customers and others in a business relationship with the Trust

The Trust employs a Facilities Manager who is responsible for the oversight of key contracts such as cleaning and catering including when and how they are appointed, who is used and how they are chosen. The Trust adheres to its own tendering policy which is overseen by Directors and complies with OJEU legislation on bigger contracts – e.g. catering. The Trust enjoys a good relationship with a number of trusted suppliers but audits demonstrate that it regularly tests the market and awards work to new companies where their quotes are more competitive.

OBJECTIVES AND ACTIVITIES

The principal object and activity of the Academy 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 Academy 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 DfE. These policies specify, amongst other things, the basis for admitting pupils to the five schools and the curriculum that the Trust provides.

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 Academy 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 Academy Trust aims to maintain 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. See also 'Engagement with employees' above.

Disabled persons

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

Directors' report (including the strategic report) Year ended 31 August 2022

STRATEGIC REPORT

Key performance indicators

In this accounting period the main challenge for the Trust was to find a 'new normal' in our schools following the COVID pandemic of the previous year. This did not mean returning to everything that our schools had done previously and in fact we have found that some of the arrangements adopted during COVID were an improvement over that we had done previously – examples being lunch and break time arrangements at Whitehorse Manor Junior School and engagement via online platforms like 'GoogleMeet' in order to reduce travelling time between our sites.

The Trust had two Ofsted inspections during this accounting period which resulted in a 'Requires Improvement' judgement at Whitehorse Manor Infants in October 2021 and a 'Good' judgement at Whitehorse Manor Juniors in April 2022. The Senior Leadership Team at the Trust vigorously disagreed with the judgement at Whitehorse Manor Infants and followed the complaints procedure through all the stages that Ofsted allows but these appeals were unsuccessful.

Staffing remained stable in this reporting period, reserves remained strong and the Trust continued to budget for all areas, including capital expenditure which many other MATs have had to reduce or do away with completely.

National assessments were reintroduced after having been suspended for COVID. Attainment nationally was down on previous years and the outcomes at the Trust's schools reflected this national picture. Leaders at our schools have worked hard to rebuild confidence and re-establish routines with our children and families and we expect outcomes to continue to improve in forthcoming years.

The Trust continued to find funds for capital expenditure as Directors believe that this not only enhances the educational experience at our schools but is an important reason why families choose a Pegasus school for their child. As pupil numbers are an important part of our financial settlement each year the continued ability to attract local families to our schools ensures that we can continue to offer the present good quality of education and support. Notable projects this year include the 'Willows Family Centre' at Ecclesbourne Primary School and a new library, funded in part by the PTFA, (Parent Teacher Friends Association) at Cypress Primary upper school site.

Promoting the success of the schools within the Pegasus Academy Trust

We give due consideration to the pressures on our teaching and operational staff at our schools and seek to establish a good work/life balance for our employees by consulting on our policies and balancing the adoption of new initiatives with the ending of older ones. We want our schools to be at the heart of our communities into the long term and consider ourselves custodians of the facilities and spirit of our schools for the next generation.

Financial review

The Finance Committee of the Board of Directors meets regularly to discuss the financial performance of the Trust. In this accounting period, as in the previous years, the Trust ran a surplus budget and so much of the discussion has been around how this money might best be used for the children currently educated at schools within the Trust rather than how savings might be made.

Directors' report (including the strategic report) Year ended 31 August 2022

STRATEGIC REPORT (continued)

Financial review (continued)

The risk register for schools within the Trust is regularly reviewed by Directors and their discussions and decisions are minuted. The principal risks to the Trust in this accounting period are reported on page 11.

All other financial risks other than this were judged by Directors to be 'Low' or 'Acceptable' and this is the only factor which may affect the Trust's finances going forward,

All schools within the Trust were at or near a balanced budget situation and since the Trust runs a centralised financial system and pools its GAG adjustments are able to be made to support any school experiencing short term financial difficulties. The Trust has healthy financial reserves and relies upon these to cover any unforeseen future commitments.

Financial report for the year

The Academy Trust's total income for the year ended 31 August 2022 amounted to £13,580,000 (2021 – £12,926,000).

The bulk of the Academy Trust's income was obtained from the ESFA, an agency of the DfE, the use of which is restricted to particular educational purposes. The grants received from the ESFA in the year ended 31 August 2021 and the associated expenditure are shown as restricted in the statement of financial activities.

During the year ended 31 August 2022 total expenditure amounted to £14,616,000 (2021 – £12,979,000). 75% (2021 – 76%) of the Academy Trust's expenditure relates to staff costs which totalled £10,861,000 for the year ended 31 August 2022 (2021 – £9,897,000).

The deficit for the year (before the actuarial movement on the Local Government Pension Scheme) was £1,036,000 (2021 – £53,000). Excluding the pension adjustments in respect of the Local Government Pension Scheme and the movements on the fixed assets fund, the operational surplus for the year was £137,000 (2021 – surplus of £549,000).

Financial position

The Academy Trust held fund balances at 31 August 2022 of £34,152,000 (2021 – £27,666,000) comprising £33,939,000 (2021 – £33,859,000) in the restricted fixed assets fund, a deficit of £1,551,000 (2021 – £7,820,000) on the pension reserve and unrestricted general funds of 1,764,000 (2021 – £1,485,000). There are no amounts carried forward on the Trust's General Annual Grant (GAG) as shown in note 15 to the financial statements (2021 – £142,000).

The movements in the pension scheme reserve are shown in note 18.

Directors' report (including the strategic report) Year ended 31 August 2022

STRATEGIC REPORT (continued)

Financial review (continued)

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 2022, the Academy Trust's free reserves, equating to the unrestricted general fund balance, amounted to £1,764,000 (2021 – £1,485,000).

During the year ended 31 August 2022 the Trust reviewed its reserves policy. The key factors taken into account were:

- ◆ Potential changes to funding formulae that impact on the Trust;
- ◆ Assumptions regarding inflation – with the cost of living and staff costs rising sharply in year;
- ◆ Each individual school's condition survey and capital projects;
- ◆ The Trust's track record in budget management;
- ◆ The prospects for absorbing other schools into the Trust; and
- ◆ An assessment of external risks.

After this review the Board maintained a policy of reserves being 4% to 8% of annual income (excluding income within the fixed asset fund) over the long term. At 31 August 2022, the Academy Trust held reserves of 13% (2021 – 12.0%) which is 5% over the agreed policy. The Trust has built up additional reserves throughout the pandemic through savings on maintenance costs topped up through additional funding received from the government. It plans to use its reserves on enhancing the learning experience of a child through investment in both the learning and development of pupils and capital over the coming years.

The fund balances at the year end are adequate to fulfil the obligations of the Academy Trust and provide a balance against most unforeseen future events. Whilst general restricted funds were in deficit by £1,551,000 (2021 – £7,678,000) at 31 August 2022, this is solely because of the Local Government Pension Scheme liability of the same amount.

As the Local Government Pension Scheme is a funded scheme, employers' pension contributions will increase in line with any deficit over a period of years. The recent triennial evaluation of the Croydon LGPS scheme has resulted in a slightly smaller contribution rate for the Academy Trust for the next three years and from April 2020 there has been no requirement to make contributions to the Croydon's pension deficit. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. Accordingly, there is no direct impact on the Academy Trust's free reserves in recognising the deficit on the pension scheme.

Directors' report (including the strategic report) Year ended 31 August 2022

STRATEGIC REPORT (continued)

Financial review (continued)

Investment policy

The Pegasus Academy Trust does not have an Investment Policy as the Trust has no investments.

Going concern

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

Principal risks and uncertainties

The Academy 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 Academy 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 Academy 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 which the Academy Trust faces are:

- ◆ Pupil numbers – There is now overprovision of places in the Croydon and this means that a number of schools, including schools in the Trust, are no longer full. Given that the funding allocated to each pupil is needed to maintain current staffing this is a risk for the Trust going forward and without an improvement in the funding available to schools, further cost saving measures at some schools may be necessary in the future.
- ◆ Financial resources being stretched, particularly by the real terms decline in funding levels over a period of the last nine years – Mitigating actions include a cautious reserves policy, and tight budgetary controls, especially on staffing levels where a careful consideration of the need for staff at each site is regularly undertaken by the Executive Principals.
- ◆ Unfunded pay awards – At the time of writing the pay award offered to support staff is 10.5%. There is no associated funding with this in terms of a pay grant and it appears the shortfall will need to be met from Trust reserves. This is unsustainable going forward and the only conceivable solution will be for the Trust to employ less staff at these grades unless more funding is forthcoming.

Directors' report (including the strategic report) Year ended 31 August 2022

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting

The Trust has commissioned an independent report on its energy usage by Briar Consulting Engineers Limited which has been summarised below (in line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018:

UK Greenhouse gas emissions and energy use data for the accounting period

	2021-22	2020-21
Energy consumption used to calculate emissions (kWh)	2,302,757	2,493,879
Energy consumption break down (kWh) <ul style="list-style-type: none">• gas,• electricity,• transport fuel	1,640,128 662,374 255	1,895,108 598,771 -
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	299.4	347.1
Owned transport – mini-buses	0.1	0.0
<u>Scope 2 emissions in metric tonnes CO₂e</u> Purchased electricity	128.1	127.1
<u>Scope 2 emissions in metric tonnes CO₂e</u> Business travel in employee owned vehicles	0.0	0.0
Total gross emissions in metric tonnes CO ₂ e	427.5	474.2
<u>Intensity ratio</u>		
Tonnes CO ₂ e per pupil	0.208	0.231
Tonnes CO ₂ e per square metre of floor area	0.031	0.034

Quantification and Reporting Methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2022 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Briar Consulting Engineers Limited.

The electricity and gas consumption were compiled from invoice records, with small data gaps covered using the pro-rata extrapolation estimation technique. Mileage records were extrapolated from historic mileage odometer readings and used to calculate energy use and emissions associated with the minibus. Generally gross calorific values were used except for grey fleet mileage energy calculations as per Government GHG Conversion Factors.

The associated emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of Trust activities but occur from sources not owned or controlled by the organisation (scope 3).

Intensity measurement

The primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per pupil, which is the recommended ratio for the sector for consistency and comparability. Pupil numbers are based on the Autumn 2020 Census. A secondary intensity ratio based on floor area (Gross Internal Area) is also provided to reflect the energy efficiency of the buildings, which are the source of the majority of emissions.

Directors' report (including the strategic report) Year ended 31 August 2022

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting (continued)

Measures taken to improve energy efficiency

The Trust is committed to reducing longer term emissions and this year has seen the implementation of the following energy efficiency measures:

- ♦ The ongoing replacement of old lighting fixtures with LED lighting across all schools;
- ♦ A Trust wide audit of the times when our heating systems are on resulting in fewer hours of operation over the week and a target temperature of 19 degrees for heating as recommended by the UK's committee on climate change.

Fundraising

The only fundraising undertaken by the Trust at present is for charitable purposes and is limited in scope – e.g. MacMillan coffee morning collections from families. All of this work is organised 'in house' and the Trust does not work with any commercial participators or professional fundraisers.

Future plans

The Directors have signed a Memorandum of Understanding (MOU) with the Governors at Atwood Primary School to work together so that Atwood was able to join the Trust in September 2022. This will bring the total number of schools that the Trust is responsible for to six.

The Trust will begin a strategic move to offer more full time Nursery Places at some of its schools by taking up to 16 full time children at Ecclesbourne Primary School from September 2022. If this is a success and the demand is there this may be rolled out to further schools in years to come.

The Trust is aware of the intention, stated in the schools white paper of April 2021, that *'By 2030 all children will benefit from being taught in a school that is in, or in the process of joining, a strong Multi Academy Trust'*. As a result of this Pegasus has received enquiries from a number of schools and may well scale up again during the next academic year.

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

09/12/2022

Statement on regularity, propriety and compliance 31 August 2022

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, 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. The Accounting Officer is Jolyon Roberts.

Governance

The Directors have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for 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 four times during the year, with the Finance Sub-committee meeting a further four times to ensure appropriate scrutiny and governance procedures are being adopted. This is in compliance with the Academy Trust Handbook as the Finance sub-committee are also members of the Board.

Attendance during the year at meetings of the Directors was as follows:

Director	Role	Number of meetings attended	From a possible
Shelley Davies	LA Director	2	4
Fiona Fearon	Co-opted Director	2	3
Gary Griffin	Co-opted Director	4	4
Sasha Henry Crawford	Co-opted Director	4	4
Richard Hill	Co-opted and Chair of Directors	4	4
Ian Patterson	Co-opted Director	2	4
Nina Pogossova	Co-opted Director	3	4
Jolyon Roberts	Executive Principal and CEO	4	4
Lynne Sampson	Executive Principal	4	4
Xavier Villers	Co-opted Director	4	4
Emma Whapham	Co-opted Director	4	4

The Board of Directors is the body responsible for the delivery of the Trust's objectives and the success of all five schools in the Trust. The Trust also runs Thornton Heath Nursery School for the LA on a cost neutral basis but standards there are overseen by the school's own Governing Body. The Directors of the Trust ensure that there is no actual cost to the Trust associated with running this provision.

Statement on regularity, propriety and compliance 31 August 2022

Conflicts of interest

The Directors of the Trust are aware of their obligation to manage conflicts of interest and maintain an up to date register of interests which is published on our web site. In addition Members of our Academy Councils ('MACs') at each school are also required to declare pecuniary interests. The Trust has never had any related party transactions and none of our present Directors have any business relationship with the Trust. The Trust has no ownership or control of any subsidiaries, joint ventures or associates.

Governance

Directors were able to be supportive of the Trust as we moved to a new set of arrangements in our governing arrangements following the COVID pandemic. Directors met in person again for the first time for their meeting on the 15 July 2021. The greatest challenge of this financial year for Directors was the fall in pupil numbers in Croydon which made the organisation of each of our schools more challenging, as there were less funds available to run each school. Post pandemic the SLT of the Trust noted a growing number of children with additional needs and recruiting and retaining staff to teach these children, especially with dwindling funding, has been an issue

Directors have been kept apprised of the changing educational offer of the Trust especially as we began to implement our chosen Systematic Synthetic Phonics (SSP) programme - 'Little Wandle'. The requirement to move to this way of teaching required wholesale changes to our approach to early reading and a great deal of staff training over the year – including our KS2 settings who had not been that involved in the teaching of phonics before. This required move to SSP teaching, with little notice of the validated schemes that would be approved, undoubtedly had an effect on our Ofsted judgement at Whitehorse Manor Infant School which took place just five weeks into the new school year. Newly published materials had not yet arrived and staff training was not yet complete and yet no allowance was made for this during the inspection. Directors tasked the Executive Principals of the Trust to see what might be done differently and the resulting action planning, along with the arrival of the much needed resources and the completion of the planned staff training, meant that this school quickly returned to a point where the school would be judged 'Good' or better at its next inspection.

The Board receives KPIs on all the schools in the Trust, which comprise 18 indicators across five headings – Ofsted, Pupil Outcomes, Financial, Staffing and Welfare. They also receive an executive summary report from the Executive Principals. In addition, the Finance Committee, made up from Directors, receives quarterly reports and monthly management accounts go to the Chair of Directors and Chair of the Finance Committee. Additional reporting covers the cost of the monthly payroll (and how this varies month to month in respect of the number of employees and the number of full time equivalents in total) as well as the Trust's cash position on a given day of each month.

Funding was received during the year for 'COVID catch up' programmes and the Trust used this funding to pay its own staff to undertake interventions as well as to employ additional staff to work with targeted children - including those entitled to the Pupil Premium Grant (PPG). The Trust did not use outside tutoring agencies and our faith in our own staff was justified later in this reporting period when Ofsted confirmed that many tutoring programmes had been ineffective.

Statement on regularity, propriety and compliance 31 August 2022

Governance (continued)

A number of KPIs are benchmarked against other academy trusts and the external auditor's post-audit management report also contain a set of comparisons. The Directors are aware of how the central costs of the Trust vary each year and these are contained in its recharge policy which also clearly explains what each school in the Trust receives in return for its contribution. The Directors consider this a varied and acceptable set of data and does consider each year whether items might be added or removed. When Directors leave the Board, the Chair undertakes an audit of skills to ensure that their replacement adds to the Board where there may be an identified weakness but, of course, this is constrained by the nominees available.

Governance reviews

The Trust has an established policy in place for governance which has been used in a strategic way by Directors for a number of years. Revisions to what is required in terms of the committees of the Directors as well as the meetings of Local Academy Councils (MACS) are regularly made and this is evidenced by the fact that this policy is currently at its fifteenth revision. As an example, the pro-forma for Head of Schools' reports is amended each year to provide a full set of information on areas of interest to Directors. These changes are mandatory and required by Directors.

Sub-committees

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 seven Directors (including the Executive Principals) with the Chief Financial Officer also in regular attendance.

Current membership comprises Richard Hill (Academy Director), Gary Griffin (Co-opted Director), Ian Patterson (Co-opted Director), Nina Pogossova (Co-opted Director) and the two Executive Principals.

Attendance at Finance Committee meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Gary Griffin	4	4
Richard Hill	4	4
Ian Patterson	4	4
Nina Pogossova	3	4
Jolyon Roberts	4	4
Lynne Sampson	4	4
Xavier Villers	3	3

Jo Ridge, in her capacity as CFO, is also in attendance at Finance Committee meetings

Statement on regularity, propriety and compliance 31 August 2022

Review of value for money

The Accounting Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the Academy 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 the Academy Trust undertook during the year to bring improved value for money included:

- ◆ A line by line consideration of costs associated with high value capital projects such as the 'Willows family centre' project at Ecclesbourne Primary School
- ◆ A consideration of the need to replace each member of support staff as they left the Trust. A number of posts in the reporting period were not replaced or replaced with fewer hours.
- ◆ A comparison of costs of our schools using the government's schools benchmarking service allows us to see where we might achieve better value for money in some areas of staffing – e.g. admin staff or services but broadly this confirms that the Trust is spending on strategic priorities and not exceeding the spends of schools in similar circumstances.

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 2022 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 2022 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 employs an internal audit service who report directly to the Directors and:

- ◆ Give assurance on certain, specific financial matters;
- ◆ Helps the Trust improve governance, risk, and control arrangements; and

Statement on regularity, propriety and compliance 31 August 2022

The risk and control framework (continued)

- ◆ Provides comfort that the leadership is doing the right things in the right way.

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:

- ◆ a budgeting and monitoring system ('Orovia' BPS software) 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; and
- ◆ Identification and management of risks.

As noted above, the Board of Directors has considered the need for a specific internal audit function and continued to employ Jane Cousins of JCA School Support Services Ltd as the internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

Visits were planned as follows:

4th May 2022: Items covered were:

- ◆ Register of Pecuniary Interests;
- ◆ Whistle Blowing Policy;
- ◆ HR Records review;
- ◆ Regularity, Propriety and Compliance;
- ◆ Reporting (Management Reports);
- ◆ Tendering Process;
- ◆ Financial Procedures;
- ◆ Purchasing;
- ◆ Payroll; and
- ◆ Website.

4th July 2022 (Key areas of income/assets/VAT, regularity and compliance). Items covered were:

- ◆ Grant and other income;

Statement on regularity, propriety and compliance 31 August 2022

The risk and control framework (continued)

- ♦ Academy development plan
- ♦ Budgeting process;
- ♦ Management accounting;
- ♦ Payroll;
- ♦ VAT and other taxation; and
- ♦ GDPR.

The single points for action was to review action planning following internal audits. The Executive Principals and Directors accepted this recommendation.

The internal audit reports and SRMA reports (when undertaken) are presented to the Board of Directors, through the Finance Committee, highlighting the operation of the systems of control along with any recommendations and action points arising, which have been reviewed over the accounting period. None of the action points identified were material.

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- ♦ the work of the internal auditor;
- ♦ the work of the external auditor;
- ♦ the work of the Chief Financial Officer within the Trust who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of his 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



Executive Principal
and Accounting Officer

Jolyon Roberts

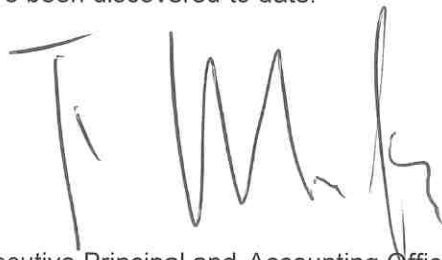
Approved on: 09/12/2022

Statement on regularity, propriety and compliance 31 August 2022

As Accounting Officer of The Pegasus Academy Trust (the 'Academy Trust'), I have considered my responsibility to notify the Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Trust Handbook 2021.

I confirm that I and the Academy Trust's Board of Directors 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 Trust Handbook 2021.

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

A handwritten signature in black ink, appearing to read 'Jolyon Roberts', written over a horizontal line.

Jolyon Roberts

Executive Principal and Accounting Officer

Date: 9/12/22

Statement of Directors' responsibilities 31 August 2022

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 Academy Trust and of 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' SORP (FRS 102) and the Academies Accounts Direction 2021 to 2022;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Academy Trust will continue in operation.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA 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 Academy 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: 09/12/2022

Independent auditor's report on the financial statements Year ended 31 August 2022

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

Opinion

We have audited the financial statements of The Pegasus Academy Trust (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP FRS 102) and the Academies Accounts Direction 2021 to 2022.

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 2022 and of its income and expenditure, for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2021 to 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Independent auditor's report on the financial statements Year ended 31 August 2022

Conclusions relating to going concern (continued)

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Directors' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Directors' report, which includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the strategic report.

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

Independent auditor's report on the financial statements Year ended 31 August 2022

Matters on which we are required to report by exception (continued)

- ◆ 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

Independent auditor's report on the financial statements Year ended 31 August 2022

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102, the Academies Accounts Direction 2021 to 2022, the Academies Trust Handbook 2021, and the Academy Trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of Directors' meetings and papers provided to the Directors; and
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

Independent auditor's report on the financial statements Year ended 31 August 2022

Auditor's responsibilities for the audit of the financial statements (continued)

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

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of Directors' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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

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

Use of our report

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.



14 December 2022

Katharine Patel (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Independent reporting accountant's report on regularity Year ended 31 August 2022

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

In accordance with the terms of our engagement letter dated 23 June 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

The Accounting Officer is 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 Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Independent reporting accountant's report on regularity Year ended 31 August 2022

Approach (continued)

The work undertaken to draw to our conclusion includes:

- ♦ An assessment of the risk of material irregularity and impropriety across all of the Academy 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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



14 December 2022

Buzzacott LLP

Chartered Accountants

130 Wood Street

London

EC2V 6DL

Statement of financial activities Year ended 31 August 2022

(including an income and expenditure account)

		Restricted funds			Year to	Year to
	Notes	Unrestricted funds	General funds	Fixed assets funds	31 August 2022	31 August 2021
		£'000	£'000	£'000	£'000	£'000
Income from:						
Donations and capital grants	1	—	—	275	275	519
Charitable activities						
. Funding for the Academy Trust's educational operations	2	94	12,543	—	12,637	12,073
Other trading activities	3	667	—	—	667	334
Investments	4	1	—	—	1	—
Total income		762	12,543	275	13,580	12,926
Expenditure						
Charitable activities:						
. Academy Trust's educational operations	5	—	13,779	837	14,616	12,979
Total expenditure	5	—	13,779	837	14,616	12,979
Net income (expenditure) before transfers		762	(1,236)	(562)	(1,036)	(53)
Transfers between funds	15	(483)	(159)	642	—	—
Net income (expenditure) for the year		279	(1,395)	80	(1,036)	(53)
Other recognised gains and losses						
. Actuarial gains (losses) on defined benefit pension scheme	17	—	7,522	—	7,522	(1,448)
Net movement in funds		279	6,127	80	6,486	(1,501)
Fund balances brought forward at 1 September 2021		1,485	(7,678)	33,859	27,666	29,167
Fund balances carried forward at 31 August 2022		1,764	(1,551)	33,939	34,152	27,666

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

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 August 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Tangible fixed assets	11		33,939		33,768
Current assets					
Debtors	12	494		484	
Cash at bank and in hand		1,879		1,889	
		<u>2,373</u>		<u>2,373</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(609)		(655)	
Net current assets			<u>1,764</u>		<u>1,718</u>
Net assets excluding pension scheme liability			35,703		35,486
Pension scheme liability	17		(1,551)		(7,820)
Total net assets			<u>34,152</u>		<u>27,666</u>
<i>The funds of the Academy Trust:</i>					
Restricted funds	14				
. Fixed assets fund			33,939		33,859
. Restricted income fund			—		142
. Pension reserve			(1,551)		(7,820)
Total restricted funds			<u>32,388</u>		<u>26,181</u>
Unrestricted funds					
. General fund			1,764		1,485
Total funds			<u>34,152</u>		<u>27,666</u>

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



Richard Hill

Chair of the Board of Directors

Approved on: 09/12/2022

Company registration number: 07542114 (England and Wales)

Statement of cash flows Year ended 31 August 2022

		2022 £'000	2021 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	724	791
Cash flows from investing activities			
	B	(734)	(322)
Change in cash and cash equivalents in the year		(10)	469
Cash and cash equivalents at 1 September 2021		1,889	1,420
Cash and cash equivalents at 31 August 2022	C	1,879	1,889
A Reconciliation of (expenditure) to net cash flow from operating activities			
		2022 £'000	2021 £'000
Net expenditure for the year (as per the statement of financial activities)		(1,036)	(53)
Adjusted for:			
Depreciation (note 11)		837	639
Capital grants from DfE/ESFA		(275)	(515)
Interest receivable (note 4)		1	—
Defined benefit pension scheme cost less contributions payable (note 17)		1,115	723
Defined benefit pension scheme finance cost (note 17)		138	101
(Increase) decrease in debtors		(10)	39
Decrease in creditors		(46)	(143)
Net cash provided by operating activities		724	791
B Cash flows from investing activities			
		2022 £'000	2021 £'000
Dividends, interest and rents from investments		(1)	—
Purchase of tangible fixed assets		(1,008)	(837)
Capital grants from DfE/ESFA		275	515
Net cash used in investing activities		(734)	(322)
C Analysis of cash and cash equivalents			
		2022 £'000	2021 £'000
Cash at bank and in hand		1,879	1,889
Total cash and cash equivalents		1,879	1,889

The Pegasus Academy Trust does not have any borrowings or lease obligations. Net debt consists therefore of the cash at bank and in hand.

Principal accounting policies Year ended 31 August 2022

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy Trust has been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Pegasus Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling to the nearest thousand pound.

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 company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The Directors have considered the impact of the current coronavirus pandemic on the Trust's operations. While they acknowledge the disruption caused by the pandemic to the Trust's day-to-day operations, they do not consider the pandemic to be cause for material uncertainty in respect to the Trust's ability to continue as a going concern. The Trust has and is continuing to develop contingency plans which are being implemented successfully and the Directors have therefore concluded that consider that the Trust has sufficient resources to continue for the foreseeable future, despite the current situation, and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Principal accounting policies Year ended 31 August 2022

Income (continued)

Grants

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

The General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

Donations

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

Other income

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

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.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Principal accounting policies Year ended 31 August 2022

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided on all tangible fixed assets in the year in which the assets is brought into use (other than leasehold land), at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- ◆ Leasehold buildings – 2% per annum;
- ◆ Leasehold building improvements – 20% per annum
- ◆ Computer equipment – 20% per annum;
- ◆ Furniture and equipment – 20% per annum;
- ◆ Motor vehicles – 20% per annum

As permitted by FRS 102, the Directors have adopted a policy of not revaluing tangible fixed assets and, under the transitional arrangements set out in FRS 102, with effect from 1 August 2014, the value assigned to the properties are deemed to be their cost. Any subsequent additions to the properties have been capitalised at cost.

Where fixed assets have been acquired with the aid of specific grants or donated to the Academy 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.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand.

Principal accounting policies Year ended 31 August 2022

Liabilities

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

Provisions

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

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Principal accounting policies Year ended 31 August 2022

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Unrestricted general funds represent monies which may be used towards meeting any of the charitable objects of the Academy 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 Education and Skills Funding Agency and other funders.

Principal accounting policies Year ended 31 August 2022

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.

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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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; and,
- ◆ The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the Directors' assessment of the estimated useful economic lives of such assets. The basis of the original valuation of the long leasehold properties (which from 1 September 2014, the date of transition to FRS 102, were deemed to be equal to cost) is disclosed in note 11 to the financial statements.

Critical areas of judgement

Other than the estimates discussed above, the Directors do not consider that there are any key judgements made in the preparation of the financial statements.

Notes to the financial statements Year ended 31 August 2022

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
Capital grants	—	—	275	275	515
Other donations	—	—	—	—	4
	—	—	275	275	519

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	Year to 31 August 2021 £'000
Capital grants	—	—	515	515
Other donations	4	—	—	4
	4	—	515	519

2 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
DfE/ESFA revenue grants				
. General Annual Grant (GAG)	—	9,811	9,811	9,327
. Other revenue grants				
Other DfE / ESFA grants				
. UIFSM	—	246	246	268
. Pupil Premium	—	969	969	898
. Other DfE Group grants	—	349	349	526
	—	11,375	11,375	11,019
Other Government grants				
. Local authority grants	—	942	942	747
	—	942	942	747
Other income from the Academy Trust's educational operations	94	130	224	153
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	96	96	154
	94	12,543	12,637	12,073

Notes to the financial statements Year ended 31 August 2022

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

	Unrestricted funds £'000	Restricted funds £'000	Year to 31 August 2021 £'000
<i>DfE/ESFA revenue grants</i>			
. General Annual Grant (GAG)	—	9,327	9,327
. Other revenue grants			
<i>Other DfE / ESFA grants</i>			
. UIFSM	—	268	268
. Pupil Premium	—	898	898
. Other DfE Group grants	—	526	526
		11,019	11,019
<i>Other Government grants</i>			
. Local authority grants	—	747	747
	—	747	747
<i>Other income from the Academy Trust's educational operations</i>	69	84	153
<i>COVID-19 additional funding (DfE/ESFA)</i>			
Catch-up premium	—	154	154
	69	12,004	12,073

3 Other trading activities

	Unrestricted funds	
	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
Hire of facilities	7	5
Trip income	32	9
Catering income	—	4
Self-generated income	181	95
Before and after school activity clubs	443	217
Miscellaneous income	4	4
	667	334

4 Investments

	Unrestricted funds	
	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
Bank interest	1	—

Notes to the financial statements Year ended 31 August 2022

5 Expenditure

	Staff costs (note 7) £'000	Premises £'000	Other costs £'000	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
Academy Trust's educational operations					
. Direct costs (see below)	8,576	837	721	10,134	9,248
. Support costs (see below)	2,285	886	1,311	4,482	3,731
	<u>10,861</u>	<u>1,723</u>	<u>2,032</u>	<u>14,616</u>	<u>12,979</u>

	Staff costs (note 7) £'000	Premises £'000	Other costs £'000	Year to 31 August 2021 £'000
Academy Trust's educational operations				
. Direct costs (see below)	8,123	639	486	9,248
. Support costs (see below)	1,774	778	1,179	3,731
	<u>9,897</u>	<u>1,417</u>	<u>1,665</u>	<u>12,979</u>

Net expenditure for the year is stated after charging:

	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
Depreciation	837	639
Auditor's remuneration		
. Statutory audit	15	15
. Other services	5	5

Charitable activities – Academy Trust's educational operations

	2022 Total funds £'000	2021 Total funds £'000
Direct costs	10,134	9,248
Support costs	4,482	3,731
	<u>14,616</u>	<u>12,979</u>

	2022 Total funds £'000	2021 Total funds £'000
Analysis of support costs		
Support staff costs	2,285	1,774
Technology costs	66	63
Premises costs	886	778
Legal costs	76	49
Other support costs	1,143	1,045
Audit and governance costs	26	22
Total support costs	<u>4,482</u>	<u>3,731</u>

Notes to the financial statements Year ended 31 August 2022

6 Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

		Restricted funds			Year to
		Unrestricted	General	Fixed	31 August
	Notes	funds	funds	assets	2021
		£'000	£'000	£'000	£'000
Income from:					
Donations and capital grants	1	4	—	515	519
Charitable activities					
. Funding for the Academy Trust's educational operations	2	69	12,004	—	12,073
Other trading activities	3	334	—	—	334
Investments	4	—	—	—	—
Total income		407	12,004	515	12,926
Expenditure					
Charitable activities:					
. Academy Trust's educational operations	5	—	12,340	639	12,979
Total expenditure	5	—	12,340	639	12,979
Net income (expenditure) before transfers		407	(336)	(124)	(53)
Transfers between funds	15	—	(346)	346	—
Net income (expenditure) for the year		407	(682)	222	(53)
Other recognised gains and losses					
. Actuarial (losses) on defined benefit pension scheme	17	—	(1,448)	—	(1,448)
Net movement in funds		407	(2,130)	222	(1,501)
Fund balances brought forward at 1 September 2020		1,078	(5,548)	33,637	29,167
Fund balances carried forward at 31 August 2021		1,485	(7,678)	33,859	27,666

Notes to the financial statements Year ended 31 August 2022

7 Staff

(a) Staff costs

Staff costs comprise:

	Year to 31 August 2022 £'000	Year to 31 August 2021 £'000
Wages and salaries	7,498	7,129
Social security costs	704	603
Other pension costs	2,607	2,120
	10,809	9,852
Agency costs	52	45
	10,861	9,897

(b) Staff severance payments

Two severance payments were made to members of staff in the year ended 31 August 2022 (2021 – £nil). Both payments fall within the £1 - £25,000 band.

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2022 was as follows:

	2022 Number	2021 Number
Teaching staff (including teaching assistants)	243	222
Administration and support	42	64
Management	10	9
	295	295

(d) Higher paid staff

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

	2022 Number	2021 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	4	4
£90,001 - £100,000	2	2

Employer pension contributions made by the Academy Trust on behalf of the above employees totalled £145,250 (2021 – £141,524).

(e) Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £898,421 (2021 – £939,513).

Notes to the financial statements Year ended 31 August 2022

8 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 Academy Trust and not in respect of their services as Directors. Directors did not receive any payments from the Academy Trust in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

	2022 £'000	2021 £'000
L Sampson (Executive Principal and Director)		
. Remuneration	95 – 100	95 – 100
. Employer's pension contributions	20 – 25	20 – 25
J Roberts (Executive Principal and Director)		
. Remuneration	95 – 100	95 – 100
. Employer's pension contributions	20 – 25	20 – 25

No directors were reimbursed expenses during the current or prior years.

9 Directors 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 directors 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 directors and officers indemnity element from the overall cost of the RPA scheme.

10 Central services

The Academy Trust has provided the following core services to its schools during the year:

- ♦ Strategic management;
- ♦ Human resources;
- ♦ Financial services;
- ♦ Legal services;
- ♦ Education support services; and
- ♦ Catering.

The costs of these services are incurred centrally and recharged to each of the five schools based on the number of pupils in each school as a percentage of total pupils in the Academy Trust (excluding nursery students). The amounts charged during the year were as follows:

	2022 £'000	2021 £'000
Ecclesbourne Primary School	178	173
Whitehorse Manor Infant School	152	155
Whitehorse Manor Junior School	197	193
Beulah Infant and Nursery School	83	82
Cypress Primary School	228	229
	838	832

Notes to the financial statements Year ended 31 August 2022

11 Tangible fixed assets

	Long leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 September 2021	37,196	771	792	—	38,759
Additions	833	77	68	30	1,008
At 31 August 2022	<u>38,029</u>	<u>848</u>	<u>860</u>	<u>30</u>	<u>39,767</u>
Depreciation					
At 1 September 2021	3,632	657	702	—	4,991
Charge for the year	682	68	81	6	837
At 31 August 2022	<u>4,314</u>	<u>725</u>	<u>783</u>	<u>6</u>	<u>5,828</u>
Net book value					
At 31 August 2022	<u>33,715</u>	<u>123</u>	<u>77</u>	<u>24</u>	<u>33,939</u>
At 31 August 2021	<u>33,564</u>	<u>114</u>	<u>90</u>	<u>—</u>	<u>33,768</u>

The Academy Trust buildings, acquired under a 125 year lease on a peppercorn rent from the London Borough of Croydon, have been capitalised under long leasehold land and buildings. All of the properties were donated to the Academy 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;
- ♦ The Beulah Infant and Nursery School site is included on the balance sheet based on a professional valuation dated 1 April 2012; and
- ♦ The Cypress Primary School site is included on the balance sheet based on a professional valuation dated 31 October 2018.

12 Debtors

	2022 £'000	2021 £'000
Trade debtors	5	110
VAT recoverable	160	166
Prepayments and accrued income	329	208
	<u>494</u>	<u>484</u>

Notes to the financial statements Year ended 31 August 2022

13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	329	271
Other creditors	2	3
Accruals	132	117
Deferred income (see below)	146	264
	609	655
Deferred income	2022 £'000	2021 £'000
Deferred income at 1 September 2021	264	153
Amounts released from previous years	(264)	(153)
Amounts deferred in the year	146	264
Deferred income a 31 August 2022	146	264

Deferred income includes funding from the Education and Skills Funding Agency received specifically for the 2022/23 academic year. The largest component of this balance in the current and prior years is funding for Universal Infant Free Schools Meals.

14 Funds

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
Restricted general funds					
. General Annual Grant (GAG)	142	9,811	(9,794)	(159)	—
. Pupil premium	—	969	(969)	—	—
. UIFSM	—	246	(246)	—	—
. Catch-up premium	—	96	(96)	—	—
. Other grants	—	1,421	(1,421)	—	—
. Pension reserve	(7,820)	—	(1,253)	7,522	(1,551)
Total restricted general funds	(7,678)	12,543	(13,779)	7,363	(1,551)
Restricted fixed asset funds					
. Transfer on conversion	8,319	—	(177)	—	8,142
. DfE / ESFA and Local Authority capital grants	1,571	275	(382)	642	2,106
. Inherited from Local Authority	23,969	—	(278)	—	23,691
	33,859	275	(837)	642	33,939
Total restricted funds	26,181	12,818	(14,616)	8,005	32,388
Unrestricted general fund	1,485	762	—	(483)	1,764
Total funds	27,666	13,580	(14,616)	7,522	34,152

Notes to the financial statements Year ended 31 August 2022

14 Funds (continued)

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

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<i>Restricted general funds</i>					
. General Annual Grant (GAG)	—	9,327	(8,839)	(346)	142
. Pupil premium	—	898	(898)	—	—
. UIFSM	—	268	(268)	—	—
. Catch-up premium	—	154	(154)	—	—
. Other grants	—	1,357	(1,357)	—	—
. Pension reserve	(5,548)	—	(824)	(1,448)	(7,820)
<i>Total restricted general funds</i>	<i>(5,548)</i>	<i>12,004</i>	<i>(12,340)</i>	<i>(1,794)</i>	<i>(7,678)</i>
<i>Restricted fixed asset funds</i>					
. Transfer on conversion	8,496	—	(177)	—	8,319
. DfE / ESFA and Local Authority capital grants	894	515	(184)	346	1,571
. Inherited from Local Authority	24,247	—	(278)	—	23,969
	<i>33,637</i>	<i>515</i>	<i>(639)</i>	<i>346</i>	<i>33,859</i>
<i>Total restricted funds</i>	<i>28,089</i>	<i>12,519</i>	<i>(12,979)</i>	<i>(1,448)</i>	<i>26,181</i>
<i>Unrestricted general fund</i>	<i>1,078</i>	<i>407</i>	<i>—</i>	<i>—</i>	<i>1,485</i>
<i>Total funds</i>	<i>29,167</i>	<i>12,926</i>	<i>(12,979)</i>	<i>(1,448)</i>	<i>27,666</i>

General Annual Grant

The General Annual Grant (GAG) has been provided by the ESFA in order to fund the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2022.

Pupil Premium

This relates to income received from the ESFA to support disadvantaged children from low-income families.

UIFSM (Universal Infant Free School Meal)

This relates to income receivable from the ESFA to provide meals for children in reception, year 1 and year 2.

Other grants

These are grants receivable from other government sources including London Boroughs, predominantly the London Borough of Croydon for specific purposes or projects.

Notes to the financial statements Year ended 31 August 2022

14 Funds (continued)

Pension reserve

The pension reserve relates to the deficit on the Academy Trust's share of the Local Government Pension Scheme as at 31 August 2022.

Restricted fixed asset funds

These funds relate to the Academy Trust's holding of tangible fixed assets, predominantly the buildings held under a long lease with the London Borough of Croydon. Transfers to the restricted fixed assets fund from other restricted or unrestricted funds reflects the utilisation of such funds to cover the shortfall of any financing the Academy Trust's tangible fixed assets.

Analysis of funds by school

All revenue funds are retained centrally for the provision of education in line with the Academy Trust's charitable objectives to ensure financial stability for the schools and their pupils. It is therefore not possible to analyse the revenue fund balance of £1,764,000 (2021 – £1,627,000) by school.

Expenditure incurred by each school during the year (excluding depreciation) was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2022 £'000
Ecclesbourne Primary School	1,615	126	103	416	2,260
Whitehorse Manor Infant School	1,418	143	89	317	1,967
Whitehorse Manor Junior School	1,635	300	122	368	2,425
Beulah Infant and Nursery School	709	116	51	218	1,094
Cypress Primary School	2,247	266	133	618	3,264
Central services	903	1,383	100	383	2,769
Total costs	8,527	2,334	598	2,320	13,779

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2021 £'000
<i>Ecclesbourne Primary School</i>	<i>1,483</i>	<i>127</i>	<i>56</i>	<i>368</i>	<i>2,034</i>
<i>Whitehorse Manor Infant School</i>	<i>1,376</i>	<i>120</i>	<i>68</i>	<i>265</i>	<i>1,829</i>
<i>Whitehorse Manor Junior School</i>	<i>1,599</i>	<i>251</i>	<i>78</i>	<i>329</i>	<i>2,257</i>
<i>Beulah Infant and Nursery School</i>	<i>742</i>	<i>117</i>	<i>29</i>	<i>188</i>	<i>1,076</i>
<i>Cypress Primary School</i>	<i>2,289</i>	<i>224</i>	<i>86</i>	<i>565</i>	<i>3,164</i>
<i>Central services</i>	<i>590</i>	<i>979</i>	<i>67</i>	<i>344</i>	<i>1,980</i>
Total costs	8,079	1,818	384	2,059	12,340

Notes to the financial statements Year ended 31 August 2022

15 Analysis of net assets between funds

	Unrestricted general funds £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2022 Total funds £'000	2021 Total funds £'000
Fund balances at 31 August 2022 are represented by:					
Tangible fixed assets	—	—	33,939	33,939	33,768
Current assets	1,764	609	—	2,373	2,373
Current liabilities	—	(609)	—	(609)	(655)
Pension scheme liability	—	(1,551)	—	(1,551)	(7,820)
Total net assets	1,764	(1,551)	33,939	34,152	27,666

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

	<i>Unrestricted general funds £'000</i>	<i>Restricted general fund £'000</i>	<i>Restricted fixed assets fund £'000</i>	<i>2021 Total funds £'000</i>
<i>Fund balances at 31 August 2021 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	33,768	33,768
<i>Current assets</i>	1,485	797	91	2,373
<i>Current liabilities</i>	—	(655)	—	(655)
<i>Pension scheme liability</i>	—	(7,820)	—	(7,820)
<i>Total net assets</i>	1,485	(7,678)	33,859	27,666

16 Related party transactions

Owing to the nature of the Academy 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 Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

17 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Croydon. Both are multi-employer defined benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

Notes to the financial statements Year ended 31 August 2022

17 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,338,000 (2021 – £1,254,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pension Scheme website](#).

Notes to the financial statements Year ended 31 August 2022

17 Pension and similar obligations (continued)

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £629,000 (2021 – £577,000), of which employer's contributions totalled £470,000 (2021 – £431,000) and employees' contributions totalled £159,000 (2021 – £146,000). The agreed contribution rates for 2021/22 are 19.6% for employers and between 5.5% and 12.5% for employees depending on salary band.

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

The following information is based upon an actuarial valuation of the funds at 31 August 2022 by a qualified independent actuary.

	At 31 August 2022	At 31 August 2021
Principal Actuarial Assumptions		
Rate of increase in salaries	3.1%	2.9%
Rate of increase for pensions in payment / inflation	3.1%	2.9%
Discount rate for scheme liabilities	4.3%	1.7%
Inflation assumption (CPI)	3.1%	2.9%
Commutation of pensions to lump sums (pre-April 2008 service)	50%	50%
Commutation of pensions to lump sums (post-April 2008 service)	75%	75%

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

	At 31 August 2022	At 31 August 2021
<i>Retiring today</i>		
Males	21.9	22.1
Females	24.1	24.3
<i>Retiring in 20 years</i>		
Males	22.7	23.0
Females	25.8	26.0

Notes to the financial statements Year ended 31 August 2022

17 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Sensitivity analysis – net increase in liability	At 31 August 2022 £'000	At 31 August 2021 £'000
Discount rate -0.5%	1,135	1,825
Salary increase +0.5%	55	85
Pension increase +0.5%	1,090	1,715

The Academy Trust's share of the assets and present value of scheme liabilities in the scheme were:

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equities	5,678	5,106
Corporate bonds	1,217	1,448
Property	1,054	915
Cash	162	152
Total market value of assets	8,111	7,621
Present value of scheme liabilities		
Funded	9,662	(15,441)
Deficit in the scheme	(1,551)	(7,820)

Amounts recognised in statement of financial activities	2022 £'000	2021 £'000
Current service cost	1,585	1,154
Interest income	(130)	(106)
Interest cost	268	207
Total amount recognised in the SOFA	1,723	1,255

Changes in the present value of defined benefit obligations were as follows:	2022 £'000	2021 £'000
At 1 September 2021	15,441	11,570
Current service cost	1,585	1,154
Interest cost	268	207
Employee contributions	159	146
Actuarial (gain) loss	(7,663)	2,463
Benefits paid	(128)	(99)
At 31 August 2022	9,662	15,441

Notes to the financial statements Year ended 31 August 2022

17 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2022 £'000	2021 £'000
At 1 September 2021	7,621	6,022
Interest income	130	106
Actuarial (loss) gain	(141)	1,015
Employer contributions	470	431
Employee contributions	159	146
Benefits paid	(128)	(99)
At 31 August 2022	8,111	7,621

18 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.

19 Capital commitments

Pegasus Academy Trust has contracted for £6,597 worth of capital works as at 31 August 2022 (2021 – £401,113 in respect of boilers and fencing at Cypress Primary).

20 Post balance sheet events

On 1 September 2022, Atwood Primary School joined the Trust. The assets, including the school buildings, and liabilities will be recognised within the financial statements ending 31 August 2023.