

Company registration number 08916147 (England and Wales)

PEAR TREE ALLIANCE
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2022

PEAR TREE ALLIANCE

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PEAR TREE ALLIANCE

REFERENCE AND ADMINISTRATIVE DETAILS

Members

J Angus
M Stone (resigned 11.02.22)
S Holden
H O'Donnell (appointed 08.11.21)
Z Buggie (appointed 14.02.22)

Trustees

Dr J Angus
Mr S Holden (Trustee)
Mrs RE Jones
Mrs Z Buggie (Resigned 14 February 2022)
Mrs A Edleston (Principal & Accounting Officer)
Mr D Gallagher
Dr J Hillman
Mr M Greasby
Ms AE Wilkes (Appointed 1 October 2021)
Mrs N Sneyd (Resigned 14 September 2021)
Mr S Dale (Appointed 20 November 2021)

Senior Management Team

- Teacher
- Deputy Headteacher
- Principal & Accounting Officer
- SENCO & Teacher

L Newman
R Hadfield
A Edleston
D Swallow

Company registration number

08916147 (England and Wales)

Registered office

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

Independent auditor

UHY Hacker Young
St Johns Chambers
Love Street
Chester
Cheshire
CH1 1QN

PEAR TREE ALLIANCE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

The academy trust operates a primary academy serving a catchment area in Nantwich. It has a pupil capacity of 210 and had a roll of 218 in the school census in May 2022.

Structure, governance and management

Constitution

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

The charitable company operates as Pear Tree Primary School.

The trustees of Pear Tree Alliance are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

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 while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

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.

The academy trust's principal object is to manage the school's provision of education to pupils between the ages of 4 and 11.

Method of recruitment and appointment or election of trustees

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

- Up to 3 trustees, appointed under Article 50
- Any staff trustees up to 1/3rd of the total, if appointed under Article 508
- A minimum of 2 parent trustees appointed under Article 53
- The Chief Executive Officer
- Any additional trustees, if appointed under Article 53
- Any co-opted trustees, if appointed under Article 58

The Trustees who were in office and served throughout the year, except where shown, are listed on the Reference and Administrative Details page.

PEAR TREE ALLIANCE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Policies and procedures adopted for the induction and training of trustees

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.

Organisational structure

The organisational structure consists of three levels; the trustees, the Senior Leadership Team and staff 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. 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 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.

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 the Reference and Administrative page.

The pay policy, setting the terms and conditions for the key management personnel, was set and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies and local authority. 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 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.

Related parties and other connected charities and organisations

Pear Tree Primary School Parent Teacher Association, is a separately registered charity, registration number 1100652. It is not part of the academy trust but it organises various fundraising events to provide facilities for the pupils of the School.

PEAR TREE ALLIANCE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Objectives and activities

Objects and aims

Objectives, strategies and activities

In 2021-22 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 up to the point of lockdown of the school on January 4th 2021 and the progress that has been made to narrow the gaps created and exasperated by the national lockdowns of spring 2020 and 2021 and the subsequent disruptions to education caused by cases in school and within the local community which rose dramatically in the year September 2021 to August 2022.

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
- 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 2021-22: The School Development Plan objectives, focused specifically on the following in 2021-22: The School Development Plan objectives, focused specifically on the following in 2021-22:

The School Development Plan objectives, focused specifically on the following in 2021-22:

- Narrowing any COVID academic/social/emotional gaps – through having more staff in every classroom, a whole school team who have undertaken more training to lead interventions and give support that we know our children need. Research informed interventions, personalised learning programmes, high quality CPD opportunities.
- Curriculum – we want to ensure we reopen our curriculum so it offers our children an exciting learning journey. COVID has sadly narrowed opportunity and as and when we can we want to fully return to all those activities we know make our children's journey through school exciting and memorable.
- Writing and spelling – One of the biggest impacts of the two lockdown has been on writing, spelling and handwriting have markedly declined and children are very short of 'writing miles'. We are implementing a new approach to spelling and moving away from weekly testing in school.
- MAT – Pear Tree has been a standalone academy since 2014. Now there are growing opportunities to work closer with other schools and form multi-academy trusts (MATs). This year we will again start to actively explore options, as many schools in the area are doing or have already done.

PEAR TREE ALLIANCE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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
- Nantwich Young Voices
- Crewe Alexandra Football Club
- Head into the Wild
- North West Drama
- Sports coaching North West

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;

- Local housing association
- Boot Camp
- Red Wellies Nursery
- Social care Liaison
- Team Teach
- Emotionally Healthy Schools Team
- Sports coaching North West/HAF fund capacity
- Local Scouts and Cubs groups

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.

PEAR TREE ALLIANCE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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. In 2019 the results were in line and above national averages in Key Stage 1 and Key Stage 2 and above at EYFS. In 2022 results in KS2 were above national average, significantly above in reading and mathematics. Results in KS1 were in line with national averages and above in reading and EYFS was in line with national averages but slightly lower than in previous non-COVID impacted years.

Pupils make 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 continues to be addressed by the Senior Leadership Team.

In 2021/2022 the key performance indicators of attainment, attendance and financial benchmarking were all distorted by the impact of the COVID pandemic. As was the case nationally due to COVID. National testing resumed and assessments were undertaken in EYFS for Baseline, Year 1 phonics, Key Stage 1 SATs and KS2 SATs and the Year 4 Multiplication Check. The impact of both lockdowns of the past two years and the high level of COVID cases throughout the school in both staff and children during the year was evident in the end of year positions of some pupils particularly those that qualified for PP or were deemed as our vulnerable learners.

Key performance indicators

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

- Pupil numbers (leading directly to the Education and 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
- Any carry forward is used effectively and efficiently to raise attainment, accelerate progress and strengthen the staff body across the school.

The trustees have been pleased that expectations for all key performance indicators listed, up until closure, were working effectively or holding strong.

Pupil numbers were at their highest point of 218 (capacity 210),

Financial stability remained solid despite a great deal of instability in budgets due to additional unbudgeted payments for some central government initiatives, loss of additional income streams and high levels of staff absence that in some cases was both extended in its period and was not covered by our insurance company when claims made.

Staff costs remained higher than the national average but this was principally due to support staff levels and reflects the increasing number of pupils across the school with high need SEN.

COVID 19 Policies

The specific policies adopted in connection with COVID19 can be retrospectively sourced through the school office. In the opinion of the trustees, we have implemented all recommendation of the government and continue to monitor this and will update these policies if required

PEAR TREE ALLIANCE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

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 2022 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2022 total expenditure of £1,298,171 was covered by total incoming resources of £1,180,891 leaving net outgoing resources of £117,280 before actuarial movements on defined benefit pension schemes. This includes additional current service costs of the LGPS of £100,000 above the actual contributions paid of £66,000. This is based on benefits accruing to the employees over the period, calculated on the financial assumptions at the beginning of the period and can differ significantly from what the employer actually pays in cash contributions.

At 31 August 2022 the net book value of fixed assets was £2,206,721 and movements in tangible fixed assets are shown in the notes 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.

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.

The total unrestricted reserves at the year end amounted to £160,806 (2021: £111,710). The restricted funds (excluded pension reserve) amounted to £2,207,864 (2021: £2,257,240).

The actuarial gain on the Local Government Pension Scheme of £818,000, part of a total pension liability of £261,000 resulted in an overall decrease in the pension deficit funds of £701,000. This was, in the main attributable to changes in the financial assumptions used by the actuaries of £903,000.

Total free reserves (Excluding Pension and Fixed Asset fund) totalled £160,806 (2021: £111,710). Overall reserves amounted to £2,107,670 (2021: £1,406,950).

Investment policy

The Trust invests surplus funds with Lloyds Bank in a deposit account, The deposit accounts is a low risk short term investment. The objective of the account is to hold the Trust's surplus cash in a low risk deposit accounts to ensure availability for any future budget shortfalls, whilst maximising the interest earning potential on surplus funds. The Trust does not have any endowment funds

Principal risks and uncertainties

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 effective system of internal financial controls and this is explained in more detail in the Governance Statement of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remain they have ensured they have adequate insurance cover.

PEAR TREE ALLIANCE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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.

In 2020 to 2021 the risk of interruption of business due to global pandemic remained. That stopped all income generation through the academies income generating lettings and wraparound care provision. This totally stopped from January 2021 to March 2021 and only marginally restarted from April to July 2021.

Financial and risk management objectives and policies

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.

Fundraising

Pear Tree Primary School Parent Teacher Association, is a separately registered charity, registration number 1100652. It is not part of the academy trust but it organises various fundraising events to provide facilities for the pupils of the School. Their effectiveness over the academic year 2021 - 2022 was greatly limited due to COVID however some events did take place.

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
- Explore opportunities to grow in strength and resilience through developing the MAT capacity the school has in its existing articles of association or through moving to become part of an existing local MAT
- 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

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 07 November 2022 and signed on its behalf by:



Mr S Holden
Trustee

PEAR TREE ALLIANCE

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, 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. The accounting officer 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 year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Dr J Angus	9	9
Mr S Holden (Trustee)	10	10
Mrs RE Jones	9	9
Mrs Z Buggie (Resigned 14 February 2022)		
Mrs A Edleston (Principal & Accounting Officer)	15	15
Mr D Gallagher	8	10
Dr J Hillman	9	10
Mr M Greasby	9	9
Ms AE Wilkes (Appointed 1 October 2021)	10	10
Mrs N Sneyd (Resigned 14 September 2021)	0	1
Mr S Dale (Appointed 20 November 2021)	9	9

Conflicts of interest

The Academy maintains an up-to-date and complete register of interests, which is used to ensure any financial or other contracts entered into are not with related parties.

Meetings

The trustees believe that 3 meetings in the year along with other committee meetings are sufficient to fulfil their financial oversight requirements and took into account the additional pressures placed upon staff, leaders and governors during the COVID pandemic.

Governance reviews

Review of value for money

As accounting officer, the principal 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.

PEAR TREE ALLIANCE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The accounting officer considers how the academy 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

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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, and 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 particular to:

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

Monitoring

These areas will be monitored for best value by:

1. In-house monitoring by the Headteacher/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.

PEAR TREE ALLIANCE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and accounts.

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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and accounts. 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 and strategic development committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties identification and management of risks.

The board of trustees has considered the need for a specific internal scrutiny function and appointed Mitchell Charlesworth to undertake the internal scrutiny role in the year 2021/2022.

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

- Testing of accounting system
- Testing of payroll systems
- Testing of purchases system
- Testing of income received
- Testing of VAT reclaims
- Testing of grant income
- Testing of debtors
- Testing of fixed assets
- Testing of management reporting

During the year ended 31 August 2022 the internal audit function has been fully delivered in line with the requirements of the Education and Skills Funding agency.

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.

PEAR TREE ALLIANCE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Review of effectiveness

As accounting officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the 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 work of the external auditor
- review of value for money.

As accounting officer the headteacher 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 value for money during the year by:

- Monitoring post and pre lockdown finances very tightly
- Ensuring savings were made where possible
- All government assistance offered was fully accessed
- Challenging spending,
- Facilitating income generation opportunities when deemed safe to resume
- Protecting staff from illness and possible absence by implementing COVID security measures to protect health and wellbeing
- Monitoring and scrutinising monthly budget returns
- Utilising additional grants ring fenced for teaching and learning to maximise outcomes for the most pupils through strategic deployment of staff, personalising educational and emotional/social interventions to bridge gaps in learning post lockdown.

Approved by order of the board of trustees on 07 November 2022 and signed on its behalf by:



Mr S Holden
Trustee



Mrs A Edleston
Principal & Accounting Officer

PEAR TREE ALLIANCE

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2022

As accounting officer of Pear Tree Alliance, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 Academy Trust Handbook 2021.

I confirm that I and the academy trust's 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 Academy Trust Handbook 2021.

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

07 November 2022

PEAR TREE ALLIANCE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who are also the directors of Pear Tree Alliance for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2021 to 2022 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 07 November 2022 and signed on its behalf by:



Mr S Holden
Trustee

PEAR TREE ALLIANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEAR TREE ALLIANCE FOR THE YEAR ENDED 31 AUGUST 2022

Opinion

We have audited the accounts of Pear Tree Alliance for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 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 2019 and the Academies Accounts Direction 2021 to 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

PEAR TREE ALLIANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEAR TREE ALLIANCE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the trustees are responsible for assessing the academy trust'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 have no realistic alternative but to do so.

PEAR TREE ALLIANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEAR TREE ALLIANCE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Auditor's responsibilities for the audit of the accounts

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

Based on our understanding of the academy trust and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the trust, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act and Academies Financial Handbook. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to value for money, related party transactions and analysis of income and expenditure between funds.

Audit procedures performed included:

- review of the financial statement disclosures to underlying supporting documentation,
- review of any correspondence with legal advisors, and enquiries of management and those charged with governance around any actual and potential litigation and claims
- enquiries with trust's staff to identify any instances with non-compliance with laws and regulations
- enquiries of management and review of management accounts and reports in so far as they related to the financial statements,
- testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud, and evaluating the business rationale of significant transactions outside the normal course of business.
- undertaking detailed substantive testing of material items and a sample of other items
- consideration of the reasonableness of the figures and analytical review, including comparison with previous years and expected trends
- review of the compliance with and effectiveness of internal controls

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

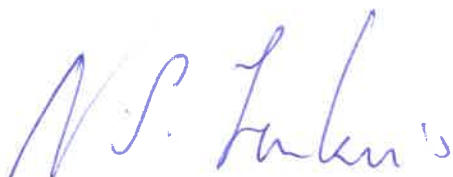
PEAR TREE ALLIANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEAR TREE ALLIANCE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Mr Nicolaus Stuart Jenkins (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young**

**Chartered Accountants
Statutory Auditor**

7 November 2022

St Johns Chambers
Love Street
Chester
Cheshire
CH1 1QN

PEAR TREE ALLIANCE

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

FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 25 March 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pear Tree Alliance during the period 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 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 24 March 2014 and the Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion is detailed in our independent auditor's report under "audit procedures performed".

PEAR TREE ALLIANCE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PEAR TREE ALLIANCE AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
UHY Hacker Young

Dated: 07 November 2022

PEAR TREE ALLIANCE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2022 £	Total 2021 £
Income and endowments from:						
Donations and capital grants	3	6,833	-	7,262	14,095	11,225
Charitable activities:						
- Funding for educational operations	4	104,036	1,053,022	-	1,157,058	1,069,997
Other trading activities	5	9,685	-	-	9,685	1,650
Investments	6	53	-	-	53	40
Total		<u>120,607</u>	<u>1,053,022</u>	<u>7,262</u>	<u>1,180,891</u>	<u>1,082,912</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	64,996	1,176,537	56,638	1,298,171	1,206,579
Total	7	<u>64,996</u>	<u>1,176,537</u>	<u>56,638</u>	<u>1,298,171</u>	<u>1,206,579</u>
Net income/(expenditure)		55,611	(123,515)	(49,376)	(117,280)	(123,667)
Transfers between funds	16	(6,515)	6,515	-	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	818,000	-	818,000	(208,000)
Net movement in funds		49,096	701,000	(49,376)	700,720	(331,667)
Reconciliation of funds						
Total funds brought forward		111,710	(962,000)	2,257,240	1,406,950	1,738,617
Total funds carried forward		<u>160,806</u>	<u>(261,000)</u>	<u>2,207,864</u>	<u>2,107,670</u>	<u>1,406,950</u>

PEAR TREE ALLIANCE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

Comparative year information Year ended 31 August 2021	Notes	Unrestricted funds £	Restricted funds: General	Fixed asset £	Total 2021 £
Income and endowments from:					
Donations and capital grants	3	4,756	-	6,469	11,225
Charitable activities:					
- Funding for educational operations	4	56,110	1,013,887	-	1,069,997
Other trading activities	5	1,650	-	-	1,650
Investments	6	40	-	-	40
Total		<u>62,556</u>	<u>1,013,887</u>	<u>6,469</u>	<u>1,082,912</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	42,953	1,106,278	57,348	1,206,579
Total	7	<u>42,953</u>	<u>1,106,278</u>	<u>57,348</u>	<u>1,206,579</u>
Net income/(expenditure)		19,603	(92,391)	(50,879)	(123,667)
Transfers between funds	16	(16,803)	8,988	7,815	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	18	-	(208,000)	-	(208,000)
Net movement in funds		2,800	(291,403)	(43,064)	(331,667)
Reconciliation of funds					
Total funds brought forward		108,909	(670,597)	2,300,305	1,738,617
Total funds carried forward		<u>111,709</u>	<u>(962,000)</u>	<u>2,257,241</u>	<u>1,406,950</u>

PEAR TREE ALLIANCE

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	12		2,206,721		2,257,240
Current assets					
Debtors	13	35,434		19,639	
Cash at bank and in hand		203,220		160,622	
		<u>238,654</u>		<u>180,261</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(76,705)		(68,551)	
Net current assets			161,949		111,710
Net assets excluding pension liability			<u>2,368,670</u>		<u>2,368,950</u>
Defined benefit pension scheme liability	18		(261,000)		(962,000)
Total net assets			<u>2,107,670</u>		<u>1,406,950</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			2,207,864		2,257,241
- Pension reserve			(261,000)		(962,000)
Total restricted funds			<u>1,946,864</u>		<u>1,295,241</u>
Unrestricted income funds	16		160,806		111,709
Total funds			<u>2,107,670</u>		<u>1,406,950</u>

The accounts on pages 23 to 43 were approved by the trustees and authorised for issue on 07 November 2022 and are signed on their behalf by:



Mr S Holden
Trustee

Company registration number 08916147

PEAR TREE ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		41,402		9,668
Cash flows from investing activities					
Dividends, interest and rents from investments		53		40	
Capital grants from DfE Group		6,464		6,469	
Purchase of tangible fixed assets		(5,321)		(14,282)	
Net cash provided by/(used in) investing activities			<u>1,196</u>		<u>(7,773)</u>
Net increase in cash and cash equivalents in the reporting period			42,598		1,895
Cash and cash equivalents at beginning of the year			<u>160,622</u>		<u>158,727</u>
Cash and cash equivalents at end of the year			<u><u>203,220</u></u>		<u><u>160,622</u></u>
Relating to:					
Bank and cash balances			151,831		140,171
Short term deposits			<u>51,389</u>		<u>20,451</u>

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 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.

1.1 Basis of preparation

The accounts 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts 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 accounts.

1.3 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 period 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 grants 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 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 are 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.

1.5 Tangible fixed assets and depreciation

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 that require 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, at rates calculated to write off the cost of each asset using both straight-line and reducing balance methods over their expected useful lives, as follows:

Long leasehold	Straight line over 125 years
Leasehold improvements	10% straight line
Computer equipment	15% reducing balance
Fixtures, fittings & equipment	10% straight line

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.6 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.

1.7 Leased assets

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

1.8 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. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Taxation

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

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.10 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 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 [Department for Education Group].

2 Critical accounting estimates and areas of judgement

Accounting 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.

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August. 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.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach and adjustment has been reflected as a past service cost within staff costs and detailed in the notes. However following a consultation issued by MHCLG it is now considered that the McCloud adjustment applied to liabilities will be lower than previously expected. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Donated fixed assets	-	798	798	-
Capital grants	-	6,464	6,464	6,469
Other donations	6,833	-	6,833	4,756
	<u>6,833</u>	<u>7,262</u>	<u>14,095</u>	<u>11,225</u>

Capital grants received above of £6,464 (2021 - £6,469) are in respect of Devolved Formula Capital.

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

4 Funding for the academy trust's charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
DfE/ESFA grants				
General annual grant (GAG)	-	915,420	915,420	845,493
Other DfE/ESFA grants:				
- UIFSM	-	31,736	31,736	34,495
- Pupil premium	-	24,829	24,829	19,203
- Teachers pay and pensions grants	-	-	-	39,499
- Others	-	27,229	27,229	39,922
	-	999,214	999,214	978,612
Other government grants				
Local authority grants	-	45,635	45,635	29,402
Other incoming resources	104,036	8,173	112,209	61,983
Total funding	104,036	1,053,022	1,157,058	1,069,997

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Hire of facilities	9,685	-	9,685	1,650

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Short term deposits	53	-	53	40

7 Expenditure

	Staff costs £	Non-pay expenditure		Total 2022 £	Total 2021 £
		Premises £	Other £		
Academy's educational operations					
- Direct costs	702,778	-	93,880	796,658	756,103
- Allocated support costs	281,843	115,717	103,953	501,513	450,476
	984,621	115,717	197,833	1,298,171	1,206,579

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

7	Expenditure	(Continued)	
	Net income/(expenditure) for the year includes:	2022	2021
		£	£
	Fees payable to auditor for:		
	- Audit	4,000	3,290
	- Other services	3,530	3,271
	Operating lease rentals	912	912
	Depreciation of tangible fixed assets	56,330	57,348
	Loss on disposal of fixed assets	308	-
		<u> </u>	<u> </u>
8	Charitable activities		
		Unrestricted funds	Restricted funds
		£	£
	Direct costs		
	Educational operations	25,367	771,291
			796,658
			756,103
	Support costs		
	Educational operations	39,629	461,884
			501,513
		<u>64,996</u>	<u>1,233,175</u>
			<u>1,298,171</u>
			<u>1,206,579</u>
		2022	2021
		£	£
	Analysis of support costs		
	Support staff costs	281,843	253,399
	Depreciation	56,638	57,348
	Technology costs	9,913	13,534
	Premises costs	59,079	47,927
	Legal costs	20,507	18,854
	Other support costs	64,012	52,853
	Governance costs	9,521	6,561
		<u>501,513</u>	<u>450,476</u>

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Staff

Staff costs

Staff costs during the year were:

	2022 £	2021 £
Wages and salaries	657,562	652,657
Social security costs	51,640	51,350
Pension costs	262,060	219,315
	<u>971,262</u>	<u>923,322</u>
Staff costs - employees	971,262	923,322
Agency staff costs	3,392	8,940
Staff restructuring costs	9,967	-
	<u>984,621</u>	<u>932,262</u>
Staff development and other staff costs	11,808	7,903
	<u>996,429</u>	<u>940,165</u>
Total staff expenditure	<u>996,429</u>	<u>940,165</u>
Staff restructuring costs comprise:		
Severance payments	<u>9,967</u>	<u>-</u>

Severance payments

The academy trust paid 3 severance payments in the year, disclosed in the following bands:

0 - £25,000	3
-------------	---

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2022 Number	2021 Number
Teachers	8	9
Administration and support	26	27
Management	2	3
	<u>36</u>	<u>39</u>

Higher paid staff

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

	2022 Number	2021 Number
£60,001 - £70,000	<u>1</u>	<u>1</u>

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Staff

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £316,001 (2021: £278,027).

10 Trustees' remuneration and expenses

One or more of the 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 services as trustees.

The value of trustees' remuneration and other benefits was as follows:

Mrs A Edleston (principal and trustee)

- Remuneration £65,000 - £70,000 (2021: £65,000 - £70,000)

- Employers pension contributions £15,000 - £20,000 (2021: £15,000 £20,000)

Mr M Greasby (staff trustee)

- Remuneration £30,000 - £35,000 (2021: £30,000 - £35,000)

- Employers pension contributions - £5,000 - £10,000 (2021: £5,000 - £10,000)

There were no trustees' expenses paid for the year ended 31 August 2022 nor for the year ended 31 August 2021.

11 Trustees' and officers' insurance

The charitable company 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

12 Tangible fixed assets

	Long leasehold	Leasehold improve- ments	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2021	2,099,575	276,324	149,029	29,623	2,554,551
Additions	-	-	6,119	-	6,119
Disposals	-	-	(978)	-	(978)
At 31 August 2022	2,099,575	276,324	154,170	29,623	2,559,692
Depreciation					
At 1 September 2021	116,655	82,278	77,642	20,736	297,311
On disposals	-	-	(670)	-	(670)
Charge for the year	14,157	27,632	11,579	2,962	56,330
At 31 August 2022	130,812	109,910	88,551	23,698	352,971
Net book value					
At 31 August 2022	1,968,763	166,414	65,619	5,925	2,206,721
At 31 August 2021	1,982,920	194,046	71,387	8,887	2,257,240

13 Debtors

	2022 £	2021 £
Trade debtors	11,763	2,554
VAT recoverable	9,584	4,289
Prepayments and accrued income	14,087	12,796
	35,434	19,639

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,018	1,810
Other taxation and social security	12,693	12,294
Other creditors	14,848	16,325
Accruals and deferred income	47,146	38,122
	76,705	68,551

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Deferred income

	2022 £	2021 £
Deferred income is included within:		
Creditors due within one year	33,562	21,167
Deferred income at 1 September 2021	21,167	22,982
Released from previous years	(21,167)	(22,982)
Resources deferred in the year	33,562	21,167
Deferred income at 31 August 2022	33,562	21,167

16 Funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	-	915,420	(921,935)	6,515	-
UIFSM	-	31,736	(31,736)	-	-
Pupil premium	-	24,829	(24,829)	-	-
Other DfE/ESFA grants	-	27,229	(27,229)	-	-
Other government grants	-	45,635	(45,635)	-	-
Other restricted funds	-	8,173	(8,173)	-	-
Pension reserve	(962,000)	-	(117,000)	818,000	(261,000)
	(962,000)	1,053,022	(1,176,537)	824,515	(261,000)
Restricted fixed asset funds					
Inherited on conversion	1,996,064	-	(16,353)	-	1,979,711
DfE group capital grants	239,189	6,464	(37,664)	798	208,787
Capital expenditure from GAG	21,987	-	(2,621)	-	19,366
Donated fixed assets	-	798	-	(798)	-
	2,257,240	7,262	(56,638)	-	2,207,864
Total restricted funds	1,295,240	1,060,284	(1,233,175)	824,515	1,946,864
Unrestricted funds					
General funds	111,710	120,607	(64,996)	(6,515)	160,806
Total funds	1,406,950	1,180,891	(1,298,171)	818,000	2,107,670

The academy trust is not subject to GAG carried forward limits.

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16 Funds

(Continued)

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	-	845,493	(854,481)	8,988	-
UIFSM	-	34,495	(34,495)	-	-
Pupil premium	-	19,203	(19,203)	-	-
Other DfE/ESFA grants	6,403	79,421	(85,824)	-	-
Other government grants	-	29,402	(29,402)	-	-
Other restricted funds	-	5,873	(5,873)	-	-
Pension reserve	(677,000)	-	(77,000)	(208,000)	(962,000)
	<u>(670,597)</u>	<u>1,013,887</u>	<u>(1,106,278)</u>	<u>(199,012)</u>	<u>(962,000)</u>
Restricted fixed asset funds					
Inherited on conversion	2,012,540	-	(16,476)	-	1,996,064
DfE group capital grants	269,346	6,469	(36,992)	365	239,188
Capital expenditure from GAG	18,419	-	(3,880)	7,450	21,989
	<u>2,300,305</u>	<u>6,469</u>	<u>(57,348)</u>	<u>7,815</u>	<u>2,257,241</u>
Total restricted funds	<u>1,629,708</u>	<u>1,020,356</u>	<u>(1,163,626)</u>	<u>(191,197)</u>	<u>1,295,241</u>
Unrestricted funds					
General funds	<u>108,909</u>	<u>62,556</u>	<u>(42,953)</u>	<u>(16,803)</u>	<u>111,709</u>
Total funds	<u>1,738,617</u>	<u>1,082,912</u>	<u>(1,206,579)</u>	<u>(208,000)</u>	<u>1,406,950</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	2,206,721	2,206,721
Current assets	161,810	75,701	1,143	238,654
Current liabilities	(1,004)	(75,701)	-	(76,705)
Pension scheme liability	-	(261,000)	-	(261,000)
Total net assets	<u>160,806</u>	<u>(261,000)</u>	<u>2,207,864</u>	<u>2,107,670</u>

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Analysis of net assets between funds

(Continued)

	Unrestricted	Restricted funds:		Total Funds £
	Funds £	General £	Fixed asset £	
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	2,257,240	2,257,240
Current assets	113,317	66,943	1	180,261
Current liabilities	(1,608)	(66,943)	-	(68,551)
Pension scheme liability	-	(962,000)	-	(962,000)
Total net assets	111,709	(962,000)	2,257,241	1,406,950

18 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cheshire West and Chester Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

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' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £74,958 (2021: £ 77,860).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.4% for employers and 5.5 to 12.5% for employees.

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.

Total contributions made	2022	2021
	£	£
Employer's contributions	66,000	66,000
Employees' contributions	15,000	16,000
Total contributions	<u>81,000</u>	<u>82,000</u>
Principal actuarial assumptions	2022	2021
	%	%
Rate of increase in salaries	3.75	3.6
Rate of increase for pensions in payment/inflation	3.05	2.9
Discount rate for scheme liabilities	<u>4.25</u>	<u>1.65</u>

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 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:

	2022 Years	2021 Years
Retiring today		
- Males	21.2	21.4
- Females	23.8	24
Retiring in 20 years		
- Males	22.1	22.4
- Females	25.5	25.7

Scheme liabilities would have been affected by changes in assumptions as follows:

Defined benefit pension scheme net liability	2022 £	2021 £
Scheme assets	895,000	900,000
Scheme obligations	(1,156,000)	(1,862,000)
Net liability	(261,000)	(962,000)

The academy trust's share of the assets in the scheme

	2022 Fair value £	2021 Fair value £
Equities	438,550	414,000
Bonds	286,400	378,000
Cash	53,700	18,000
Property	116,350	90,000
Total market value of assets	895,000	900,000

The actual return on scheme assets was £(70,000) (2021: £100,000).

Amount recognised in the statement of financial activities	2022 £	2021 £
Current service cost	183,000	143,000

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Pension and similar obligations		(Continued)	
Changes in the present value of defined benefit obligations		2022	2021
		£	£
At 1 September 2021		1,862,000	1,409,000
Current service cost		166,000	131,000
Interest cost		32,000	25,000
Employee contributions		15,000	16,000
Actuarial (gain)/loss		(903,000)	295,000
Benefits paid		(16,000)	(14,000)
At 31 August 2022		<u>1,156,000</u>	<u>1,862,000</u>
Changes in the fair value of the academy trust's share of scheme assets		2022	2021
		£	£
At 1 September 2021		900,000	732,000
Interest income		15,000	13,000
Actuarial loss/(gain)		(85,000)	87,000
Employer contributions		66,000	66,000
Employee contributions		15,000	16,000
Benefits paid		(16,000)	(14,000)
At 31 August 2022		<u>895,000</u>	<u>900,000</u>
19 Reconciliation of net expenditure to net cash flow from operating activities		2022	2021
		£	£
		Notes	
Net expenditure for the reporting period (as per the statement of financial activities)			
		(117,280)	(123,667)
Adjusted for:			
Capital grants from DfE and other capital income		(7,262)	(6,469)
Investment income receivable	6	(53)	(40)
Defined benefit pension costs less contributions payable	18	117,000	77,000
Depreciation of tangible fixed assets		56,330	57,348
Loss on disposal of fixed assets		308	-
(Increase)/decrease in debtors		(15,795)	3,839
Increase in creditors		8,154	1,657
Net cash provided by operating activities		<u>41,402</u>	<u>9,668</u>

PEAR TREE ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

20 Analysis of changes in net funds

	1 September 2021 £	Cash flows £	31 August 2022 £
Cash	140,171	11,660	151,831
Cash equivalents	20,451	30,938	51,389
	<u>160,622</u>	<u>42,598</u>	<u>203,220</u>

21 Related party transactions

Owing to the nature of the charitable company 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.