

Registered number: 03166207
Charity number: 1053810

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

PACT EDUCATIONAL TRUST LIMITED

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PACT EDUCATIONAL TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2020

Trustees	P J Leonard, Chairman and Oakwood Director A G F M Alting Von Geusau, Chairman of financial committee X Bosch (resigned 1 November 2020) A P G Newman Sanders, The Cedars Director (resigned 23 December 2020) M L Newman Sanders, The Laurels Director P Millington, Oliver House Director J C Phillips (resigned 22 March 2020) M P Stables S M Cassidy D G Guillon (appointed 18 June 2020) H B Trust (appointed 18 June 2020, resigned 22 December 2020) J Valero (appointed 26 September 2020)
Company registered number	03166207
Charity registered number	1053810
Registered office	The Cedars School Coombe Road Croydon CR0 5RD
Company secretary	B T Millington
Chief executive officer	B T Millington
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH
Bankers	Barclays Bank PLC Marcham Road Abingdon Oxfordshire OX14 1UBG
Headteachers	C Candia D Morrison L Sanders (of The Laurels School) R Teague

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The trustees, who are also directors, present their annual report for the year ended 31 August 2020 under the Charities Act 2011 including the Directors' and Strategic Reports under the Companies Act 2006 together with the audited financial statements for the year.

The accounts comply with Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), with all statutory requirements and the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Board of Trustees is pleased with the performance of the charity during the year and the position at 31 August 2020. The Trustees consider that the charity is in a strong position to continue its activities during the coming year, and that the charity's assets and available financial facilities are adequate to fulfil its obligations.

Objectives and activities

a. Mission statement

Our mission, by encouraging the participation of parents in their child's education and the cooperation between teachers, pupils and parents, is to provide a full, balanced education for our pupils in intellectual, cultural and spiritual matters.

Through formal class teaching, small groups and individual attention we aim to achieve excellence across the whole curriculum. Our character and spiritual formation aims to arm pupils with the necessary virtues and sense of responsibility to become leaders in life and to reinforce their convictions in matters of faith through understanding and respect for the spiritual dimension of man.

We aspire to become a focal point of the local community, offering resources, services and support, seeking always to enrich the lives of those around us.

The objectives of PACT are the advancement of education and the development of character in accordance with Christian principles and ideals in particular through the provision and maintenance of schools.

Our philosophy recognises parents as the primary educators of their children and this is the cornerstone of our approach. We pursue academic and personal excellence for all pupils but this is not just measured in test results and statistics. Our goal remains assisting each pupil to attain excellence both academically and in personal development in particular in the acquisition of Christian virtues. We do this within the framework of a supportive Catholic ethos.

b. Main objectives for the year

Our key objectives for the year to 31 August 2020 included:

- Increasing pupil numbers at both OW and OH with particular focus on attracting Early Years pupils to feed through to the upper years while also at least maintaining current enrolment in light of the economic uncertainty that COVID 19 has brought;
- Continuing to increase pupil numbers at the secondary schools and increase our 6th form numbers;
- Increase the profile of The Laurels in its new location in Chelsea so as to grow applications for Sept 2021;
- Increase our ability to offer bursaries to deserving students via a sponsorship programme;
- Building on the levels of academic excellence already achieved;
- Continuing to maintain, develop and finance as efficiently as possible school buildings appropriate to the academic and general objectives both in the existing property portfolio and otherwise; and
- Securing financing and donations necessary to further develop all four schools.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

c. Strategies for achieving objectives

The trustees are responsible for planning (and monitoring progress) so as to achieve the objectives they have set. Ensuring that all pupils have the opportunity to realise their full potential and have the best preparation for their next stage of schooling, continues to underpin the objectives of PACT. The schools aim to provide a first-class all-round education to children between the ages of 3 and 18. As well as an excellent academic education, the schools provide pupils with a range of extracurricular activities including drama, music and sport.

Each school's aim is to develop the whole child through the care, guidance and support of all staff members and the building of close links in a three-way partnership between the school, the pupil and parents. PACT encourages pupils to explore, discover and develop their particular skills and talents to the full whether in the academic field, sport, art or music and to find the fulfilment and self-esteem necessary to enhance their lives. The schools aim to develop the values of respect and compassion while encouraging self-reliance and independence. PACT prepares pupils for life in the wider world by developing them as well-rounded individuals, comfortable with their peers, elders and themselves, able to appreciate their talents, eager to realise their potential and confident in meeting new challenges.

The objectives and the progress of the charity and schools to meet them are subject to reporting and monitoring at Board and Executive Committee meetings, and through specific academic and ethos committees. PACT's unique partnership-with-parents education model also brings regular feedback to Heads and governors.

In implementing our strategy we have:

- Continued to develop OH and OW academic syllabuses, teaching practices and examination results;
- In light of the situation with COVID 19 this academic year it has been difficult to develop co-curricular activities in the way planned;
- Continued a disciplined approach to reviewing Policies and Statutory Requirements so that the schools remain compliant;
- Sought to benefit the public through the implementation of the charity's stated aims: the fees for each of the schools are set at a level to ensure financial viability while allowing the charity to pursue its strategy;
- Boosted marketing and communication efforts via website, social media, Open Days, and in more recent months with a move towards Virtual Open Events which are now run regularly; and
- Despite the current economic climate, we were able to maintain enrolment numbers across our Secondary Schools via significant efforts in fundraising allowing us to put in place a Hardship Fund for parents directly financially impacted by COVID 19. In addition to this, a significant number of students are now in receipt of sponsorship from individuals who share our vision. This enables us to continue offering a PACT education to students who would otherwise not have been able to afford this.

All expenditure during the year has been incurred to enhance the personalised education of children and their character development to achieve the objectives set out above.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

d. Discounts

PACT has a discount policy. It is important to PACT that access to the education offered by its schools is not restricted to those who can afford the fees. Bursaries are means tested to ensure that financial help is provided to those families which need it. To give practical support to the value PACT places on continuity for families, PACT also operates a family discount policy.

In addition to this the secondary schools both offer Academic & Sporting Scholarships for those who excel.

It is often important for parents hoping to send their children to a PACT school that they are able to spread their fees payments across the term and so a plan is in place for termly fees to be taken in instalments across three months.

In order that PACT can recruit and retain high calibre staff, PACT offers a discount scheme for staff that choose to educate their children at any of PACT's schools.

e. Volunteers

Encouraged by PACT's aim to operate its schools in partnership with the parents of each child, PACT continues to be assisted in its work by a large number of parent volunteers. Of the nine governors serving during the year, five are parent volunteers, and an additional one used to be when their children were young enough to attend PACT schools. Volunteers perform a range of tasks helping the schools to work towards the aims of the charity including supporting class teachers and teaching assistants on offsite excursions and running extra-curricular sessions on particular areas of interest. The Parental Activity Teams in each school run various activities throughout the school year including family barbecues, family fun days, the parents' dinner and Quiz night, as well as supporting the school by providing refreshments on various school occasions. They also fundraise to support school projects and other charities. Volunteer class couples also help the Heads arrange class discussions throughout the year. There is also a very active group of volunteers who contribute in many ways for the various drama productions throughout the year, including making costumes, and getting the children ready for the performances.

Achievements and performance

a. Academic

Both Oliver House and Oakwood continue to feature in The Times Top 100 Preparatory Schools with excellent academic results. The numbers working at greater depth throughout both schools are testament to the academic achievement of the schools, especially when you bear in mind these are both non selective schools.

Both schools' achievements are considerably higher than either the state or independent school average. Of course this year, in light of the global health situation, SATS were not sat by any schools and so there was no Times Top 100 published.

This year saw our fourth set of GCSE exam results. Despite the unusual situation this year, the results continue to be excellent with 97% of GCSE grades at TL achieving levels 9 – 5, and TC achieving a similarly high number of 95% of grades at 9 – 5. A Level provided a similar story with 75% of all grades at TL between A* - B, and 90% of grades at TC awarded at A* - B.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

b. The Arts

A large proportion of pupils learn at least one musical instrument and are encouraged to perform at regular musical assemblies. Choral singing, verse speaking, LAMDA and music exams and school dramatic productions continue to be an important part of the all-round education offered by the PACT schools, which also promote the children's skills and general confidence. Peripatetic music teaching covers a variety of instruments, including brass, drums, cello, guitar, piano and violin. All children in Year 6 learn about harmonics through ukulele lessons and lower juniors take recorder lessons. Year 7 and Year 8 children learn music theory and history.

c. Sport

PACT school sport is about participation, competitiveness and good sportsmanship and is an important part of a PACT all-round education. Pupils take part in a wide variety of sporting activities including football, rugby, netball, cricket, rounders, cross-country running, gymnastics, athletics, karate, fencing, swimming, squash, hockey and tennis. Competitions are arranged with local schools and The Cedars reputation in the sporting arena continues to grow.

d. Community service

PACT sees understanding charitable needs and fund raising for charities as an important part of developing the whole child and their sense of Christian mission and values, especially in acknowledging that there are people in the UK and all over the world who are less fortunate than the pupils themselves. While this is stressed throughout the year, there is a particular focus on charitable giving during Advent and through various Lenten appeals.

All four schools have developed School Travel Plan programmes involving successful walking to school weeks to encourage a reduction in the use of cars, and an increase in exercise for parents and pupils. The secondary schools actively promote the use of public transport, with a majority of pupils arriving at TC by tram. At TL the girls take local trains and buses.

PACT regularly provides talks, workshops and other activities for parents, wider family and members of the community on issues connected with the development of character in accordance with Christian principles.

e. Public benefit

PACT's objectives are set to reflect the educational aims and ethos of the schools. In setting our objectives and planning our activities our trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to the guidance on advancing education and on fee-charging. The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties. Based on the average stated cost to the taxpayer (of £5,000 per pupil at primary level and £6,200 per pupil at secondary level), of providing education in the maintained school sector, PACT estimates that those parents who choose to send their children to PACT schools are contributing to a saving for taxpayers generally, and thus creating an annual benefit to the public of over £3.2 million.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Financial review

a. Going concern

The board of trustees confirms that, having considered its expectations and intentions for the next twelve months and the availability of working capital, the charity is a going concern. The trustees are aware that the ongoing economic impact of COVID-19 is likely to be felt for some years to come. In order to protect the business against the likely financial impact they have put in place cost cutting initiatives, and increased fundraising efforts. In addition to this the business has taken out a Coronavirus Business Interruption Loan to provide a bridge for forecast shortfall in cash. As a result of these steps the trustees feel they are prepared for the next twelve months. The trustees are unaware of any events, conditions, or related business risks beyond the period of assessment that may cast significant doubt on the charity's ability to continue as a going concern.

In making this assessment the trustees have considered the working capital requirements of the business for a period of at least 12 months from the date of the approval of these financial statements and the ability of the charity to meet its liabilities as they fall due. The Trustees have prepared forecasts and considered future development plans for the charity, income anticipated from school fees and other sources, anticipated capital and operational expenditure, availability of bank and other loan finance, the ability to renegotiate or defer payments on loan finance, and their expectation regarding donations and other funding.

b. Reserves policy

The trustees have reviewed the Reserves Policy. The charity continues to invest substantial sums into new and upgraded buildings and for the provision of educational equipment. The majority of funds are invested in the tangible fixed asset properties. The trustees continue to be satisfied that external financial facilities provide an additional and adequate safety net, if it should be required.

To ensure the financial stability of the schools, the trustees believe that, as a minimum, reserves should be held which are capable of paying for the running costs of all PACT schools for one term and therefore are aiming to build cash reserves out of future surpluses to a level of approximately £1 million.

The Trustees recognise that the current level of free reserves is below the stated target of the reserves policy by a deficit of £639,346 and intend to build towards this balance over a period of time.

c. Principal funding

The charity's primary source of funds is school fees from parents, although funding is received in donations from private individuals. Funding from school fees is used to support the charity in its primary day to day operations whilst the use of donation funding is determined by the wishes of the individual donors (where specific wishes are expressed) or in a wider scope of activities where no details are given by the donor.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

d. Financial review of the year including key performance indicators

Income for the year ended 31 August 2020 increased to £5,485,901 (2019: £5,407,238) reflecting increased pupil numbers.

Expenses for the year ended 31 August 2020 decreased to £5,475,984 (2019: £5,657,778). This is partly attributable to increased cost controls. The charity's net increase in cash was £14,536.

At 31 August 2020 the charity had net assets of £6,689,234 (2019: £6,679,542) comprising a surplus of £15,994 (2019: surplus of £17,997) of restricted funds and £6,673,240 (2019: £6,661,545) of unrestricted funds. Included within unrestricted funds are balances relating to the revaluation of property, totalling £7,311,107 (2019: £7,311,107).

The Trustees continue to believe that the key performance indicators are growth in pupil numbers from year to year. Whilst the Preparatory Schools have seen a decrease in numbers this is a pattern that is currently seen across many Prep Schools in the London area and the UK as a whole. The pupil numbers at The Cedars have in fact increased by 10% year on year.

The charity's funds are held in current and interest-bearing Business Premium accounts. The Board of Trustees is satisfied that the charity's assets in each fund are available and adequate to fulfil its obligations in respect of each fund.

Structure, governance and management

a. Constitution

The company is constituted under a Memorandum of Association dated 29 February 1996 and has a registered charity number 1053810.

PACT Educational Trust Limited is a charitable company limited by guarantee. The charity is also known as PACT. The trustees are directors of the company and governors of the schools and the terms are used interchangeably in this report unless specific reference is made.

PACT operates in accordance with its Memorandum and Articles of Association dated 29 February 1996 as amended on 21 November 2007. There are four schools under the PACT group umbrella. The preparatory schools – Oakwood in Purley, Surrey (OW) and Oliver House (OH) in Clapham, London – teach children aged 3-11 years. In September 2013 PACT opened two new secondary schools, The Cedars (TC) in South Croydon for boys and The Laurels (TL) for girls, which moved to from Clapham to Chelsea in September 2019. TL is managed but not owned by PACT.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

b. Governance and management

The governance structure of the schools is designed to ensure the financial stability and future success of the preparatory schools and the newer secondary schools. The board focuses on:

- fundraising;
- governance;
- long-term strategy; and
- safeguarding and compliance.

The Board of governors of PACT meets at least once a term to:

- review, discuss and approve policies for each school;
- develop strategic plans and oversee their implementation;
- oversee the raising of funds for the development of PACT and its schools;
- review and enhance governance processes;
- deal with the appointment of PACT board members;
- approve the annual PACT budget and capital investment plans, including school budgets;
- approve senior appointments; and
- deal with other relevant strategic issues.

Each PACT school has an Executive Committee meeting half-termly, consisting of the COO, relevant school Director, Head-Teacher and their Senior Management Team (SMT). These support the Heads in their demanding jobs, with the day-to-day running of the schools being delegated to them and their SMT.

Additionally, the board convenes a Finance Committee to provide oversight of the charity's finances. A director, currently Alexander Alting von Geusau, chairs the committee and is currently joined by two other board members with financial expertise, the COO and when required, other members of the PACT finance team. It is convened at least once a term and meets more frequently when needed, especially in the run-up to preparing and finalising the budget.

The day-to-day management of the charity is delegated to the Chief Operating Officer. Mrs Bernadette Millington currently fills that role and was appointed by the board in July 2018. She is additionally charged with implementing the trustees' long-term strategic plan and vision for the schools. She works closely with the heads of the schools – Mr Ciro Candia (Head of OW), Mrs Debbie Morrison (Head of OH), Mrs Linda Sanders (Head of TL) and Mr Robert Teague (Head of TC), and their senior management teams. Working together, the heads and COO:

- manage the PACT budget for each school on a month -by-month basis;
- appoint staff (other than senior staff);
- deal with those matters affecting staff where the Heads have sought assistance; and
- deal with all on-going practical issues and decision making which is not of a strategic nature.

Additionally, besides managing the central finance office, the COO provides leadership in the following day-to-day operational management functions:

- Estates;
- Human Resources;
- Information Technology; and
- Marketing.

Both OW and OH are members of the Independent Association of Preparatory Schools which provides an opportunity to share expertise, knowledge and experience across the independent school sector. Both TL and TC are accredited members of the Independent Schools Association. The Catholic Independent Schools' Conference also provides valuable support to the Heads of all four schools.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

c. Organisational structure

The charity is governed by the Board of governors, who are also the company directors and charity trustees, and consists, for the period under review, of four schools, Oakwood School in Purley, Surrey, Oliver House School in Clapham, London, The Cedars School in South Croydon, Surrey and The Laurels School in Chelsea, London.

The Board of governors requires breadth and depth of experience in order to carry out its duties effectively and efficiently. When recruiting new trustees it is considered essential that they have an understanding of and support for PACT's specific educational ethos and a genuine enthusiasm to engage in an environment where character development and personalised education is of the utmost importance. Potential new trustees are identified during discussions of the Board and then an interview process is pursued with each candidate to assess suitability.

Reflecting on the skills and experience necessary for effective governance and management, the governors deem that the Board should at a minimum comprise the following:

- one governor with a financial or accounting background;
- one with education experience;
- another with senior management or business experience;
- someone with a legal background; whilst this is currently missing from the board a prospective new board member has been approached and would be able to close this gap.
- four trustees, one for each school, each with direct knowledge of their specific school.

All the directors of the company are also trustees of the charity, and their responsibilities include all the responsibilities of directors under the Companies Acts and of trustees under the Charities Acts.

d. Policies adopted for the induction and training of Trustees

New governors are provided with a comprehensive pack setting out the objects of the charity, its policies and procedures, its annual accounts and other relevant materials. They are trained through discussions with long standing existing governors, members of the senior management teams at each of the schools and through the very open discussions held during Board and Executive Committee meetings. An annual away day for the governors provides, amongst other things, an opportunity for highlighting any training needs of the governors which are then addressed through outside courses during the course of the year.

e. Risk management

The Board of governors is responsible for the management of risks faced by the schools. Detailed consideration of risks is delegated to the Senior Management Teams in each school. Risks are identified and assessed, and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on a bi-annual basis and in response to immediate risks which may arise. This monitoring process looks at the effectiveness of the system of internal controls and other viable means of avoiding risk and assists the governors to put in place insurance cover where appropriate. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Board of PACT has acutely aware of the potential for a reduction in pupil numbers with the consequent loss of revenue, given the economic uncertainty we all currently face. With a number of Independent Schools already having confirmed closure we have managed to maintain, or grow, pupil number in three of our schools. Oliver House continues to face challenges in pupil recruitment and consideration is given at Board level to risk management strategies to deal with a loss of revenue, this includes marketing efforts for all PACT schools.

PACT EDUCATIONAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by order of the members of the board of Trustees and signed on their behalf by:

D G Guillon
Trustee



Date:

13.01.2021

PACT EDUCATIONAL TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACT EDUCATIONAL TRUST LIMITED

Opinion

We have audited the financial statements of PACT Educational Trust Limited (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

PACT EDUCATIONAL TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACT EDUCATIONAL TRUST LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion 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, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

PACT EDUCATIONAL TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACT EDUCATIONAL TRUST LIMITED (CONTINUED)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Blick Rothenberg Audit LLP

Mark Hart FCA CTA (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

14 January 2021

PACT EDUCATIONAL TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	2	16,775	401,929	418,704	51,128
Charitable activities	3	-	5,066,972	5,066,972	5,353,188
Other trading activities	4	-	-	-	2,220
Investments	5	-	-	-	702
Total income		16,775	5,468,901	5,485,676	5,407,238
Expenditure on:					
Raising funds		-	-	-	382
Charitable activities		18,778	5,457,206	5,475,984	5,657,391
Total expenditure	6	18,778	5,457,206	5,475,984	5,657,773
Net movement in funds		(2,003)	11,695	9,692	(250,535)
Reconciliation of funds:					
Total funds brought forward		17,997	6,661,545	6,679,542	6,930,077
Net movement in funds		(2,003)	11,695	9,692	(250,535)
Total funds carried forward		15,994	6,673,240	6,689,234	6,679,542

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 17 to 36 form part of these financial statements.

PACT EDUCATIONAL TRUST LIMITED

BALANCE SHEET

FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	11,831,957	11,905,809
Investments	10	750,001	750,001
		<u>12,581,958</u>	<u>12,655,810</u>
Current assets			
Stocks		31,361	27,725
Debtors	11	1,513,102	1,336,410
Cash at bank and in hand		195,569	181,033
		<u>1,740,032</u>	<u>1,545,168</u>
Creditors: amounts falling due within one year	12	(2,048,434)	(1,311,022)
Net current liabilities / assets		<u>(308,402)</u>	<u>234,146</u>
Total assets less current liabilities		<u>12,273,556</u>	<u>12,889,956</u>
Creditors: amounts falling due after more than one year	13	(5,584,322)	(6,210,414)
Net assets excluding pension asset		<u>6,689,234</u>	<u>6,679,542</u>
Total net assets		<u><u>6,689,234</u></u>	<u><u>6,679,542</u></u>
Charity funds			
Restricted funds	15	15,994	17,997
Unrestricted funds			
General funds	15	(637,867)	(649,562)
Revaluation reserve		7,311,107	7,311,107
Total unrestricted funds	15	<u>6,673,240</u>	<u>6,661,545</u>
Total funds		<u><u>6,689,234</u></u>	<u><u>6,679,542</u></u>

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

D G Guillon

Trustee

Date:

13.01.2021

The notes on pages 17 to 36 form part of these financial statements.

PACT EDUCATIONAL TRUST LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	18	62,636	186,895
Cash flows from investing activities			
Purchase of tangible fixed assets		(126,355)	(266,191)
Loan to associated undertaking		-	(1,107,000)
Net cash used in investing activities		(126,355)	(1,373,191)
Cash flows from financing activities			
Repayments of borrowing		(221,745)	(290,949)
Cash inflows from new borrowing		300,000	1,107,000
Net cash provided by financing activities		78,255	816,051
Change in cash and cash equivalents in the year		14,536	(370,245)
Cash and cash equivalents at the beginning of the year		181,033	551,278
Cash and cash equivalents at the end of the year	19	195,569	181,033

The notes on pages 17 to 36 form part of these financial statements

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

PACT Educational Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The charity's functional and presentational currency is Sterling (£).

1.2 Company status

The company is a company limited by guarantee and is incorporated in England and Wales. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The address of the registered office and the principal place of business is The Cedars School, Coombe Road, Croydon, CR0 5RD.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Going concern

The Trustees are required to assess whether there are any material uncertainties related to events or conditions that may cast doubt on the ability of the charity 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 approval of the financial statements.

The Cedars School (TC) offers secondary education for boys from age 11 to 18. The trustees are happy that the school is performing better than initial forecasts owing to higher than expected pupil numbers, the expectation is that it will continue to provide a modest, but growing, surplus. 2019/20 saw a profit of c£210,196. The expectation is that this surplus will reduce to c£140k in 2020/21 due to the impact of COVID-19. TC expects to hold domestic student numbers at an equal level to that seen for September 2020 enrolments, it will however feel the impact of lower uptake on the International Programme as International Travel continues to be restricted. The backing of NEA and the ability of the school to exceed pupil targets, lead the trustees to conclude that the organisation can continue for the foreseeable future as a going concern.

The Laurels School relocated to 1 Chelsea Embankment in September 2019 as pupil numbers could no longer be accommodated at the previous site. Due to the impact of COVID-19 the trustees anticipate holding pupil numbers at a steady level for 2020/21 and anticipate growth beyond this point. Significant marketing activity is being undertaken for The Laurels.

Oliver House has seen declining student enrolments due to BREXIT and the loss of International families in the area, COVID-19 has seen these numbers decline further. The trustees believe that this is a temporary decline and over a period of 2 to 3 years the numbers will begin to recover. In the meantime a cost reduction programme has been put in place to reflect lower student numbers and the resulting impact on fee income.

Oakwood has seen a modest increase in student enrolment moving into 20/21, however the bottom line has been declining at the school over the last few years – in order to address this a cost reduction programme was put in place during 19/20. The Trustees anticipate realising the impact of this programme during 20/21.

Given some of the uncertainties which the charity is facing (as is like the whole private school sector) the trustees have taken the precautionary measure to enter into a Coronavirus Business Interruption Loan Scheme arrangement. The trustees believe this loan provides the necessary working capital cushion for the charity to settle liabilities for the foreseeable future.

At the date of approval of these financial statements the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school. Fees received in advance of education being provided are held as deferred income within liabilities until either taken to income in the academic year to which it relates or refunded.

1.6 Expenditure

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

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to activities.

All expenditure is inclusive of irrecoverable VAT.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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 asset and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimates residual value, over their expected useful lives on the following basis:

Freehold property	-	2% straight line
Long-term leasehold property	-	4% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1.9 Government grants

Government grants received in respect of furlough claims are credited to the statement of financial activities as the related expenditure is incurred. Other grants are credited to the statement of financial activities as the related expenditure is incurred and disclosed as other income.

1.10 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.11 Taxation

The company 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 company 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.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

The charity has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the charity becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Other financial assets, including investments in equity instruments which are not subsidiaries are initially measured at fair value, which is normally the transaction price which excludes transaction costs for those financial assets that are subsequently measured at fair value through profit and loss.

Financial liabilities

Basic financial liabilities, including trade and other creditors and bank and other loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Concessionary loans

Concessionary loans are initially recorded at the consideration received and are subsequently held at amortised cost based on the implied interest rate of the loan.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Retirement benefits to teaching staff of the charity are provided by the Teachers' Pension Scheme ("TPS"). This is a defined benefit scheme and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit scheme accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions payable are recognised in the period to which they relate.

1.14 Parental deposits

Parents pay a deposit on accepting a place for their child and this money is returned subject to offset of outstanding costs after their child leaves the school. Parental deposits are included in creditors and have been applied assuming that pupils remain in the school until completion of their final year.

2. Income from donations and legacies

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Donations	16,775	16,152	32,927
Government grants	-	385,777	385,777
	<hr/>	<hr/>	<hr/>
	16,775	401,929	418,704
	<hr/>	<hr/>	<hr/>
	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Donations	20,750	30,378	51,128
	<hr/>	<hr/>	<hr/>

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Education	5,066,972	5,066,972	5,353,188

4. Fundraising income

Income from fundraising events

	Total funds 2020 £	Total funds 2019 £
Fundraising	-	2,220

5. Investment income

	Total funds 2020 £	Total funds 2019 £
Investment income	-	702

6. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Total funds 2020 £	Total funds 2019 £
Education	5,475,984	5,475,984	5,657,391
Total 2019	5,657,391	5,657,391	

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Education 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	3,884,904	3,884,904	3,840,914
Depreciation	155,261	155,261	157,231
Finance cost	163,662	163,662	187,702
Scholastic supplies	106,933	106,933	143,288
Canteen costs	169,652	169,652	286,911
Trips and travel	21,344	21,344	32,836
Marketing, PR and advertising	16,082	16,082	42,449
Staff related expenditure	56,267	56,267	32,835
Property costs	491,636	491,636	523,400
General and administrative costs	243,637	243,637	240,441
Legal and professional fees	27,283	27,283	74,423
Insurance	72,164	72,164	66,754
Charitable donations	-	-	140
Loss on disposal of fixed assets	44,946	44,946	-
Governance costs	22,213	22,213	28,067
	<u>5,475,984</u>	<u>5,475,984</u>	<u>5,657,391</u>

7. Staff costs

	2020 £	2019 £
Wages and salaries	3,093,574	3,186,252
Social security costs	299,858	305,361
Contribution to defined contribution pension schemes	491,472	349,301
	<u>3,884,904</u>	<u>3,840,914</u>

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

	2020 No.	2019 No.
Teaching	74	75
Non teaching	29	29
	<u>103</u>	<u>104</u>

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

7. Staff costs (continued)

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	-	1

The key management personnel of the charity comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the charity was £541,091 (2019: £346,250).

8. Net income/ (expenditure)

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets: owned by the charity	156,740	157,231
Auditor's remuneration - audit	21,000	21,000
	<u>177,740</u>	<u>178,231</u>

During the year, no Trustees received any remuneration (2019 - £NIL).

During the year, no Trustees received any benefits in kind (2019- £NIL).

During the year, no Trustees received any reimbursement of expenses (2019 - £NIL).

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

9. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 September 2019	13,545,450	839,984	68,125	785,383	24,999	15,263,941
Additions	28,409	15,669	-	25,929	56,348	126,355
Disposals	-	(550,599)	-	-	-	(550,599)
Transfers between classes	2,940	20,928	(1,479)	2,610	(24,999)	-
At 31 August 2020	13,576,799	325,982	66,646	813,922	56,348	14,839,697
Depreciation						
At 1 September 2019	2,300,582	494,602	65,322	497,626	-	3,358,132
Charge for the year	64,120	29,777	1,324	60,040	-	155,261
On disposals	-	(505,653)	-	-	-	(505,653)
At 31 August 2020	2,364,702	18,726	66,646	557,666	-	3,007,740
Net book value						
At 31 August 2020	11,212,097	307,256	-	256,256	56,348	11,831,957
At 31 August 2019	11,244,868	345,382	2,803	287,757	24,999	11,905,809

Included in land and buildings is freehold land at valuation of £11,000,000 (2019: £11,000,000) which is not depreciated.

The freehold properties were valued as at 31 August 2016 by an independent valuer from Stanley Hicks, Chartered Surveyors, with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued, on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

The company has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	2020 £	2019 £
Cost	9,944,869	9,818,514
Accumulated depreciation	(1,655,836)	(1,459,466)
	8,289,033	8,359,048

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

10. Fixed asset investments

	Unlisted securities £
Cost	
At 1 September 2019	750,001
At 31 August 2020	750,001
Net book value	
At 31 August 2020	750,001
At 31 August 2019	750,001

The above represents an investment in The Laurels School Limited.

11. Debtors

	2020 £	2019 £
Due after more than one year		
Prepayments and accrued income	13,640	-
	13,640	-
Due within one year		
Trade debtors	227,636	182,369
Other debtors	1,174,206	1,107,080
Prepayments and accrued income	41,235	46,961
Grants receivable	56,385	-
	1,513,102	1,336,410

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

12. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	206,576	194,076
Other loans	848,364	151,765
Payments received on account	55,000	58,000
Trade creditors	135,694	209,829
Other taxation and social security	214,542	78,557
Other creditors	66,521	79,412
Accruals and deferred income	521,737	539,383
	<u>2,048,434</u>	<u>1,311,022</u>
		2020 £
Deferred income at 1 September 2019		(430,060)
Resources deferred during the year		281,899
Amounts released from previous periods		430,060
		<u>281,899</u>

Deferred income at the reporting date represents school fees received during the year which relates to the academic year commencing 1 September 2020.

The bank and other loans are secured by fixed and floating charges over the charity's properties.

Included within other creditors are unpaid pension contributions of £57,703 (2019: £46,563).

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

13. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Bank loans	2,645,390	2,427,870
Other loans	2,484,442	3,332,806
Other creditors	454,490	449,738
	<u>5,584,322</u>	<u>6,210,414</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020 £	2019 £
Repayable by instalments	<u>2,855,879</u>	<u>3,237,910</u>

The bank loan bears interest at a rate of 3.1% over LIBOR. The loan is repayable in quarterly instalments calculated on a notional term of 25 years from the date of draw down, with the final balance due in December 2022.

The other loans include a loan from the Diocese of Southwark bearing an interest rate of 3% per annum. The loan is repayable in three installments per year of £59,922 with the final balance due in October 2025.

Other loans also include loans from individuals and Trustees bearing interest from 0% to 3% per annum. Details of loans provided by Trustees are given in note 24. As these loans are provided at below the prevailing market rate of interest and are for the purposes of furthering the objectives of the charity, these loans are considered to be concessionary loans.

The bank and other loans are secured by fixed and floating charges over the charity's properties.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

14. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through income and expenditure	750,001	750,001
Financial assets that are debt instruments measured at amortised cost	1,401,842	1,289,449
	<u>2,151,843</u>	<u>2,039,450</u>
	<u><u>2,151,843</u></u>	<u><u>2,039,450</u></u>
	2020 £	2019 £
Financial liabilities		
Financial liabilities measured at amortised cost	6,896,477	6,903,496
	<u>6,896,477</u>	<u>6,903,496</u>

Financial assets measured at fair value through income and expenditure comprise investments.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank and other loans, parental deposits, trade creditors and other creditors.

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

15. Statement of funds

Statement of funds - current year

	Balance at 1 September 2019 £	Income £	Expenditure £	Balance at 31 August 2020 £
Unrestricted funds				
General Funds - all funds	(649,562)	5,485,676	(5,475,460)	(639,346)
Revaluation reserve	7,311,107	-	-	7,311,107
Unallocated amounts	-	(16,775)	18,254	1,479
	<u>6,661,545</u>	<u>5,468,901</u>	<u>(5,457,206)</u>	<u>6,673,240</u>
Restricted funds				
Restricted Funds - all funds	17,997	-	(2,003)	15,994
Unallocated amounts	-	16,775	(16,775)	-
	<u>17,997</u>	<u>16,775</u>	<u>(18,778)</u>	<u>15,994</u>
Total of funds	<u><u>6,679,542</u></u>	<u><u>5,485,676</u></u>	<u><u>(5,475,984)</u></u>	<u><u>6,689,234</u></u>

Statement of funds - prior year

	Balance at 1 September 2018 £	Income £	Expenditure £	Balance at 31 August 2019 £
Unrestricted funds				
Other general funds	(401,030)	5,386,488	(5,635,020)	(649,562)
Revaluation reserve	7,311,107	-	-	7,311,107
	<u>6,910,077</u>	<u>5,386,488</u>	<u>(5,635,020)</u>	<u>6,661,545</u>
Restricted funds				
Restricted Funds - unspent donations	20,000	20,750	(22,753)	17,997
	<u>20,000</u>	<u>20,750</u>	<u>(22,753)</u>	<u>17,997</u>
Total of funds	<u><u>6,930,077</u></u>	<u><u>5,407,238</u></u>	<u><u>(5,657,773)</u></u>	<u><u>6,679,542</u></u>

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

16. Summary of funds

Summary of funds - current year

	Balance at 1 September 2019 £	Income £	Expenditure £	Balance at 31 August 2020 £
General funds	6,661,545	5,468,901	(5,457,206)	6,673,240
Restricted funds	17,997	16,775	(18,778)	15,994
	6,679,542	5,485,676	(5,475,984)	6,689,234

Summary of funds - prior year

	Balance at 1 September 2018 £	As restated Income £	As restated Expenditure £	Balance at 31 August 2019 £
General funds	6,910,077	5,386,488	(5,635,020)	6,661,545
Restricted funds	20,000	20,750	(22,753)	17,997
	6,930,077	5,407,238	(5,657,773)	6,679,542

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	15,994	11,815,963	11,831,957
Fixed asset investments	-	750,001	750,001
Debtors due after more than one year	-	13,640	13,640
Current assets	-	1,726,392	1,726,392
Creditors due within one year	-	(2,048,434)	(2,048,434)
Creditors due in more than one year	-	(5,584,322)	(5,584,322)
Total	15,994	6,673,240	6,689,234

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	17,997	11,887,812	11,905,809
Fixed asset investments	-	750,001	750,001
Current assets	-	1,545,168	1,545,168
Creditors due within one year	-	(1,311,022)	(1,311,022)
Creditors due in more than one year	-	(6,210,414)	(6,210,414)
Total	17,997	6,661,545	6,679,542

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	9,692	(250,535)
Adjustments for:		
Depreciation charges	156,740	157,231
Loss on the disposal of fixed assets	44,946	-
Increase in stocks	(3,636)	(11,778)
(Increase)/decrease in debtors	(176,692)	147,259
Increase in creditors	19,060	132,438
Interest accrued not paid	14,005	12,280
Net cash provided by operating activities	64,115	186,895

19. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	195,569	181,033
Total cash and cash equivalents	195,569	181,033

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

20. Analysis of Net Debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	181,033	14,536	195,569
Debt due after 1 year	(5,760,676)	474,480	(5,286,196)
Debt due within 1 year	(345,841)	(552,735)	(898,576)
	<u>(5,925,484)</u>	<u>(63,719)</u>	<u>(5,989,203)</u>

21. Pension commitments

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £440,115 (2019: £259,543).

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

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

21. Pension commitments (continued)

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

Stakeholder pension scheme

The charity operates a defined contribution scheme for the benefit of its non-teaching employees. Contributions payable are charged to the profit and loss account in the year they are payable. Contributions payable to the pension scheme during the year were £51,357 (2019: £89,758).

22. Operating lease commitments

At 31 August 2020 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Amounts payable:		
Not later than 1 year	1,046,188	414,000
Later than 1 year and not later than 5 years	4,567,250	1,656,000
Later than 5 years	20,403,200	5,082,900
Total	26,016,638	7,152,900

23. Financial commitments

The charity has guaranteed loans provided to a related party, The Laurels School Limited, totalling £1,106,938 (2019: £1,106,938).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

24. Related party transactions

Owing to the nature of the charity's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the charity's financial regulations and normal procurement procedures.

Transactions with related parties are as follows:

Relationship	Transaction	Amount		Amount due (to)/from related parties	
		2020 £	2019 £	2020 £	2019 £
Trustees	Donations	300	-	-	-
	Interest-free loans	(100,000)	-	-	(100,000)
	Salary	-	1,203	-	-
Charities with common Trustees	Interest-free loan	-	(1,027,000)	(1,082,000)	(1,082,000)
	Rental payments	240,000	-	-	-
Companies controlled by Trustees	Lighting supplies	-	2,400	-	-
	Building supplies	-	1,019	-	-
The Laurels School Limited (common directors and trustees)	Sub-lease payments	174,000	174,000	-	-
	Management fees	63,193	90,718	(1,172,475)	(1,080,994)
	Loan	-	1,107,000	1,107,000	1,107,000

The loans from Trustees are secured by fixed charges over the charity's properties.

25. Controlling party

The board of trustees is the controlling party.