

Pear Tree Alliance  
(A Company Limited by Guarantee)  
Annual Report and Financial Statements  
For the year ended  
31 August 2017

Company Registration Number:  
08916147 (England and Wales)

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**CONTENTS**

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	Page
Reference and Administrative Details	3-4
Trustees' Report	5-14
Governance Statement	15-20
Statement on Regularity, Propriety and Compliance	21
Statement of Trustees' Responsibilities	22
Independent Auditor's Report on the Financial Statements	23-25
Independent Reporting Accountant's Report on Regularity	26-27
Statement of Financial Activities incorporating Income & Expenditure Account	28-29
Balance Sheet	30
Statement of Cash Flows	31
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	32-36
Other Notes to the Financial Statements	37-50

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**REFERENCE AND ADMINISTRATIVE DETAILS**

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Members

Ms M Hennessy Jones (resigned 1 September 2016)  
Mrs A Edleston (appointed 1 September 2016)  
Mr S Holden  
Mr C Oakes (resigned 8 February 2017)  
Ms M Stone  
Dr J Angus

Trustees

Mr A E Martin (resigned 29 March 2017)  
Mrs L Wrenshall  
Dr R Jones  
Mrs R Hadfield  
Mr C Oakes (resigned 8 February 2017)  
Mr S Holden\*  
Ms M Stone (resigned 1 September 2016)  
Dr J Angus  
Miss K Shand  
Mrs Z Buggie\*  
Mr D Gallagher  
Dr J Hillman  
Mrs A Edleston (appointed 1 September 2016)

\* members of the finance committee

Senior Management Team:

Headteacher	Mrs A Edleston (from 1 September 2016)
Deputy headteacher	Mrs R Hadfield
Teacher	Mrs L Wrenshall
Teacher	Mrs L Newman

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**

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Principal and Registered Office

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

Company name

Pear Tree Alliance

# **PEAR TREE ALLIANCE COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES' REPORT**

**YEAR ENDED 31 AUGUST 2017**

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The trustees present their annual report together with the financial statements and auditors' report of the academy trust for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust currently consists of one school, namely Pear Tree School. It operates an academy for pupils aged 4 to 11 serving a catchment area in Nantwich, Crewe. It has a pupil capacity of 220 and had a roll of 220 in the school census of May 2017.

### **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.

#### **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.

# PEAR TREE ALLIANCE COMPANY LIMITED BY GUARANTEE

## TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2017

---

### **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 1/3<sup>rd</sup> of the total, if appointed under Article 50B
- A minimum of 2 parent trustees appointed under Article 53
- 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 2017 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 2017

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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 key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 3.

The pay policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. Naturally the Headteacher was not involved in setting his/her own remuneration package.

The day to day running of the pay policy is delegated to the Headteacher and monitored by the finance and strategic development committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked closely to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service

# PEAR TREE ALLIANCE COMPANY LIMITED BY GUARANTEE

## TRUSTEES' REPORT

### YEAR ENDED 31 AUGUST 2017

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and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and in recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provide value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 8(e).

#### **Connected organisations including related parties**

Pear Tree Primary School Parent Teacher Association, is a separately registered charity, registration number 40356. It is not part of the academy trust but it organises various fundraising events to provide facilities for the pupils of the School.

#### **Objectives and Activities**

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

In 2016-17 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:

'Pear Tree School - Being our Best Selves...'

Pear Tree Primary School nurtures every child to enable them to achieve beyond expectations, develop into confident individuals with a lifelong love of learning and equipped with the skills they need to thrive in a rapidly changing world.

#### **PEAR TREE PRIMARY SCHOOL LEAVERS WILL BE:**

- Caring, respectful, with good social skills underpinned with honesty and integrity
- Imaginative individuals, thinking critically and reflectively
- Masters of the basic skills in all areas of learning



# PEAR TREE ALLIANCE

## COMPANY LIMITED BY GUARANTEE

### TRUSTEES' REPORT

#### YEAR ENDED 31 AUGUST 2017

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- Confident, independent and resilient learners for life
- Respectful of diversity and value all communities
- Secure in their own set of personal values and guiding principles

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 towards themselves and others.

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

The School Development Plan objectives, focused specifically on the following in 2016-17

- New Headteacher to start in September 2016 – Support, learning and continuity through a period of transition – New SMT/Staff team.
- Recruit new members to the GB and develop accountability and engagement of all GB members.
- Explore opportunities to generate income through developing the school as a training hub, look at next applications rounds to Condition Improvement Fund – CIF 2017 -2018 criteria. Seeking funding to replace windows, extend existing hall and build an on-site nursery.
- Introduce ECAR and roll out ECAR training and interventions. (1 of 2 year programme).
- Develop more real life opportunities for Maths.
- 85% of all pupils in school to reach ARE + (H)
- Narrow the gap between those at ARE and those just below – focus on middle/hidden learners.

#### 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
- The Love Music Trust

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.

# PEAR TREE ALLIANCE

## COMPANY LIMITED BY GUARANTEE

### TRUSTEES' REPORT

#### YEAR ENDED 31 AUGUST 2017

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- Nantwich Young Voices
- Boot Camp
- Red Wellies Nursery

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.

#### **Equal opportunities**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **Disabled persons**

The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment and by making support resources available.

#### **STRATEGIC REPORT**

##### **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 2017 the results were in line and above 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 2017

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### 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 Skills & Funding Agency (ESFA) funding level)
- General financial stability – aim for income to match expenditure each year
- Percentage of income received from ESFA 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 ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2017 total expenditure of £1,074,130 was covered by total incoming resources of £1,026,143 plus surpluses brought forward. This resulted in net expenditure of £47,987 before actuarial movements on defined benefit pension schemes. The actuarial gain on the Local Government Pension Scheme of £194,000, part of a total decrease in the pension liability of £141,000, resulted in an overall net increase in funds of £126,013.

It should be noted that the total expenditure also includes depreciation of £29,718 and loss on assets scrapped of £340 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 £8,641.

At 31 August 2017, the net book value of fixed assets was £2,119,357 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.

The academy held fund balances at 31 August 2017 of £1,813,369 (2016: £1,687,356).

# PEAR TREE ALLIANCE

## COMPANY LIMITED BY GUARANTEE

### TRUSTEES' REPORT

#### YEAR ENDED 31 AUGUST 2017

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These funds comprised restricted fixed asset funds of £2,127,958 (2016: £2,151,586), other restricted funds of £64,156 (2016: £64,716) and unrestricted funds of £71,255 (2016: £62,054). There is also a pension reserve deficit of £450,000 (2016: £591,000).

The only fund in deficit at 31 August 2017 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 will rise until the results of the next valuation are applied (for increases see note 21 on page 47).

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 2017

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### 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 2017**

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**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 12 December 2017 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 2017

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#### 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 31<sup>st</sup> August 2017 this was Mrs Alison Edleston. Mrs Alison Edleston 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
A Edleston	3	3
L Wrenshall	3	3
S Holden	3	3
J Angus	3	3
A Martin (resigned 29 March 2017)	0	2
R Jones	3	3
J Hillman	3	3
D Gallagher	2	3
K Shand	3	3
Z Buggie	3	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 6 times during the year to 31 August 2017.

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**GOVERNANCE STATEMENT**

**YEAR ENDED 31 AUGUST 2017**

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Attendance at meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
A Edleston	6	6
S Holden	5	6
R Jones	6	6
Z Buggie	5	6
J Angus	6	6
D Gallagher	5	6
J Hillman	6	6
K Shand	4	6
L Wrenshall	6	6
A Martin (resigned 29 March 2017)	0	2

**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?



**PEAR TREE ALLIANCE  
COMPANY LIMITED BY GUARANTEE**

**GOVERNANCE STATEMENT**

**YEAR ENDED 31 AUGUST 2017**

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**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
- 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

**PEAR TREE ALLIANCE  
COMPANY LIMITED BY GUARANTEE**

**GOVERNANCE STATEMENT**

**YEAR ENDED 31 AUGUST 2017**

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**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
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 2017 and up to the date of approval of the annual report and financial statements.

# PEAR TREE ALLIANCE COMPANY LIMITED BY GUARANTEE

## GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2017

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### 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 31<sup>st</sup> August 2017 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
- 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 UHY Hacker Young to undertake the role for the foreseeable future.

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 31<sup>st</sup> August 2017 the internal audit function has been fully delivered in line with the requirements of the Education and Skills Funding Agency.

**PEAR TREE ALLIANCE  
COMPANY LIMITED BY GUARANTEE**

**GOVERNANCE STATEMENT**

**YEAR ENDED 31 AUGUST 2017**

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**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

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 12 December 2017 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 2017**

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As accounting officer of Pear Tree Alliance I have considered my responsibility to notify the academy trust board of trustees and the Education & 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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 ESFA.



**Mrs A Edleston**  
**Accounting Officer**

12 December 2017

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**YEAR ENDED 31 AUGUST 2017**

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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 & Skills 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 2016 to 2017;
- 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 ESFA/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 12 December 2017 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 2017**

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**Opinion**

We have audited the financial statements of Pear Tree Alliance (the 'charitable' company') for the year ended 31 August 2017 on pages 28 to 50. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

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 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

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 2017 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;
- 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 2016 to 2017.

**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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees 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

**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 2017**

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of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

**Opinion on other matter 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page 22, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.



**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 2017**

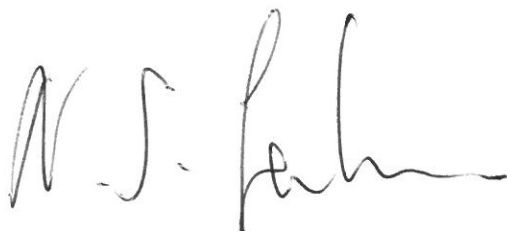
In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate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

**Our responsibilities for the audit of the financial statements**

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.

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 a Report of the Independent Auditors 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 Report of the Independent Auditors.



**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

12 December 2017

# **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 2017**

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In accordance with the terms of our engagement letter dated 25 March 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA 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 ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**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 2017**

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**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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Hacker Young  
Chartered Accountants and Statutory Auditor

St John's Chambers  
Love Street  
Chester  
CH1 1QN

12 December 2017

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	3,338		6,430	9,768	11,310
Charitable activities:						
Funding for the academy trust's educational operations	3	59,097	951,484		1,010,581	1,030,809
Other trading activities	4	5,454			5,454	3,961
Investments	5	340			340	363
<b>Total</b>		<b>68,229</b>	<b>951,484</b>	<b>6,430</b>	<b>1,026,143</b>	<b>1,046,443</b>
<b>Expenditure on:</b>						
Charitable activities:						
Academy trust educational operations	7	59,028	985,044	30,058	1,074,130	1,069,623
<b>Total</b>	6	<b>59,028</b>	<b>985,044</b>	<b>30,058</b>	<b>1,074,130</b>	<b>1,069,623</b>
<b>Net income/(expenditure)</b>		<b>9,201</b>	<b>(33,560)</b>	<b>(23,628)</b>	<b>(47,987)</b>	<b>(23,180)</b>
<b>Transfers between funds</b>	14	-	-	-	-	-
		<b>9,201</b>	<b>(33,560)</b>	<b>(23,628)</b>	<b>(47,987)</b>	<b>(23,180)</b>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
		£	£	£	£	£
<b>Other recognised gains / (losses)</b>						
Actuarial (losses) gains on defined						
benefit pension schemes						
	14,21	-	174,000	-	174,000	(188,000)
<b>Net movement in funds</b>		9,201	140,440	(23,628)	126,013	(211,180)
<b>Reconciliation of funds</b>						
Total funds brought forward	14	62,054	(526,284)	2,151,586	1,687,356	1,898,536
<b>Total funds carried forward</b>	15	71,255	(385,844)	2,127,958	1,813,369	1,687,356

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 2017

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		2,119,357		2,141,122
<b>Current assets</b>					
Debtors	12		22,769		21,228
Cash at bank and in hand			<u>163,912</u>		<u>153,885</u>
			186,681		175,113
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	13		<u>(42,669)</u>		<u>(37,879)</u>
<b>Net current assets</b>			<u>144,012</u>		<u>137,234</u>
<b>Total assets less current liabilities</b>			2,263,369		2,278,356
Defined benefit pension scheme liability	21		<u>(450,000)</u>		<u>(591,000)</u>
<b>Total net assets</b>			<u>1,813,369</u>		<u>1,687,356</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
. Fixed asset fund	14		2,127,958		2,151,586
. Restricted income fund	14		64,156		64,716
. Pension reserve	14		<u>(450,000)</u>		<u>(591,000)</u>
<b>Total restricted funds</b>			1,742,114		1,625,302
<b>Unrestricted income funds</b>	14		<u>71,255</u>		<u>62,054</u>
<b>Total funds</b>			<u>1,813,369</u>		<u>1,687,356</u>

The financial statements on pages 28 to 50 were approved by the trustees, and authorised for issue on 12<sup>th</sup> December 2017 and are signed on their behalf by:



**Mr S Holden**  
Trustee  
Company Number 08916147

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**CASH FLOW STATEMENT**

**YEAR ENDED 31 AUGUST 2017**

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	Notes	2017 £	2016 £
<b>Cashflows from operating activities</b>			
Net cash provided by (used in) operating activities	17	11,550	9,648
Cashflows from investing activities	18	(1,523)	(1,450)
Cash flow from financing activities		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>10,027</u>	<u>8,198</u>
Cash and cash equivalents at 1 September 2016		153,885	145,687
Cash and cash equivalents at 31 August 2017	19	<u>163,912</u>	<u>153,885</u>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 AUGUST 2017**

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**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 under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.



**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 AUGUST 2017**

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- **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 2017**

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**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 2017**

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**Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

**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

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 AUGUST 2017**

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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 and Skills Funding Agency.

**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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017**

**2. Donations and Capital Grants**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital grants	-	6,430	6,430	6,419
Donations	3,338	-	3,338	4,891
	<u>3,338</u>	<u>6,430</u>	<u>9,768</u>	<u>11,310</u>
<b>2016</b>	<u>4,391</u>	<u>6,919</u>	<u>11,310</u>	

**3. Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA grants</b>				
. General Annual Grant (GAG)	-	826,583	826,583	834,449
. Other DfE/ESFA Grants	-	43,672	43,672	42,783
	<u>-</u>	<u>870,255</u>	<u>870,255</u>	<u>877,232</u>
<b>Other Government grants</b>				
. Local Authority Grants	-	42,365	42,365	30,705
. Special Educational Projects	-	-	-	-
	<u>-</u>	<u>42,365</u>	<u>42,365</u>	<u>30,705</u>
Other income from the academy trust's educational operations	59,097	38,864	97,961	122,872
	<u>59,097</u>	<u>951,484</u>	<u>1,010,581</u>	<u>1,030,809</u>

**4. Other Trading Activities**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Hire of Facilities	5,454	-	5,454	3,961
	<u>5,454</u>	<u>-</u>	<u>5,454</u>	<u>3,961</u>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

**5. Investment Income**

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
Short Term Deposits	340	-	340	363
	<u>340</u>	<u>-</u>	<u>340</u>	<u>363</u>

**6. Expenditure**

	Staff Costs	Non Pay Expenditure		Total 2017	Total 2016
	£	Premises £	Other £	£	£
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations:					
. Direct costs	653,786	-	150,214	804,000	812,709
. Allocated support costs	120,888	41,245	107,997	270,130	256,914
	<u>774,674</u>	<u>41,245</u>	<u>258,211</u>	<u>1,074,130</u>	<u>1,069,623</u>

Net income/(expenditure) for the year includes:

	2017	2016
	£	£
Operating lease rentals	1,300	1,833
Depreciation	29,718	30,072
(Gain)/loss on disposal of fixed assets	340	141
Fees payable to auditor for:		
- audit	3,535	3,635
- other services	3,640	2,840
	<u>          </u>	<u>          </u>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

**7. Charitable Activities**

	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Direct costs - educational operations</b>	<b>804,000</b>	<b>812,709</b>
<b>Support costs - educational operations</b>	<b>270,130</b>	<b>256,914</b>
	<b>1,074,130</b>	<b>1,069,623</b>
 <b>Analysis of support costs - educational operations</b>		
Support staff costs	120,888	110,516
Depreciation	29,718	30,072
Technology costs	20,463	18,611
Premises costs	41,245	41,606
Other support costs	47,413	43,858
Governance costs	10,403	12,251
Total support costs	<b>270,130</b>	<b>256,914</b>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

**8. Staff Costs**

**a. Staff costs**

Staff costs during the period were:

	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	572,336	605,917
Social security costs	48,497	45,014
Operating costs of defined benefit pension schemes	147,494	130,330
	<u>768,327</u>	<u>781,261</u>
Supply staff costs	6,347	10,188
Staff restructuring costs	-	-
	<u>774,674</u>	<u>791,449</u>

**b. Staff numbers**

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Charitable activities		
Teachers	17	17
Administration and support	4	5
	<u>21</u>	<u>22</u>

**c. Higher paid staff**

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	<u>0</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 2017**

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £201,181 (2016 - £186,870).

**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 2017	Year to 31 August 2016
Mrs A Edleston (principal and trustee)		
Remuneration	£55,000 - £60,000	
Employers pension contributions	£5,000- £10,000	
Ms M Hennessy Jones (principal and trustee)		
Remuneration		£60,000 - £65,000
Employers pension contributions		£10,000- £15,000
Mrs L Wrenshall (staff trustee)		
Remuneration	£30,000 - £35,000	£35,000 - £40,000
Employers pension contributions	£5,000- £10,000	£5,000- £10,000
Mrs R Hadfield (staff trustee)		
Remuneration	£45,000 - £50,000	£45,000 - £50,000
Employers pension contributions	£5,000- £10,000	£5,000- £10,000

It was agreed by the trustees that Ms M Hennessy Jones be allowed to keep her work laptop on the occasion of her retirement. The net book value of this laptop at the time was £160.

**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 2017**

**11. Tangible Fixed Assets**

	Leasehold Land and Buildings £	Furniture and Equipment £	Fixtures and Fittings £	Total £
<b>Cost</b>				
At 1 September 2016	2,099,575	82,438	29,623	2,211,636
Additions	-	8,293	-	8,293
Disposals	-	(502)	-	(502)
At 31 August 2017	2,099,575	90,229	29,623	2,219,427
<b>Depreciation</b>				
At 1 September 2016	40,592	23,998	5,924	70,514
Charged in year	16,797	9,959	2,962	29,718
Disposals	-	(162)	-	(162)
At 31 August 2017	57,389	33,795	8,886	100,070
<b>Net book values</b>				
At 31 August 2017	2,042,186	56,434	20,737	2,119,357
At 31 August 2016	2,058,983	58,440	23,699	2,141,122

**12. Debtors**

	2017 £	2016 £
VAT recoverable	5,242	2,090
Prepayments and accrued income	17,527	19,138
	22,769	21,228

**13. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Accruals and deferred income	42,669	37,879
	42,669	37,879
<b>Deferred income</b>		
Deferred Income at 1 September 2016	24,590	24,087
Released from previous years	(22,780)	(24,087)
Resources deferred in the year	40,859	24,590
Deferred Income at 31 August 2017	42,669	24,590

Deferred income at 31 August 2017 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 2017**

**14. Funds**

	Balance at 31 August 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	64,716	805,783	(806,343)		<b>64,156</b>
Pupil premium	-	20,800	(20,800)		<b>0</b>
Other grants	-	124,901	(124,901)		<b>0</b>
Pension reserve	(591,000)		(33,000)	174,000	<b>(450,000)</b>
	<b>(526,284)</b>	<b>951,484</b>	<b>(985,044)</b>	<b>174,000</b>	<b>(385,844)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	2,109,735		(22,785)		<b>2,086,950</b>
DfE/EFA capital grants	38,056	6,430	(6,704)	-	<b>37,782</b>
Capital expenditure from GAG	3,795		(569)	-	<b>3,226</b>
	<b>2,151,586</b>	<b>6,430</b>	<b>(30,058)</b>	<b>0</b>	<b>2,127,958</b>
<b>Total restricted funds</b>	<b>1,625,302</b>	<b>957,914</b>	<b>(1,015,102)</b>	<b>174,000</b>	<b>1,742,114</b>
<b>Total unrestricted funds</b>	<b>62,054</b>	<b>68,229</b>	<b>(59,028)</b>	<b>0</b>	<b>71,255</b>
<b>Total funds</b>	<b>1,687,356</b>	<b>1,026,143</b>	<b>(1,074,130)</b>	<b>174,000</b>	<b>1,813,369</b>
<b>Total funds by academy:</b>					
<u>Pear Tree Alliance</u>					
				<b>2017</b>	<b>2016</b>
				<b>£</b>	<b>£</b>
Total before fixed asset and pension reserve				<b>135,411</b>	126,770
Restricted fixed asset fund				<b>2,127,958</b>	2,151,586
Pension reserve				<b>(450,000)</b>	(591,000)
				<b>1,813,369</b>	<b>1,687,356</b>

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
- iv)

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 2017.

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

**15. Analysis of Net Assets between Funds**

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	2,119,357	<b>2,119,357</b>
Current assets	71,255	106,825	8,601	<b>186,681</b>
Current liabilities	-	(42,669)	-	<b>(42,669)</b>
Pension scheme liability	-	(450,000)	-	<b>(450,000)</b>
<b>Total net assets</b>	<b>71,255</b>	<b>(385,844)</b>	<b>2,127,958</b>	<b>1,813,369</b>

**16. Commitments under operating leases**

**Operating Leases**

At 31 August 2017 the total of the academy trusts future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts due within one year	-	-
Amounts due within one and five years	1,950	3,250
Amounts due after five years	-	-
	<b>1,950</b>	<b>3,250</b>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

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

	2017	2016
	£	£
Net income/(expenditure for the reporting period (as per the statement of financial activities)	(47,987)	(23,180)
Depreciation (note 11)	29,718	30,072
Loss on assets scrapped	340	141
Capital grants from DfE and other capital income	(6,430)	(6,419)
Interest receivable (note 5)	(340)	(363)
Defined benefit pension scheme cost less contributions payable (note 21)	33,000	15,000
(Increase)/decrease in debtors	(1,541)	5,983
Increase/(decrease) in creditors	4,790	(11,586)
<b>Net Cash provided by/(used in) Operating Activities</b>	<b>11,550</b>	<b>9,648</b>

**18. Cash flows from investing activities**

	2017	2016
	£	£
Interest from investments	340	363
Purchase of tangible fixed assets	(8,293)	(8,232)
Capital grants from DFE/ESFA	6,430	6,419
<b>Net cash provided by / (used in) investing activities</b>	<b>(1,523)</b>	<b>(1,450)</b>

**19. Analysis of cash and Cash Equivalents**

	At 31 August 2017	At 31 August 2016
	£	£
Cash in hand and at bank	113,472	103,690
Notice deposits (less than 3 months)	50,440	50,195
<b>Total cash and cash equivalents</b>	<b>163,912</b>	<b>153,885</b>

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

---

**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 2016.

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**

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 2017**

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 is currently underway based on April 2016 data, 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 £55,886 (2016: £66,775).

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 2017 was £71,503 (2016 - £59,028), of which employer's contributions totalled £59,273 (2016 - £48,556) and employees' contributions totalled £12,230 (2016 - £10,492). The agreed employer contribution rates for future years are 28.3% for 2017/18 increasing to 29.8% in 2018/19 and 31.1% in 2019/2020.

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 2017	At 31 August 2016
Rate of increase in salaries	2.7%	3.1%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.0%

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

---

**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 2017	At 31 August 2016
Retiring today		
Males	22.3	22.3
Females	24.5	24.4
Retiring in 20 years		
Males	23.9	24.1
Females	26.5	26.7
Sensitivity analysis		
	31 August 2017 £'000	31 August 2016 £'000
Discount rate +0.1%	20	23
Discount rate -0.1%	(20)	(23)
Mortality assumption - 1 year increase	34	29
Mortality assumption - 1 year decrease	(34)	(29)
CPI rate +0.1%	16	14
CPI rate -0.1%	(16)	(14)



**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

---

**Pension and Similar Obligations (continued)**

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

	Fair Value at 31 August 2017 £	Fair Value at 31 August 2016 £
Equities	250,480	297,180
Bonds	113,120	57,150
Property	28,280	26,670
Cash	12,120	-
Total Market Value of Assets	404,000	381,000
Present Value of Scheme Liabilities		
- Funded	(854,000)	(972,000)
<b>Surplus / (deficit) in the scheme</b>	<b>(450,000)</b>	<b>(591,000)</b>

**Amounts recognised in the statement of financial activities**

	2017 £	2016 £
Current service cost (net of employee contributions)	(80,000)	(50,000)
Interest income	8,000	11,000
Interest cost	(20,000)	(25,000)
Total operating charge	(92,000)	(64,000)

**PEAR TREE ALLIANCE**  
**COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Other Notes to the Financial Statements**

**YEAR ENDED 31 AUGUST 2017**

---

**Pension and Similar Obligations (continued)**

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

	2017	2016
	£	£
At 1 September	972,000	654,000
Current service cost	80,000	50,000
Interest cost	20,000	25,000
Employee contributions	12,000	10,000
Actuarial (gain)/loss	(220,000)	233,000
Benefits paid	(10,000)	-
<b>At 31 August</b>	<b>854,000</b>	<b>972,000</b>

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

	2017	2016
	£	£
At 1 September	381,000	266,000
Interest income	8,000	11,000
Actuarial gain/(loss)	(46,000)	45,000
Employer contributions	59,000	49,000
Employee contributions	12,000	10,000
Benefits paid	(10,000)	-
<b>At 31 August</b>	<b>404,000</b>	<b>381,000</b>

The estimated value of employer contributions for the year ended 31 August 2018 is £62,000.

**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.