

# **The Pegasus Academy Trust**

## **Annual Report and Financial Statements**

Year ended 31 August 2020

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

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## Reference and administrative information

<b>Members</b>	Richard Hill Patricia Salami Geraldine Vassell
<b>Directors</b>	Shelley Davies Fiona Fearon Gary Griffin Richard Hill (Chair) Ian Patterson Nina Pogossova Jolyon Roberts Lynne Sampson Emma Whapham
<b>Company Secretary</b>	Josephine Ridge
<b>Senior Leadership Team</b>	
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)	Georgia Buchan (left February 2020) and Nikki Carpenter (from November 2020)
Head of School – Cypress Primary (Lower)	Jo Sorenson
Chief Financial Officer	Josephine Ridge
<b>Registered office</b>	Cypress Primary School 32 Cypress Road London SE25 4AU
<b>Company registration number</b>	07542114
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative information

<b>Bankers</b>	Royal Bank of Scotland 747 Attercliffe Road Sheffield S9 3RF
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<b>Trust Solicitor</b>	Winkworth Sherwood 5 Montague Close London SE1 9BB
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## **Directors' report (including the strategic report) Year ended 31 August 2020**

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 2020.

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 31 to 36 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).

In line with the ESFA's Supplementary Bulletin on COVID-19 published in July 2020, the Trustees have considered the impact of the COVID-19 pandemic on the Academy Trust in a number of areas throughout this report.

### **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 2020**

### **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 running five schools within the Academy Trust; Whitehorse Manor Junior School, Whitehorse Manor Infant School, Ecclesbourne Primary School, Beulah Infant and Nursery School and Cypress 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 1200 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 very 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 from three to five. For a period all five Members were in post but there have since been resignations meaning that at the time of reporting there are, once again, three Members. The Trust will recruit again in 2020/21. However, Members who are not also Directors are still 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 2020**

### **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; monitoring the overall financial position during 2019/20; and setting the 2020/21 budget.

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.

#### **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.

#### **Trade union facility time**

The Pegasus Academy Trust has one trade union representative. The individual worked on a 0.2 FTE contract April to August 2020 exclusively on trade union work/facilities time at a cost of £8,007. No other duties are carried out by the individual and therefore 100% of this time is for trade union work and activities. The total pay bill during the year ended 31 August 2020 was £8,842,000 (excluding FRS 102 adjustment), and the individual's cost makes up 0.09% of this. However, the full amount is reimbursed by The Collegiate Trust and therefore the net cost to the Academy Trust is zero.

## **Directors' report (including the strategic report) Year ended 31 August 2020**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

#### **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)**

2020 has been a good year to demonstrate the Trust's effectiveness in providing employees with information on matters of concern to them as many individual consultations and interactions took place in response to the COVID-19 outbreak. Example of employee engagement related to the virus included:

- ◆ Multiple iterations of the Trust's Risk Assessment (RA) and reconnection plan in response to employee requests and suggestions;
- ◆ Individual RAs produced for multiple staff to address concerns about returning to work following the first lockdown;
- ◆ Weekly e-mails to staff during the first lockdown and a daily blog written by the SLT on the website.

The Trust recognises all Trade Unions listed in Chapter 7 of the Croydon 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, including all the consultation elements required during restructures. The Trust abides by the 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.

#### **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.



## **Directors' report (including the strategic report) Year ended 31 August 2020**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

#### **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 is provided.

#### **Public benefit**

The Directors confirm that they have complied with their duties under the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. The Directors' report gives a description of the activities undertaken by the 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.

#### **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 2020**

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Key performance indicators**

In this accounting period the main challenge both financially and organisationally was the emergence of the COVID-19 pandemic. As a response to this crisis, and following government guidance on a national lockdown, the schools within the Trust were closed to the majority of pupils between 23 March and 8 June 2020. However, approximately 30 children of key workers were accommodated at the Trust's Whitehorse site between these dates as part of a hub arrangement for the whole Trust - so education of children within the Trust never completely closed and staff were on site each day of the lockdown. Following this period a 'mini term' then took place with children from Years 1, 2, 4 and 5 attending part time until the end of the summer term on the 17 July 2020. Children from year 6 also attended for the final week of term. There were huge staffing and financial challenges during this time which covered both the spring and summer terms 2020 but the staff at the Trust exceeded all expectations in supporting children in our communities, especially in their rapid transition to online learning.

Following the restructures in the 2018/19 financial year, staffing remained stable in this reporting period. Reserves remained strong and the Trust continues to budget for all areas, including capital expenditure, which many other MATs have had to reduce or do away with completely.

There was one Ofsted visit in this accounting period at Cypress Primary School in October 2019 where the school was judged 'Good'. This means that as from this date all schools within the Trust are now judged good or better.

Schools in the Academy Trust remain extremely popular with local families with one, Whitehorse Infants, once again being the most oversubscribed primary school in the borough.

#### **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.

#### **Financial review**

##### ***Financial report for the year***

The Academy Trust's total income for the year ended 31 August 2020 amounted to £12,314,000 (2019 – £11,749,000).

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 2020 and the associated expenditure are shown as restricted in the statement of financial activities.

## Directors' report (including the strategic report) Year ended 31 August 2020

### ACHIEVEMENTS AND PERFORMANCE (continued)

#### Financial review (continued)

##### *Financial report for the year* (continued)

During the year ended 31 August 2020 total expenditure amounted to £12,903,000 (2019 – £12,886,000). 76% (2019 – 72%) of the Academy Trust's expenditure relates to staff costs which totalled £9,791,000 for the year ended 31 August 2020 (2019 – £9,277,000).

The deficit for the year (before actuarial losses on the Local Government Pension Scheme) was £589,000 (2019 – £1,137,000). 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 £379,000 (2019 – deficit of £33,000).

##### *Financial position*

The Academy Trust held fund balances at 31 August 2020 of £29,167,000 (2019 – £28,596,000) comprising £33,637,000 (2019 – £33,683,000) in the restricted fixed assets fund, a deficit of £5,548,000 (2019 – £5,786,000) on the pension reserve and unrestricted general funds of £1,078,000 (2019 – £699,000).

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

##### *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 2020, the Academy Trust's free reserves, equating to the unrestricted general fund balance, amounted to £1,078,000 (2019 – £699,000).

During the year ended 31 August 2020 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;
- ◆ 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 2020, the Academy Trust held reserves of 9.0% (2019 – 6.0%) which is 1% over the agreed policy, although this is deemed to be prudent amidst the recent COVID-19 pandemic.

## **Directors' report (including the strategic report) Year ended 31 August 2020**

### **STRATEGIC REPORT (continued)**

#### **Financial review (continued)**

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 £5,548,000 (2019 – £5,786,000) at 31 August 2020, this is entirely because of the Local Government Pension Scheme liability.

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 will be no requirement to make contributions to the Croydon's pension deficit for that three year period. 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.

#### ***Investment policy***

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

#### **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:

- ◆ Financial uncertainty, especially around the grants for teachers' pay and pensions which are only guaranteed until March 2021. Whilst recent announcements around improved future schools funding are welcome the current political uncertainty means that schools are still unsure whether what has been promised will be delivered.
- ◆ Pupil numbers. There is now overprovision of places in the north of 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.

## Directors' report (including the strategic report) Year ended 31 August 2020

### STRATEGIC REPORT (continued)

- ◆ Financial resources being stretched, particularly by the real terms decline in funding levels over a period of the last eight 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.

### Future plans

The Senior Leadership Team of the Trust is stable and experienced with only one change this year in an SLT of nine. The Trust meets regularly with the Regional Schools Commissioner (RSC) and is open to future expansion of the Trust. The advent of working remotely and routine video conferencing has opened up the possibility for the Trust of working with schools in the future that are slightly further geographically from the Trust's 'home' in South London.

### Fundraising

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

### 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:

<b>UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020</b>	
Energy consumption used to calculate emissions (kWh)	<b>1,972,902</b>
Energy consumption break down (kWh) <ul style="list-style-type: none"><li>• gas,</li><li>• electricity,</li><li>• transport fuel</li></ul>	1,402,459 569,979 464
<u>Scope 1 emissions in metric tonnes</u> CO <sub>2</sub> e Gas consumption Owned transport – mini-buses	257.9 0.0
<u>Scope 2 emissions in metric tonnes</u> CO <sub>2</sub> e Purchased electricity	132.9
<u>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</u> Business travel in employee owned vehicles	0.1
Total gross emissions in metric tonnes CO <sub>2</sub> e	390.9
<u>Intensity ratio</u> Tonnes CO <sub>2</sub> e per pupil Tonnes CO <sub>2</sub> e per square metre of floor area	0.188 0.028

## Directors' report (including the strategic report) Year ended 31 August 2020

### STRATEGIC REPORT (continued)

#### Streamlined Energy and Carbon Reporting (continued)

##### *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 2020 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 energy use was compiled from invoice records. Grey fleet energy use and emissions were calculated from mileage records. 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 combustion of fuels and the operation of facilities (scope 1), purchased electricity (scope 2) and in-direct emissions that occur as a consequence of company activities (scope 3).

##### *Intensity measurement*

The primary intensity ratio is total gross emissions in metric tonnes CO<sub>2</sub>e (mandatory emissions) per pupil, which is the recommended ratio for the sector for consistency and comparability. Pupil numbers are based on the Autumn 2019 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.

##### *Measures taken to improve energy efficiency*

Energy consumption is expected to be below typical this year due to the reduced occupancy across all sites following COVID-19 restrictions from 23 March 2020. From this date, only the Whitehorse Manor Infants and Juniors site was open to key worker's children. In June, there was a phased and partial reopening of the other school's in the Trust for key worker's children and certain year groups.

A further result of health precautions has been the greater implementation of video conferencing for staff and board meetings, reducing the need for travel to and between sites. The emission saving resulting from these activities has not been quantified, but this practice has resulted in behaviour changes that are expected to continue for the foreseeable future.

Despite the temporary reduction in energy use from COVID-19 restrictions, the Trust is committed to reducing longer term emissions and this year has seen the implementation of the following energy efficiency measures:

- Four new high efficiency wall-hung gas boilers (Quinta Ace 115) at Cypress Primary upper site
- The ongoing replacement of old lighting fixtures with LED lighting across all schools

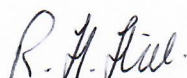
## Directors' report (including the strategic report) Year ended 31 August 2020

### 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 11<sup>th</sup> December 2020

## Governance statement 31 August 2020

### 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 were 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 three times during the year, with the Finance Sub-committee meeting a further three times to ensure appropriate scrutiny and governance procedures are being adopted. Attendance during the year at meetings of the Directors was as follows:

Director	Role	Number of meetings attended	Out of a possible
Shelley Davies	LA Director	3	3
Fiona Fearon	Academy Director	2	3
Gary Griffin	Co-opted Director	3	3
Richard Hill	Academy Director (Chair from December 2019)	3	3
Ian Patterson	Co-opted Director	3	3
Nina Pogossova	Co-opted Director	3	3
Jolyon Roberts	Executive Principal and CEO	3	3
Lynne Sampson	Executive Principal	3	3
Kevin Smith	Academy Director (Chair until December 2019)	-	1
Emma Whapham	Co-opted Director	3	3

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. There has been one change in Board membership this year with Kevin Smith leaving the Board as of 13 December 2019 and being replaced by Emma Whapham.



## **Governance statement 31 August 2020**

### **Governance** (continued)

The greatest challenge of this financial year for Directors was the impact of the COVID-19 pandemic (see 'Achievements and performance' section above). The emergence of online video conferencing as an everyday means of meeting made it easier for Directors to be in direct touch with the Executive Principals and Heads of School even when working remotely and this was invaluable during lockdown. The Trust also opened more lines of communication with parents during the initial lockdown, including the sharing of the direct e-mails of Directors, teachers and SLT and this helped to inform decision making of MACs and Directors based on good intelligence school by school.

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. With 40% of the academic year affected by COVID-19 it will be difficult to judge the 'Pupil outcomes' KPI going forward but Directors are assured that staff tried every means at their disposal to engage with families throughout lockdown.

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.

## Governance statement 31 August 2020

### Governance (continued)

#### 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), Kevin Smith (Academy Director, up to December 2019), 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	3	3
Richard Hill	2	3
Ian Patterson	3	3
Nina Pogossova	3	3
Jolyon Roberts	3	3
Lynne Sampson	3	3
Jo Ridge	3	3
Kevin Smith	-	1

#### Review of value for money

In line with the recommendations in PPN 02/20 and PPN 04/20 the Trust continued to make payments to a number of contractors until the end of June 2020, even though services were disrupted. The Trust sought assurance from the leadership of each of these organisations that their staff would be paid as normal as a result. Key contractors were:

- ◆ Two sports coaching organisations;
- ◆ The caterers to the Trust; and
- ◆ Two cleaning contractors.

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.

## **Governance statement 31 August 2020**

### **Review of value for money (continued)**

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 a high value playground project; and
- ◆ 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.

### **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 2020 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 2020 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**

In line with the FRC Ethical Standard 2020 the Trust employs a bought-in internal audit service from a firm with professional indemnity insurance. This 'internal scrutineer' reports directly to the Directors and:

- ◆ Gives assurance;
- ◆ Helps the Trust improve governance, risk, and control arrangements; and
- ◆ 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;

## Governance statement 31 August 2020

### **The risk and control framework** (continued)

- ◆ 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 has decided to appoint Jane Cousins of JCA School Support Services Ltd as 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:

i. Tuesday 10 December 2019 – This went ahead. Items covered as in table below:

- ◆ Tender process;
- ◆ Reporting;
- ◆ Financial procedures, financial/accounting records and systems;
- ◆ Grant and other income;
- ◆ Purchasing;
- ◆ Self-employed suppliers;
- ◆ Cash control;
- ◆ Credit cards and credit card reconciliations; and
- ◆ Insurance.

All results were satisfactory with the exception of reporting for which one recommendation was made in respect of the Trust not having a business continuity plan. The Trust bought into an SLA but unfortunately due to Covid this was not undertaken as planned. The business continuity plan will be written in the accounting year 2020-21.

ii. Thursday 26 March 2020 – This was cancelled due to the coronavirus lockdown and also as a result of the internal auditor isolating due to the virus;

iii. Wednesday 24 June 2020 – cancelled due to the coronavirus lockdown.

## Governance statement 31 August 2020

### **The risk and control framework** (continued)

The internal audit reports 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:

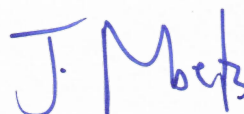
- ♦ the work of the internal auditor;
- ♦ the work of the external auditor;
- ♦ the work of the Chief Financial Officer within the Trust who has responsibility for the development and maintenance of the internal control framework.

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



Jolyon Roberts  
Executive Principal  
and Accounting Officer

Approved on: 1<sup>st</sup> December 2020

## Statement on regularity, propriety and compliance 31 August 2020

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 Financial Handbook 2019.

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 Financial Handbook 2019.

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



Jolyon Roberts

Executive Principal and Accounting Officer

Date: 11th December 2020



## Statement of Directors' responsibilities 31 August 2020

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 2019 to 2020;
- ◆ 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: 11<sup>th</sup> December 2020

## **Independent auditor's report on the financial statements Year ended 31 August 2020**

### **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 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 2015) and the Academies Accounts Direction 2019 to 2020.

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 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2019 to 2020.

#### **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.



## **Independent auditor's report on the financial statements Year ended 31 August 2020**

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information (covering the reference and administrative details, the report of the Directors and strategic report and the governance statement)**

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

## **Independent auditor's report on the financial statements Year ended 31 August 2020**

### **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:

- ◆ 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.

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

## **Independent auditor's report on the financial statements** Year ended 31 August 2020

### **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.



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

Date: 14 December 2020

## **Independent reporting accountant's report on regularity Year ended 31 August 2020**

### **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 8 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies: Accounts Direction 2019 to 2020 issued by the 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 2020

### **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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

Date: 14 December 2020

## Statement of financial activities Year ended 31 August 2020

(including an income and expenditure account)

		Restricted funds			Year to	Year to
	Notes	Unrestricted funds	General funds	Fixed assets funds	31 August 2020	31 August 2019
		£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>						
Donations and capital grants	1	—	—	315	<b>315</b>	214
Charitable activities						
. Funding for the Academy Trust's educational operations	2	58	11,358	—	<b>11,416</b>	10,656
Other trading activities	3	580	—	—	<b>580</b>	875
Investments	4	3	—	—	<b>3</b>	4
<b>Total income</b>		<b>641</b>	<b>11,358</b>	<b>315</b>	<b>12,314</b>	<b>11,749</b>
<b>Expenditure</b>						
Charitable activities:						
. Academy Trust's educational operations	6	—	12,237	666	<b>12,903</b>	12,886
<b>Total expenditure</b>	5	<b>—</b>	<b>12,237</b>	<b>666</b>	<b>12,903</b>	<b>12,886</b>
<b>Net income (expenditure) before transfers</b>		<b>641</b>	<b>(879)</b>	<b>(351)</b>	<b>(589)</b>	<b>(1,137)</b>
Transfers between funds	15	(262)	(43)	305	<b>—</b>	<b>—</b>
<b>Net income (expenditure) for the year</b>		<b>379</b>	<b>(922)</b>	<b>(46)</b>	<b>(589)</b>	<b>(1,137)</b>
<b>Other recognised gains and losses</b>						
. Actuarial gains (losses) on defined benefit pension scheme	18	—	1,160	—	<b>1,160</b>	(1,534)
<b>Net movement in funds</b>		<b>379</b>	<b>238</b>	<b>(46)</b>	<b>571</b>	<b>(2,671)</b>
<b>Fund balances brought forward at 1 September 2019</b>		<b>699</b>	<b>(5,786)</b>	<b>33,683</b>	<b>28,596</b>	<b>31,267</b>
<b>Fund balances carried forward at 31 August 2020</b>		<b>1,078</b>	<b>(5,548)</b>	<b>33,637</b>	<b>29,167</b>	<b>28,596</b>

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 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible fixed assets	12		33,570		33,713
<b>Current assets</b>					
Debtors	13	523		439	
Cash at bank and in hand		1,420		1,338	
		<u>1,943</u>		<u>1,777</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	(798)		(1,108)	
<b>Net current assets</b>			<u>1,145</u>		<u>669</u>
<b>Net assets excluding pension scheme liability</b>			34,715		34,382
Pension scheme liability	18		(5,548)		(5,786)
<b>Total net assets</b>			<u>29,167</u>		<u>28,596</u>
<b>The funds of the Academy Trust:</b>					
<b>Restricted funds</b>	15				
. Fixed assets fund			33,637		33,683
. Pension reserve			(5,548)		(5,786)
<b>Total restricted funds</b>			<u>28,089</u>		<u>27,897</u>
<b>Unrestricted funds</b>					
. General fund			1,078		699
<b>Total funds</b>			<u>29,167</u>		<u>28,596</u>

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



Richard Hill

Chair of the Board of Directors

Approved on: 11<sup>th</sup> December 2020

Company registration number: 07542114 (England and Wales)

## Statement of cash flows Year ended 31 August 2020

		2020 £'000	2019 £'000
<b>Net cash flows from operating activities</b>			
Net cash provided by operating activities	A	293	155
<b>Cash flows from investing activities</b>	B	(211)	(32)
<b>Change in cash and cash equivalents in the year</b>		82	123
<b>Cash and cash equivalents at 1 September 2019</b>		1,338	1,215
<b>Cash and cash equivalents at 31 August 2020</b>	C	1,420	1,338

### A Reconciliation of (expenditure) to net cash flow from operating activities

	2020 £'000	2019 £'000
<b>Net (expenditure) for the year (as per the statement of financial activities)</b>	(589)	(1,137)
<b>Adjusted for:</b>		
Depreciation (note 12)	666	680
Capital grants from DfE/ESFA	(315)	(214)
Interest receivable (note 4)	3	4
Defined benefit pension scheme cost less contributions payable (note 18)	811	528
Defined benefit pension scheme finance cost (note 18)	111	108
(Increase) decrease in debtors	(84)	125
(Decrease) increase in creditors	(310)	61
<b>Net cash provided by operating activities</b>	293	155

### B Cash flows from investing activities

	2020 £'000	2019 £'000
Dividends, interest and rents from investments	(3)	(4)
Purchase of tangible fixed assets	(523)	(242)
Capital grants from DfE/ESFA	315	214
<b>Net cash used in investing activities</b>	(211)	(32)

### C Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	1,420	1,338
<b>Total cash and cash equivalents</b>	1,420	1,338

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 2020

### **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 2019 to 2020 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 2020

### **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 2020**

### **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;
- ◆ Computer equipment – 33.3% per annum;
- ◆ Furniture and equipment – 20% per annum.

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

### **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.

## **Principal accounting policies** Year ended 31 August 2020

### **Provisions** (continued)

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 13. 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 14. 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.

### **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.

## **Principal accounting policies** Year ended 31 August 2020

### **Pensions benefits** (continued)

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 2020

### **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 18, 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 2020. 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 12 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 2020

### 1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
Capital grants	—	—	315	315	214
	—	—	315	315	214

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	Year to 31 August 2019 £'000
Capital grants	—	—	214	214
	—	—	214	214

### 2 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
<b>DfE/ESFA revenue grants</b>				
. General Annual Grant (GAG)	—	8,765	8,765	8,538
. Other revenue grants	—	1,769	1,769	1,337
	—	10,534	10,534	9,875
<b>Other Government grants</b>				
. Local authority grants	—	824	824	702
	—	824	824	702
<b>. Other income from the Academy Trust's educational operations</b>	58	—	58	79
	58	11,358	11,416	10,656

	Unrestricted funds £'000	Restricted funds £'000	Year to 31 August 2019 £'000
<i>DfE/ESFA revenue grants</i>			
. General Annual Grant (GAG)	—	8,538	8,538
. Other revenue grants	—	1,337	1,337
	—	9,875	9,875
<i>Other Government grants</i>			
. Local authority grants	—	702	702
	—	702	702
<i>. Other income from the Academy Trust's educational operations</i>	79	—	79
	79	702	781
	79	10,577	10,656

## Notes to the financial statements Year ended 31 August 2020

### 3 Other trading activities

	Unrestricted funds	
	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
Hire of facilities	9	34
Trip income	25	55
Catering income	101	161
Self-generated income	126	146
Before and after school activity clubs	317	474
Miscellaneous income	2	5
	<b>580</b>	<b>875</b>

### 4 Investments

	Unrestricted funds	
	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
Bank interest	3	4

### 5 Expenditure

	Staff costs (note 8) £'000	Premises £'000	Other costs £'000	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
Academy Trust's educational operations					
. Direct costs (note 6)	7,996	666	478	<b>9,140</b>	8,984
. Support costs (note 6)	1,795	754	1,214	<b>3,763</b>	3,902
	<b>9,791</b>	<b>1,420</b>	<b>1,692</b>	<b>12,903</b>	<b>12,886</b>

	Staff costs (note 8) £'000	Premises £'000	Other costs £'000	Year to 31 August 2019 £'000
Academy Trust's educational operations				
. Direct costs (note 6)	7,799	680	505	8,984
. Support costs (note 6)	1,478	966	1,458	3,902
	<b>9,277</b>	<b>1,646</b>	<b>1,963</b>	<b>12,886</b>



## Notes to the financial statements Year ended 31 August 2020

### 5 Expenditure (continued)

Net income (expenditure) for the year is stated after charging:

	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
Depreciation	666	680
Auditor's remuneration		
. Statutory audit	13	13
. Other services	6	6

### 6 Charitable activities – Academy Trust's educational operations

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	9,140	8,984
Support costs	3,763	3,902
	<b>12,903</b>	<b>12,886</b>

	2020 Total funds £'000	2019 Total funds £'000
<b>Analysis of support costs</b>		
Support staff costs	1,795	1,478
Technology costs	89	61
Premises costs	754	966
Legal costs	50	120
Other support costs	1,052	1,258
Audit and governance costs	23	19
<b>Total support costs</b>	<b>3,763</b>	<b>3,902</b>

## Notes to the financial statements Year ended 31 August 2020

### 7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

		Restricted funds		
	Unrestricted funds £'000	General funds £'000	Fixed assets funds £'000	Year to 31 August 2019 £'000
<b>Income from:</b>				
Donations and capital grants	—	—	214	<b>214</b>
Donations - transfer from Local Authority on conversion	—	—	—	<b>—</b>
Charitable activities				
. Funding for the Academy Trust's educational operations	79	10,577	—	<b>10,656</b>
Other trading activities	875	—	—	<b>875</b>
Investments	4	—	—	<b>4</b>
<b>Total income</b>	<b>958</b>	<b>10,577</b>	<b>214</b>	<b>11,749</b>
<b>Expenditure</b>				
Charitable activities:				
. Academy Trust's educational operations	—	12,206	680	<b>12,886</b>
<b>Total expenditure</b>	<b>—</b>	<b>12,206</b>	<b>680</b>	<b>12,886</b>
<b>Net income (expenditure) before transfers</b>	<b>958</b>	<b>(1,629)</b>	<b>(466)</b>	<b>(1,137)</b>
Transfers between funds	(991)	993	(2)	<b>—</b>
<b>Net (expenditure) for the year</b>	<b>(33)</b>	<b>(636)</b>	<b>(468)</b>	<b>(1,137)</b>
<b>Other recognised gains and losses</b>				
. Actuarial (losses) on defined benefit pension scheme	—	(1,534)	—	<b>(1,534)</b>
<b>Net movement in funds</b>	<b>(33)</b>	<b>(2,170)</b>	<b>(468)</b>	<b>(2,671)</b>
<b>Fund balances brought forward at 1 September 2018</b>	<b>732</b>	<b>(3,616)</b>	<b>34,151</b>	<b>31,267</b>
<b>Fund balances carried forward at 31 August 2019</b>	<b>699</b>	<b>(5,786)</b>	<b>33,683</b>	<b>28,596</b>

## Notes to the financial statements Year ended 31 August 2020

### 8 Staff

#### (a) Staff costs

Staff costs comprise:

	Year to 31 August 2020 £'000	Year to 31 August 2019 £'000
Wages and salaries	6,868	6,842
Social security costs	574	604
Other pension costs	2,211	1,634
	<b>9,653</b>	<b>9,080</b>
Agency costs	138	130
Staff severance payments (see below)	—	7
Staff restructuring costs	—	60
	<b>9,791</b>	<b>9,277</b>

#### (b) Staff severance payments

No settlement payments were made to members of staff in the year ended 31 August 2020 (2019 – two payments of £5,844 and £1,000 respectively).

#### (c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2020 was as follows:

	2020 Number	2019 Number
Teaching staff (including teaching assistants)	244	265
Administration and support	43	34
Management	8	8
	<b>295</b>	<b>307</b>

#### (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:

	2020 Number	2019 Number
£60,001 - £70,000	5	4
£90,001 - £100,000	2	2

Employer pension contributions made by the Academy Trust on behalf of the above employees totalled £125,670 (2019 – £73,725).

#### (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 £828,904 (2019 – £778,515).

## Notes to the financial statements Year ended 31 August 2020

### 9 Directors' remuneration and expenses

Executive Principals and Staff Governors only receive remuneration in respect of services they provide in undertaking their role as employees of the 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:

	2020 £'000	2019 £'000
L Sampson (Executive Principal and Director)		
. Remuneration	90 – 95	90 – 95
. Employer's pension contributions	20 – 25	15 – 20
J Roberts (Executive Principal and Director)		
. Remuneration	90 – 95	90 – 95
. Employer's pension contributions	20 – 25	15 – 20

One director was reimbursed expenses during the year totalling £334 (2019 – none).

### 10 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.

### 11 Central services

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

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

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).

## Notes to the financial statements Year ended 31 August 2020

### 11 Central services (continued)

The amounts charged during the year were as follows:

	2020 £'000	2019 £'000
Ecclesbourne Primary School	184	156
Whitehorse Manor Infant School	158	163
Whitehorse Manor Junior School	198	191
Beulah Infant and Nursery School	93	89
Cypress Primary School	253	231
	<b>886</b>	<b>830</b>

### 12 Tangible fixed assets

	Long leasehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 September 2019	36,009	89	649	652	<b>37,399</b>
Additions	440	—	10	73	<b>523</b>
Transfers	89	(89)	—	—	<b>—</b>
At 31 August 2020	<b>36,538</b>	<b>—</b>	<b>659</b>	<b>725</b>	<b>37,922</b>
<b>Depreciation</b>					
At 1 September 2019	2,611	—	541	534	<b>3,686</b>
Charge for the year	504	—	57	105	<b>666</b>
At 31 August 2020	<b>3,115</b>	<b>—</b>	<b>598</b>	<b>639</b>	<b>4,352</b>
<b>Net book value</b>					
At 31 August 2020	<b>33,423</b>	<b>—</b>	<b>61</b>	<b>86</b>	<b>33,570</b>
At 31 August 2019	<b>33,398</b>	<b>89</b>	<b>108</b>	<b>118</b>	<b>33,713</b>

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.

## Notes to the financial statements Year ended 31 August 2020

### 12 Tangible fixed assets (continued)

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 as noted above are now deemed to be its cost. Any subsequent additions to the properties have been capitalised at cost.

The asset under construction represented boiler works capitalised at Cypress Primary School at year end. The works were completed during the 2019/20 financial year.

### 13 Debtors

	2020 £'000	2019 £'000
Trade debtors	116	11
VAT recoverable	76	144
Other debtors	1	1
Prepayments and accrued income	330	283
	<b>523</b>	<b>439</b>

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

	2020 £'000	2019 £'000
Trade creditors	167	411
Other tax and social security	144	162
Other creditors	4	12
Accruals	330	248
Deferred income (see below)	153	275
	<b>798</b>	<b>1,108</b>

Deferred income	2020 £'000	2019 £'000
Deferred income at 1 September 2019	275	300
Amounts released from previous years	(275)	(300)
Resources deferred in the year	153	275
Deferred income a 31 August 2020	<b>153</b>	<b>275</b>

Deferred income includes funding from the Education and Skills Funding Agency received specifically for the 2020/21 academic year.

## Notes to the financial statements Year ended 31 August 2020

### 15 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	—	8,765	(8,722)	(43)	—
. Pupil premium	—	1,769	(1,769)	—	—
. Other DfE/EFA grants	—	824	(824)	—	—
. Pension reserve	(5,786)	—	(922)	1,160	(5,548)
<b>Total restricted general funds</b>	<b>(5,786)</b>	<b>11,358</b>	<b>(12,237)</b>	<b>1,117</b>	<b>(5,548)</b>
<b>Restricted fixed asset funds</b>					
. Transfer on conversion	8,673	—	(177)	—	8,496
. DfE / ESFA and Local Authority capital grants	485	315	(211)	305	894
. Inherited from Local Authority	24,525	—	(278)	—	24,247
	<b>33,683</b>	<b>315</b>	<b>(666)</b>	<b>305</b>	<b>33,637</b>
<b>Total restricted funds</b>	<b>27,897</b>	<b>11,673</b>	<b>(12,903)</b>	<b>1,422</b>	<b>28,089</b>
<b>Unrestricted general fund</b>	<b>699</b>	<b>641</b>	<b>—</b>	<b>(262)</b>	<b>1,078</b>
<b>Total funds</b>	<b>28,596</b>	<b>12,314</b>	<b>(12,903)</b>	<b>1,160</b>	<b>29,167</b>

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	—	8,538	(9,531)	993	—
. Pupil premium	—	880	(880)	—	—
. Other DfE/EFA grants	—	457	(457)	—	—
. Local authority grants	—	702	(702)	—	—
. Pension reserve	(3,616)	—	(636)	(1,534)	(5,786)
<b>Total restricted general funds</b>	<b>(3,616)</b>	<b>10,577</b>	<b>(12,206)</b>	<b>(541)</b>	<b>(5,786)</b>
<b>Restricted fixed asset funds</b>					
. Transfer on conversion	8,850	—	(177)	—	8,673
. DfE / ESFA and Local Authority capital grants	498	214	(225)	(2)	485
. Inherited from Local Authority	24,803	—	(278)	—	24,525
	<b>34,151</b>	<b>214</b>	<b>(680)</b>	<b>(2)</b>	<b>33,683</b>
<b>Total restricted funds</b>	<b>30,535</b>	<b>10,791</b>	<b>(12,886)</b>	<b>(543)</b>	<b>27,897</b>
<b>Unrestricted general fund</b>	<b>732</b>	<b>958</b>	<b>—</b>	<b>(991)</b>	<b>699</b>
<b>Total funds</b>	<b>31,267</b>	<b>11,749</b>	<b>(12,886)</b>	<b>(1,534)</b>	<b>28,596</b>

## Notes to the financial statements Year ended 31 August 2020

### 15 Funds (continued)

#### ***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 2020.

#### ***Pupil Premium***

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

#### ***Other DfE/ESFA revenue grants***

This primarily includes Universal Infant Free School Meal Programme income receivable from the ESFA to provide meals for children in reception, year 1 and year 2.

#### ***Local Authority grants***

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

#### ***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 2020.

#### ***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.



## Notes to the financial statements Year ended 31 August 2020

### 15 Funds (continued)

#### Analysis of funds by school

All unrestricted general 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 unrestricted general fund balance of £1,078,000 (2019 – £699,000) 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 2020 £'000
Ecclesbourne Primary School	1,531	229	92	307	2,159
Whitehorse Manor Infant School	1,141	123	68	221	1,553
Whitehorse Manor Junior School	1,205	355	72	313	1,945
Beulah Infant and Nursery School	725	181	43	148	1,097
Cypress Primary School	2,191	424	131	526	3,272
Central services	1,203	483	72	453	2,211
<b>Total costs</b>	<b>7,996</b>	<b>1,795</b>	<b>478</b>	<b>1,968</b>	<b>12,237</b>

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 2019 £'000
Ecclesbourne Primary School	1,476	6	81	402	1,965
Whitehorse Manor Infant School	1,215	50	69	343	1,677
Whitehorse Manor Junior School	1,386	159	84	418	2,047
Beulah Infant and Nursery School	711	47	41	205	1,004
Cypress Primary School	2,105	416	137	594	3,252
Central services	906	800	93	462	2,261
<b>Total costs</b>	<b>7,799</b>	<b>1,478</b>	<b>505</b>	<b>2,424</b>	<b>12,206</b>

### 16 Analysis of net assets between funds

	Unrestricted general funds £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2020 Total funds £'000	2019 Total funds £'000
<b>Fund balances at 31 August 2020 are represented by:</b>					
Tangible fixed assets	—	—	33,570	33,570	33,713
Current assets	1,078	798	67	1,943	1,777
Current liabilities	—	(798)	—	(798)	(1,108)
Pension scheme liability	—	(5,548)	—	(5,548)	(5,786)
<b>Total net assets</b>	<b>1,078</b>	<b>(5,548)</b>	<b>33,637</b>	<b>29,167</b>	<b>28,596</b>

## Notes to the financial statements Year ended 31 August 2020

### 16 Analysis of net assets between funds (continued)

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

	Unrestricted general funds £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2019 Total funds £'000
<i>Fund balances at 31 August 2019 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	33,713	33,713
<i>Current assets</i>	699	1,108	(30)	1,777
<i>Current liabilities</i>	—	(1,108)	—	(1,108)
<i>Creditors: amounts falling due within one year</i>	—	—	—	—
<i>Pension scheme liability</i>	—	(5,786)	—	(5,786)
<i>Total net assets</i>	<u>699</u>	<u>(5,786)</u>	<u>33,683</u>	<u>28,596</u>

### 17 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.

During the year ended 31 August 2019, the Academy Trust incurred charges totalling £115,800 for various contracted services (IT, governance, HR, and other school improvement services) from Octavo Partnership Limited. Mr J Roberts is a Director of The Pegasus Academy Trust and, until 3 September 2019, was a Director of the Octavo Partnership Limited. No transactions occurred between The Pegasus Academy Trust and Octavo Partnership Limited between 1 and 3 September 2019. The Directors confirm that the purchases made in the prior year were at arm's length and they further confirm that they have observed and complied with the requirements set out in ESFA's Academies Financial Handbook. A statement of assurance has been obtained from Octavo Partnership Limited confirming this.

The Academy Trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures

### 18 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.

## Notes to the financial statements Year ended 31 August 2020

### 18 Pension and similar obligations (continued)

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

#### ***Teachers' Pension Scheme***

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

The TPS is an unfunded scheme to which both 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 £926,000 (2019 – £575,000).

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 2020

### 18 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 2020 was £615,000 (2019 – £673,000), of which employer's contributions totalled £474,000 (2019 – £531,000) and employees' contributions totalled £141,000 (2019 – £142,000). The agreed contribution rates for 2019/20 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 2020 by a qualified independent actuary.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
Rate of increase in salaries	<b>2.2%</b>	2.8%
Rate of increase for pensions in payment / inflation	<b>2.2%</b>	2.3%
Discount rate for scheme liabilities	<b>1.7%</b>	1.8%
Inflation assumption (CPI)	<b>2.2%</b>	2.3%
Commutation of pensions to lump sums (pre-April 2008 service)	<b>50%</b>	50%
Commutation of pensions to lump sums (post-April 2008 service)	<b>75%</b>	75%

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

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
<i>Retiring today</i>		
Males	<b>21.9</b>	21.3
Females	<b>23.9</b>	23.4
<i>Retiring in 20 years</i>		
Males	<b>22.5</b>	22.3
Females	<b>25.3</b>	24.8

## Notes to the financial statements Year ended 31 August 2020

### 18 Pension and similar obligations (continued)

#### *Local Government Pension Scheme (LGPS) (continued)*

<b>Sensitivity analysis – net increase in liability</b>	<b>At 31 August 2020 £'000</b>	<b>At 31 August 2019 £'000</b>
Discount rate -0.5%	1,421	1,568
Salary increase +0.5%	77	119
Pension increase +0.5%	1,324	1,425

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

	<b>Fair value at 31 August 2020 £'000</b>	<b>Fair value at 31 August 2019 £'000</b>
Equities	3,854	3,385
Corporate bonds	1,325	1,256
Property	783	764
Cash	60	54
<b>Total market value of assets</b>	<b>6,022</b>	<b>5,459</b>
<b>Present value of scheme liabilities</b>		
Funded	(11,570)	(11,245)
<b>Deficit in the scheme</b>	<b>(5,548)</b>	<b>(5,786)</b>

<b>Amounts recognised in statement of financial activities</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Current service cost	1,272	972
Past service cost	13	87
Interest income	(103)	(132)
Interest cost	214	240
<b>Total amount recognised in the SOFA</b>	<b>1,396</b>	<b>1,167</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
At 1 September 2019	11,245	8,046
Current service cost	1,285	972
Past service cost	—	87
Interest cost	214	240
Employee contributions	141	142
Actuarial (gain) loss	(1,190)	1,822
Benefits paid	(125)	(64)
<b>At 31 August 2020</b>	<b>11,570</b>	<b>11,245</b>

## Notes to the financial statements Year ended 31 August 2020

### 18 Pension and similar obligations (continued)

#### *Local Government Pension Scheme (LGPS) (continued)*

Changes in the fair value of the Academy's share of scheme assets:	2020 £'000	2019 £'000
At 1 September 2019	5,459	4,430
Interest income	103	132
Actuarial gain/(loss)	(30)	288
Employer contributions	474	531
Employee contributions	141	142
Benefits paid	(125)	(64)
<b>At 31 August 2020</b>	<b>6,022</b>	<b>5,459</b>

### 19 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 ceases 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.

### 20 Capital commitments

During the year ended 31 August 2019, works on the replacement of boilers at Cypress Primary School at a total contracted cost of £286,324 commenced. At 31 August 2019, works amounting to £88,814 had been capitalised as an asset under construction within tangible fixed assets in note 12 and a further £6,154 expensed through the statement of financial activities. As at 31 August 2020 these works are complete and the full value has been transferred to the long leasehold land and buildings category. As a result, the Academy Trust had no capital commitments at 31 August 2020.