

Pear Tree Alliance
(A Company Limited by Guarantee)
Annual Report and Financial Statements
For the year ended
31 August 2016

Company Registration Number:
08916147 (England and Wales)

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

CONTENTS

	Page
Reference and Administrative Details	3-4
Trustees' Report	5-13
Governance Statement	14-19
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditor's Report on the Financial Statements	22-23
Independent Reporting Accountant's Report on Regularity	24-25
Statement of Financial Activities incorporating Income & Expenditure Account	26-27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	30-34
Other Notes to the Financial Statements	35-49

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Ms M Hennessy Jones (resigned 1 September 2016)
Mrs A Edleston (appointed 1 September 2016)
Mr S Holden
Mr C Oakes
Ms M Stone
Dr J Angus

Directors

Mr A E Martin
Mr W Green* (resigned 23 September 2015)
Mrs L Wrenshall
Dr R Jones
Mrs R Hadfield
Mr C Oakes
Mr S Holden*
Ms M Stone*
Dr J Angus
Ms M Hennessy Jones* (resigned 1 September 2016)
Miss K Shand
Mrs Z Buggie*
Mr D Gallagher
Dr J Hillman (appointed 19 November 2015)
Mrs A Edleston (appointed 1 September 2016)

* members of the finance committee

Senior Management Team:

Headteacher

Ms M Hennessy Jones (to 31 August 2016)

Deputy headteacher

Mrs A Edleston (from 1 September 2016)

Teacher

Ms R Hadfield

Teacher

Mrs L Wrenshall

Mrs E Cotterill (resigned 30 April 2016)

Company Registration Number

08916147

Independent Auditor

UHY Hacker Young
St John's Chambers
Love Street
Chester CH1 1QN

Bankers

Lloyds Bank Plc
13 Victoria Street
Crewe CW1 2JQ

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

REFERENCE AND ADMINISTRATIVE DETAILS

Principal and Registered Office

Pear Tree School
Pear Tree Field
Stapeley
Nantwich
Cheshire CW5 7GZ

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditors' report of the academy trust for the period 1st September 2015 to 31st August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the academy trust.

The trustees are also the directors of the academy trust for the purposes of company law. Details of the trustees who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

The academy trust currently consists of one school, namely Pear Tree School.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up whilst they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Principal activities

The academy trust's principal object is to manage the school's provision of education to pupils between the ages of 4 and 11 serving a catchment area in Nantwich, Cheshire. It has a pupil capacity of 220 and had a roll of 216 in the school census in January 2016

PEAR TREE ALLIANCE COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of trustees

Under the terms of its articles, the academy trust shall have the following trustees:

- Up to 3 trustees, appointed under Article 50
- Any staff trustees up to 1/3rd of the total, if appointed under Article 50B
- A minimum of 2 parent trustees appointed under Article 53
- The Chief Executive Officer
- Any additional trustees, if appointed under Article 53
- Any co-opted trustees, if appointed under Article 58

The Trustees who were in office at 31 August 2016 and served throughout the year, except where shown, are listed on page 3.

Policies and procedures adopted for the induction and training of trustees

During the period under review the Full Governing Body met 3 times and there were 6 committee meetings. The training and induction provided for new trustees depends on their previous experience. All new trustees are given a tour of the school and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. New trustees attend an induction course provided by the school and have access to a full programme of courses which they may choose to attend, based on their role and experience.

Organisation structure

The organisational structure consists of three levels; the trustees, the Senior Leadership Team and Middle Management Team. The aim of the management structure is to develop responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy contributing to and setting the strategic direction of the school, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

PEAR TREE ALLIANCE

COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

The Senior Leadership Team comprises the Headteacher, Deputy Headteacher and two Senior Leaders one of whom is the SENCO. These managers control the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for the Headteacher always contain a Trustee. Some spending control is devolved to members of the staff team, with limits above which a member of the Senior Leadership Team must countersign.

The staff team includes curriculum Area Leaders. Along with the Senior Management Team these managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration for the academy Principal is decided by the Trustees who take into account performance and pay for similar roles in similar academies.

Decisions surrounding supplementary pay increases for all staff, including key management personnel, are also made by Trustees.

Connected parties and other connected charities and organisations

Pear Tree Primary School Parent Teacher Association, is a separately registered charity.

It is not part of the academy trust but it organises various fundraising events to provide facilities for the pupils of the School.

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

Objectives and Activities

**Objects and aims and
Objectives, strategies and activities**

In 2015-16 Pear Tree School continued its focus on improving standards of teaching and learning through a range of initiatives, the results of which are evident in the good progress made by most children.

The academy trust's main strategy is encompassed in its mission statement which is:

"Every Child Matters Every Day"

We aim to:

- Promote high standards of teaching, learning and life skills
- Ensure that everyone achieves his or her potential irrespective of race, gender or physical capability and
- Provide a happy, supportive and safe environment

Planned in accordance with the National Curriculum we provide a meaningful, broad based curriculum that recognises the importance of knowledge and experience and ensures that all our pupils leave having had the opportunity to develop a positive, balanced and responsible attitude toward themselves and others.

We provide a broad cross-curricular approach to the core and foundation subjects enriched through the Arts, in all year groups.

Underlying principles:

At Pear Tree School we encourage our pupils to be:- confident, independent, ambitious, lifelong learners, good communicators, polite, well mannered, be resilient, open minded, willing to take risks and be valued local and global citizens.

The School Development Plan objectives, focused specifically on the following in 2015-16

- Improving maths achievement especially for vulnerable children and those at higher levels
- Developing effective social, moral, spiritual and cultural programmes
- Developing effective assessment and tracking procedures to support new curriculum

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

Public Benefit

Pear Tree School is an academy converter catering for children aged 4-11 and strives to promote and support the advancement of education within the Nantwich area. The school provides an extensive programme of educational and recreational activity – all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example the school works with:

- Music for Life
- Northwest Drama

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities e.g.

- La Maternelle
- Brownies

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

Achievements and performance

The trustees were generally pleased with the main academic achievement in the period, which can be summarised as follows:

Normally pupils achieve high standards of attainment at Pear Tree School. Results in the end of key stage tests in English and Mathematics have been above the national averages for the past few years. With the exception of 2015 which showed slightly lower achievement in Maths Key Stage 1 and a significant drop in Key Stage 2 in reading and maths, this was cohort specific. In 2016 under the new testing and assessment model the results were in line with national averages in Key Stage 1 and above at both EYFS and Key stage 2.

Pupils make very good progress in Reception Year due to quality of provision and by the end their attainment is above average. Pupils mostly make good progress through Key stages 1 and 2.

There are small numbers of pupils in the School with disabilities or special needs who are eligible for the pupil premium. The data indicates that some of these are now making expected or better progress due to well-targeted and effective interventions. Some still show attainment and progress that is lower than other groups. This is being addressed by the Senior Leadership Team.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

Going concern

After making appropriate enquiries, the Governing Body 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.

Key financial performance indicators

The trustees consider that the following are key performance indicators for the academy trust;

- Pupils numbers (leading directly to the Education Funding Agency (EFA) funding level)
- General financial stability – aim for income to match expenditure each year
- Percentage of income received from EFA spent on total staff costs

The trustees have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

Financial Review

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

During the year ended 31 August 2016 total expenditure of £1,069,623 was covered by total incoming resources of £1,046,443 plus surpluses brought forward. This resulted in net expenditure of £23,180 before actuarial movements on defined benefit pension schemes. The actuarial loss on the Local Government Pension Scheme of £188,000, part of a total increase in the pension liability of £203,000, resulted in an overall net decrease in funds of £211,180. This very significant increase in the LGPS liability has been mirrored throughout the country.

It should be noted that this net decrease in funds also includes depreciation of £30,072 and loss on assets scrapped of £141 both non-cash movements on the restricted fixed asset fund to write down capital items, including £16,797 depreciation of the school buildings inherited on conversion. The net increase in funds before these items and pension liability movement is £7,033.

At 31 August 2016, the net book value of fixed assets was £2,141,122 and movements in tangible fixed assets are shown in note 11 to the financial statements. During the year the assets were used exclusively for providing education and the associated support services to the pupils of the academy.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

The academy held fund balances at 31 August 2016 of £1,687,356 (2015: £1,898,536).

These funds comprised restricted fixed asset funds of £2,151,586 (2015: £2,175,380), other restricted funds of £64,716 (2015: £81,412) and unrestricted funds of £62,054 (2015: £29,744). There is also a pension reserve deficit of £591,000 (2015: £388,000).

The only fund in deficit at 31 August 2016 is the Local Government Pension Scheme (LGPS) reserve. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the Academy rise by 1.5% per annum until the results of the next valuation are applied.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit.

The academy trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise from its operations.

The main risks arising from the trust's financial activities are liquidity risk and interest rate risk;

Liquidity risk – the trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk – the trust earns interest on cash deposits. With interest rates currently low, the directors will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the trust's assets.

Credit risk arises from the possibility that amounts owed to the trust will not be repaid. The trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

The main risks that the academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans.

Operational and reputational – this covers risks to the running of the School (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

Financial – covering risks to the academy trust's financial position, including revenue streams, cost control and cash management

The risks to which the academy trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations and the financial position of the staff pension schemes. External incidents can also disrupt the activities of the School.

Investment policy

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. Although the academy does not consider the investment of funds as a primary activity, as a result of good stewardship the trustees remain open to exploring investment opportunities.

Reserves policy

The trustees review the reserve levels of the academy trust throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves.

Plans for future periods

The trustees' main plans for future years are;

- Recruit, retain and develop an outstanding teaching, management and support staff team
- Provide an outstanding education for all our children, with the highest standards of teaching and learning and support to ensure that every child achieves their full potential
- Develop the school's facilities, space, IT infrastructure and resources so it can fulfil ambitious educational aims
- Work with staff, parents and other local schools and organisations, to provide exceptional opportunities for local children
- Ensure effective financial management and governance to keep the School secure and protected as far as possible from risk in difficult economic times

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016


Auditor

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered in due course.

This report was approved by the trustees on 1 December 2016 and signed on its behalf by:



**Mr S Holden
Chair of Trustees**



**Mrs A Edleston
Accounting Officer**

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

The board of trustees has delegated day-to-day responsibility to the Head Teacher. During the year to 31st August 2016 this was Ms Hennessy Jones. Ms Hennessy Jones took the role of Accounting Officer and was responsible 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 Pear Tree Alliance and the Secretary of State for Education. She is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Hennessy Jones	3	3
M Stone	2	3
S Holden	3	3
J Angus	3	3
C Oakes	2	3

The Strategic Committee is a sub-committee of the main board of trustees. Its purpose is to oversee the strategic framework, and focus on standards and school improvement. This includes reviewing and approving the accounts and it met 5 times during the year to 31 August 2016.

Attendance at meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
M Hennessy Jones	5	5
M Stone	5	5
S Holden	4	5
Z Buggie	5	5

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Review of Value for Money

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

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

Members apply the four principles of best value.

Challenge: Is the school's performance high enough? Why and how is a service provided? Can it be delivered differently? What do stakeholders require? Do we support the school's vision and principles?

Compare: How does the school's pupil performance and financial performance compare with all schools? How does it compare with Cheshire East schools? How does it compare with similar schools?

Consult: How does the school seek the views of stakeholders about the services the school provides?

Compete: How does the school secure efficient and effective services? Are services of appropriate quality, economic?

The Trustees' Approach

The Trustees and Senior Leadership Team apply the principles of best value when making decisions about:

- The allocation of resources to best promote the vision and principles of the school.
- The targeting of resources to best improve standards and the quality of provision.
- The use of resources to best support the various educational needs of all groups of pupils.

Trustees, and Senior Leadership Team, will:

- Make comparisons with other/similar schools using data provided by Cheshire East and the Government, e.g. benchmarking tools, quality of teaching, pupil achievement measures, levels of expenditure.
- Challenge proposals, examining them for effectiveness, efficiency and cost

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

- Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup.
- Consult individuals and organisations on quality/suitability of service we provide to stakeholders and services we receive from providers.
- Continue to target income generation.

This will apply particularly to:

- Staffing
- Use of resources
- Quality of teaching
- Quality of learning
- Purchasing
- Pupils' welfare
- Health and safety

Monitoring

These areas will be monitored for best value by:

1. In-house monitoring by the Principal/Deputy Headteacher and Senior Leadership team by such methods as classroom observations and work scrutiny and learning walks.
2. Termly target setting between the Senior Leaders and teaching staff/support staff.
3. Staff Appraisal
4. Annual Budget Planning
5. Analysis of school pupil performance data against similar Cheshire East schools and analysis of Cheshire East financial data against bench mark data for similar schools.
6. Analysis of DfE pupil performance data

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

7. Ofsted Inspection reports
8. Trustees' committee meetings
9. Trustees' meetings.

Our trust employs approved auditors and accounting systems which are overseen by the Members and Trustees who have business, financial and accounting experience and expertise. Under their scrutiny and as a result of regular reports, cash flow, bank balances and spending are managed and considered all within the context of risk management.

The Purpose of the System of Internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Pear Tree Alliance for the year to 31st August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programme
- Setting targets to measure financial and other performance

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management risks

The board of trustees has considered the need for a specific internal audit function and has appointed a governor, Keeley Shand, as internal auditor and has also engaged the services of UHY Hacker Young to help with and oversee the role while Keeley becomes confident in this position.

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

- Testing of payroll systems
- Testing of purchases and creditors system
- Testing of control accounts/bank reconciliations
- Testing of capital purchases
- Testing of income received
- Testing of VAT reclaims

On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year ended 31st August 2016 the internal audit function has been fully delivered in line with the requirements of the Education Funding Agency.

Review of Effectiveness

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

The work of the internal auditor

The work of the external auditors

The financial management and governance self-assessment process

The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

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

Approved by order of the members of the board of trustees on 1st December 2016 and signed on their behalf by:



Mr S Holden
Chair of Trustees



Mrs A Edleston
Accounting Officer

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2016

As accounting officer of Pear Tree Alliance I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



**Mrs A Edleston
Accounting Officer**

1st December 2016

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the academies accounts direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 1st December 2016 and signed on its behalf by:



Mr S Holden
Trustee

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS TO THE MEMBERS OF PEAR TREE ALLIANCE**

YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Pear Tree Alliance for the year ended 31 August 2016 on pages 26 to 49. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

This report is made solely to the Academy'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 Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and Auditors

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

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

Scope of the audit of the Financial Statements

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

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS TO THE MEMBERS OF PEAR TREE ALLIANCE**

YEAR ENDED 31 AUGUST 2016

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by The Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Nicolaus Stuart Jenkins (Senior Statutory Auditor)



For and on behalf of
UHY Hacker Young Chester
Chartered Accountants and Statutory Auditor

St Johns Chambers
Love Street
Chester
CH1 1QN

5th December 2016

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO PEAR TREE ALLIANCE AND THE EDUCATION FUNDING AGENCY**

YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 25 March 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pear Tree Alliance during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Pear Tree Alliance's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Pear Tree Alliance's funding agreement with the Secretary of State for Education dated 27 March 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

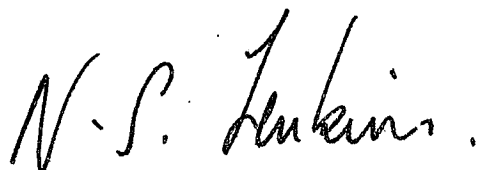
**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO PEAR TREE ALLIANCE AND THE EDUCATION FUNDING AGENCY**

YEAR ENDED 31 AUGUST 2016

Conclusion

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



Reporting Accountant
Nicolaus Stuart Jenkins (Senior Statutory Auditor)
For and on behalf of

UHY Hacker Young
Chartered Accountants and Statutory Auditor

St John's Chambers
Love Street
Chester
CH1 1QN

5th December 2016

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES
Including Income and Expenditure Account

YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	4,391	500	6,419	11,310	39,125
Charitable activities:						
Funding for the academy trust's educational operations	3	76,621	954,188	-	1,030,809	1,002,506
Other trading activities	4	3,961	-	-	3,961	4,108
Investments	5	363	-	-	363	194
Total		85,336	954,688	6,419	1,046,443	1,045,933
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6	53,026	986,384	30,213	1,069,623	1,033,317
Total	7	53,026	986,384	30,213	1,069,623	1,033,317
Net income/(expenditure)		32,310	(31,696)	(23,794)	(23,180)	12,616
Transfers between funds						
	14	-	-	-	-	-
		32,310	(31,696)	(23,794)	(23,180)	12,616

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES
Including Income and Expenditure Account**

YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension schemes	14,21	-	(188,000)	-	(188,000)	(7,000)
Net movement in funds		32,310	(219,696)	(23,794)	(211,180)	5,616
Reconciliation of funds						
Total funds brought forward		29,744	(306,588)	2,175,380	1,898,536	1,892,920
Total funds carried forward		62,054	(526,284)	2,151,586	1,687,356	1,898,536

All of the academy's activities derive from to continuing operations during the above two financial periods.

The notes form part of these financial statements.

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		2,141,122		2,163,103
Current assets					
Debtors	12	21,228		27,211	
Cash at bank and in hand	19	<u>153,885</u>		<u>145,687</u>	
		175,113		172,898	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>37,879</u>		<u>49,465</u>	
Net current assets			<u>137,234</u>		<u>123,433</u>
Total assets less current liabilities			2,278,356		2,286,536
Defined benefit pension scheme liability	21		<u>(591,000)</u>		<u>(388,000)</u>
Total net assets			<u>1,687,356</u>		<u>1,898,536</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	14	2,151,586		2,175,380	
. Restricted income fund	14	64,716		81,412	
. Pension reserve	14	<u>(591,000)</u>		<u>(388,000)</u>	
Total restricted funds			1,625,302		1,868,792
Unrestricted income funds	14		<u>62,054</u>		<u>29,744</u>
Total funds			<u>1,687,356</u>		<u>1,898,536</u>

The financial statements on pages 26 to 49 were approved by the trustees, and authorised for issue on 1st December 2016 and are signed on their behalf by:

Mr S Holden
Trustee

Company Number 08916147

The notes form part of these financial statements.

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Cashflows from operating activities			
Net cash provided by (used in) operating activities	17	9,648	36,101
Cashflows from investing activities	18	(1,450)	(11,056)
Cash flow from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>8,198</u>	<u>25,045</u>
Cash and cash equivalents at 1 September 2015		145,687	120,642
Cash and cash equivalents at 31 August 2016	19	<u>153,885</u>	<u>145,687</u>

The notes form part of these financial statements.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Statement of Accounting Policies

YEAR ENDED 31 AUGUST 2016

1. 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, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Pear Tree Alliance meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Pear Tree Alliance prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of Pear Tree Alliance for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Going Concern

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

Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Statement of Accounting Policies

YEAR ENDED 31 AUGUST 2016

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, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

• **Donated goods, facilities and services**

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

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

Expenditure

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

• **Expenditure on raising Funds**

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

• **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.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Statement of Accounting Policies

YEAR ENDED 31 AUGUST 2016

Tangible Fixed Assets

Assets costing £100 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line/reducing balance basis over its expected useful life, as follows:

- Long leasehold buildings – over the period of the lease (125 years) - straight line
- Furniture and equipment – 15% reducing balance
- Improvements to leasehold premises – 10% straight line

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

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Statement of Accounting Policies

YEAR ENDED 31 AUGUST 2016

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 part 11 chapter 3 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.

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. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

**PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS
Statement of Accounting Policies**

YEAR ENDED 31 AUGUST 2016

Critical Accounting Estimates and Areas of Judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumption, which are disclosed in the Pension and Similar Obligations note, 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 31st March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital grants	-	6,419	6,419	36,076
Donations	4,391	500	4,891	3,049
	<u>4,391</u>	<u>6,919</u>	<u>11,310</u>	<u>39,125</u>

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
. General Annual Grant (GAG)	-	834,449	834,449	828,571
. Other DfE/EFA Grants	-	42,783	42,783	42,371
	-	<u>877,232</u>	<u>877,232</u>	<u>870,942</u>
Other Government grants				
. Local Authority Grants	-	30,705	30,705	40,261
. Special Educational Projects	-	-	-	-
	-	<u>30,705</u>	<u>30,705</u>	<u>40,261</u>
Other income from the academy trust's educational operations	<u>76,621</u>	<u>46,251</u>	<u>122,872</u>	<u>91,303</u>
	<u>76,621</u>	<u>954,188</u>	<u>1,030,809</u>	<u>1,002,506</u>

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Hire of Facilities	3,961	-	3,961	4,108
	<u>3,961</u>	<u>-</u>	<u>3,961</u>	<u>4,108</u>

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

5. Investment Income

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Short Term Deposits	363	-	363	194
	<u>363</u>	<u>-</u>	<u>363</u>	<u>194</u>

6. Expenditure

	Staff Costs	Non Pay Premises	Expenditure Other	Total 2016	Total 2015
	£	£	£	£	£
Expenditure on raising funds					
Academy's educational operations:					
. Direct costs	680,933	-	131,776	812,709	745,320
. Allocated support costs	110,516	41,606	104,792	256,914	287,997
	<u>791,449</u>	<u>41,606</u>	<u>236,568</u>	<u>1,069,623</u>	<u>1,033,317</u>

Net income/(expenditure) for the year includes:

	2016	2015
	£	£
Operating lease rentals	1,833	2,100
Depreciation	30,072	30,463
(Gain)/loss on disposal of fixed assets	141	4,101
Fees payable to auditor for:		
- audit	3,635	3,500
- other services	2,090	2,545

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

7. Charitable Activities

	Total	Total
	2016	2015
	£	£
Direct costs - educational operations	812,709	745,320
Support costs - educational operations	256,914	287,997
	<u>1,069,623</u>	<u>1,033,317</u>
Analysis of support costs - educational operations		
Support staff costs	110,516	109,005
Depreciation	30,072	30,463
Technology costs	4,775	4,600
Premises costs	41,606	50,529
Other support costs	57,694	84,727
Governance costs	12,251	8,673
Total support costs	<u>256,914</u>	<u>287,997</u>

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

8. Staff Costs

a. Staff costs

Staff costs during the period were:

	Total	Total
	2016	2015
	£	£
Wages and salaries	605,917	606,324
Social security costs	45,014	37,510
Operating costs of defined benefit pension schemes	130,330	110,559
	<u>781,261</u>	<u>754,393</u>
Supply staff costs	10,188	14,338
Staff restructuring costs	-	7,500
	<u>791,449</u>	<u>776,231</u>

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2015 - £7,500). This was one individual payment.

c. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2016	2015
	No.	No.
Charitable activities		
Teachers	17	16
Administration and support	5	5
	<u>22</u>	<u>21</u>

d. Higher Paid Staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

9. Related party transactions – Trustees' remuneration and expenses

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

	Year to 31 August 2016	Year to 31 August 2015
Ms M Hennessy Jones (principal and trustee)		
Remuneration	£60,000 - £65,000	£60,000 - £65,000
Employers pension contributions	£10,000- £15,000	£5,000- £10,000
Mrs L Wrenshall (staff director)		
Remuneration	£35,000 - £40,000	£35,000 - £40,000
Employers pension contributions	£5,000- £10,000	£5,000- £10,000
Mrs R Hadfield (staff director)		
Remuneration	£45,000 - £50,000	£40,000 - £45,000
Employers pension contributions	£5,000- £10,000	£5,000- £10,000

10. Trustees' and Officers' Insurance

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

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

11. Tangible Fixed Assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Fixtures and Fittings £	Total £
Cost				
At 1 September 2015	2,099,575	74,433	29,623	2,203,631
Additions	-	8,232	-	8,232
Disposals	-	(227)	-	(227)
At 31 August 2016	2,099,575	82,438	29,623	2,211,636
Depreciation				
At 1 September 2015	23,795	13,771	2,962	40,528
Charged in year	16,797	10,313	2,962	30,072
Disposals	-	(86)	-	(86)
At 31 August 2016	40,592	23,998	5,924	70,514
Net book values				
At 31 August 2016	2,058,983	58,440	23,699	2,141,122
At 31 August 2015	2,075,780	60,662	26,661	2,163,103

12. Debtors

	2016 £	2015 £
VAT recoverable	2,090	7,612
Prepayments and accrued income	19,138	19,599
	21,228	27,211

13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Accruals and deferred income	37,879	49,465
	37,879	49,465
Deferred income		
Deferred Income at 1 September 2015	24,087	23,572
Released from previous years	(24,087)	(23,572)
Resources deferred in the year	24,590	24,087
Deferred Income at 31 August 2016	24,590	24,087

Deferred income at 31 August 2016 related to free school meals, rates relief and an educational visit.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

14. Funds

	Balance at 31 August 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	81,412	811,667	(828,363)	-	64,716
Pupil premium	-	22,772	(22,772)	-	-
Other grants	-	120,249	(120,249)	-	-
Pension reserve	(388,000)		(15,000)	(188,000)	(591,000)
	(306,588)	954,688	(986,384)	(188,000)	(526,284)
Restricted fixed asset funds					
Transfer on conversion	2,133,377	-	(23,642)	-	2,109,735
DfE/EFA capital grants	37,538	6,419	(5,901)	-	38,056
Capital expenditure from GAG	4,465	-	(670)	-	3,795
	2,175,380	6,419	(30,213)	-	2,151,586
Total restricted funds	1,868,792	961,107	(1,016,597)	(188,000)	1,625,302
Total unrestricted funds	29,744	85,336	(53,026)	-	62,054
Total funds	1,898,536	1,046,443	(1,069,623)	(188,000)	1,687,356

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

- i) General Annual Grant must be used for the normal running costs of the academy.
- ii) The other Government Grant Fund is used to track grants provided by local and central government departments.
- iii) The pension reserve is a restricted fund to account for the liability arising under the local government pension scheme

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

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

15. Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	2,141,122	2,141,122
Current assets	62,054	102,595	10,464	175,113
Current liabilities	-	(37,879)	-	(37,879)
Pension scheme liability	-	(591,000)	-	(591,000)
Total net assets	62,054	(526,284)	2,151,586	1,687,356

16. Commitments under operating leases

Operating Leases

At 31 August 2016 the total of the academy trusts future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	-	1,050
Amounts due within one and five years	3,250	-
Amounts due after five years	-	-
	3,250	1,050

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

17. Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities

	2016	2015
	£	£
Net income/(expenditure for the reporting period (as per the statement of financial activities)	(23,180)	12,616
Depreciation (note 11)	30,072	30,463
Loss on assets scrapped	141	4,101
Capital grants from DfE and other capital income	(6,419)	(36,075)
Interest receivable (note 5)	(363)	(194)
Defined benefit pension scheme cost less contributions payable (note 21)	15,000	13,000
(Increase)/decrease in debtors	5,983	(5,510)
Increase/(decrease) in creditors	(11,586)	17,700
Net Cash provided by/(used in) Operating Activities	9,648	36,101

18. Cash flows from investing activities

	2016	2015
	£	£
Interest from investments	363	194
Purchase of tangible fixed assets	(8,232)	(47,325)
Capital grants from DFE/EFA	6,419	36,075
Net cash provided by / (used in) investing activities	(1,450)	(11,056)

19. Analysis of cash and Cash Equivalents

	At 31 August 2016	At 31 August 2015
	£	£
Cash in hand and at bank	103,690	145,687
Notice deposits (less than 3 months)	50,195	-
Total cash and cash equivalents	153,885	145,687

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

20. Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

21. 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 Cheshire West and Chester Council on behalf of Cheshire East Council. Both are multi-employer defined-benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to TPS in the period amounted to £66,775 (2015: £57,850).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ending 31 August 2016 was £59,028 (2015 - £48,714), of which employer's contributions totalled £48,556 (2015 - £39,705) and employees' contributions totalled £10,492 (2015 - £9,009). The agreed employer contribution rates for future years are 26.8% for 2016/17 increasing by 1.5% p.a. for 2017/18.

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.1%	3.5%
Rate of increase for pensions in payment/inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

Pension and Similar Obligations (continued)

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	22.3	22.3
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

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

	Fair Value at 31 August 2016 £	Fair Value at 31 August 2015 £
Equities	297,180	186,000
Bonds	57,150	48,000
Property	26,670	24,000
Cash	-	8,000
Total Market Value of Assets	381,000	266,000
Present Value of Scheme Liabilities		
- Funded	(972,000)	(654,000)
Surplus / (deficit) in the scheme	(591,000)	(388,000)

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2016	2015
	£	£
Current service cost (net of employee contributions)	50,000	44,000
Net interest cost	-	-
	<u>50,000</u>	<u>44,000</u>

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

	2016	2015
	£	£
At 1 September	654,000	573,000
Current service cost	50,000	44,000
Interest cost	25,000	22,000
Employee contributions	10,000	9,000
Actuarial (gain)/loss	233,000	6,000
Benefits paid	-	-
	<u>972,000</u>	<u>654,000</u>
At 31 August		

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

	2016	2015
	£	£
At 1 September	266,000	205,000
Interest income	11,000	8,000
Return on plan assets (excluding net interest on the net defined pension liability)	45,000	4,000
Actuarial gain/(loss)	-	-
Employer contributions	49,000	40,000
Employee contributions	10,000	9,000
Benefits paid	-	-
	<u>381,000</u>	<u>266,000</u>
At 31 August		

The estimated value of employer contributions for the year ended 31 August 2017 is £50,000.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

22. Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. Except as disclosed in note 9, no related party transactions took place in the period of account.

23. Reconciliation of Income and Expenditure for the year ended 31 August 2015

INCOME AND ENDOWMENTS FROM	UK GAPP £	Effect of transition to FRS102 £	FRS102 £
Donations and capital grants	39,125	-	39,125
Charitable activities	1,002,506	-	1,002,506
Other trading activities	4,108	-	4,108
Investment income	194	-	194
Total	1,045,933	-	1,045,933
EXPENDITURE ON			
Charitable activities	1,024,644	8,673	1,033,317
Obsolete governance costs	8,673	(8,673)	-
NET INCOME/(EXPENDITURE)	12,616	-	12,616

Reconciliation of funds for the year ended 31 August 2015

There are no changes to the reconciliation of funds as a result of the effect of transition to FRS102 at 31 August 2015.

PEAR TREE ALLIANCE
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS
Other Notes to the Financial Statements

YEAR ENDED 31 AUGUST 2016

24. Comparatives for the Statement of Financial Activities – At 31 August 2015

	Unrestricted Funds £	Restricted funds £	Fixed Asset fund £	Total Funds £
Income and endowments from:				
Donations and capital grants	3,050	-	36,075	39,125
Charitable activities:				
Funding for the academy trust's educational operations	38,107	964,399	-	1,002,506
Other trading activities	4,108	-	-	4,108
Investments	194	-	-	194
Total	45,459	964,399	36,075	1,045,933
Expenditure on:				
Charitable activities:				
Academy trust educational operations	35,625	963,128	34,564	1,033,317
Total	35,625	963,128	34,564	1,033,317
Net income/(expenditure)	9,834	1,271	1,511	12,616
Transfers between funds	-	(4,338)	4,338	-
Net movement in funds	9,834	(3,067)	5,849	12,616
Other recognised gains / (losses)				
Actuarial (losses)/gains on defined benefit pension schemes	-	(7,000)	-	(7,000)
Net movement in funds	9,834	(10,067)	5,849	5,616
Reconciliation of funds				
Total funds brought forward	19,910	(296,521)	2,169,531	1,892,920
Total funds carried forward	29,744	(306,588)	2,175,380	1,898,536

