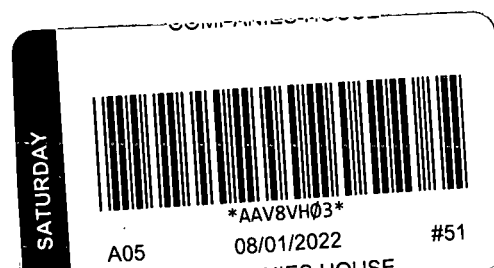


Registered number: 03166207
Charity number: 1053810

**PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**



PACT EDUCATIONAL TRUST LIMITED
CONTENTS

	Page
Reference and administrative details of the company, its Trustees and advisers	1
Trustees' report	2 - 11
Independent auditor's report on the financial statements	12 - 15
Statement of financial activities	16
Balance sheet	17
Statement of cash flows	18
Notes to the financial statements	19 - 37

PACT EDUCATIONAL TRUST LIMITED

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees	D. Guillon, Executive Chair P J Leonard, Deputy Chair A F G Alting Von Geusau, Chairman Finance Committee X Bosch (resigned 1 November 2020) M Bollore (appointed 15 January 2021) A P Newman-Sanders (resigned 23 December 2020) M L Newman-Sanders M P S Stables P Millington S Cassidy H Trust (resigned 22 December 2020) J Valero
Company registered number	03166207
Charity registered number	1053810
Registered office	Oakwood School Coombe Road Lloyd Park Croydon CR0 5RD
Company secretary	B Millington
Chief executive officer	B 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 1UB
Headteachers	C Candia D Morrison L Sanders (of The Laurels School, a separate legal entity managed by PACT) R Teague

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees, who are also directors, present their annual report for the year ended 31 August 2021 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 2021. 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

The central aim of our schools is the development of the person as a whole.

- A unique approach to learning and development of the student allows for academic excellence; we want to create an environment that promotes a lifelong passion for learning;
- In any activity, be it curriculum or extra curriculum, the student is encouraged to practice good habits, that lead to a life of virtue, thus achieving personal maturity and inner freedom;
- There is no one size that fits all. Thanks to the tutorial system, we make sure each student receives personalized attention and care to guide the young person academically and personally.
- We want the parents to be the first and principal educators of their children. As schools, we support them in their most important mission, i.e. helping their children become the best version of themselves. The very name of our Charity reflects this: parents and teachers together for the good of the children.
- Our value system is rooted in a Christian understanding of the human person. That being said, we value religious freedom and welcome parents and students of all faiths or none, who subscribe to our general vision.

The objects 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.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

b. Main objectives for the year

Our key objectives for the year to 31 August 2021 included:

- Implementation of new estates strategy across 3 schools to reflect growing pupil numbers.
 - The Cedars and The Laurels are operating from a new site in SE19 from September 2021. Whilst the schools will remain single sex they will benefit from the collaboration that will be possible from co-location. Academic year 2020/21 saw the development of the school building.
 - With The Cedars School moving from Lloyd Park an opportunity arose for Oakwood to move to a larger site giving it greater possibilities in terms of facilities available. Again 2020/21 saw the conversion of the buildings from a Secondary School to a building suitable for a Prep School to operate from.
- Closure of Oliver House School due to a change in local demographics resulting in lower than sustainable pupil numbers. Whilst the closure of Oliver House was a difficult decision to make the aim was to support our parents and staff as much as possible during this period and also bring as many across to the new Oakwood site as possible - around 15 students and 5 members of staff moved across.
- Continue to excel academically and so attract increased numbers to our 6th form programme.
- Increase our ability to offer bursaries to deserving students via a sponsorship programme.
- Building on the levels of academic excellence already achieved.
- Securing financing and donations necessary to further develop all our schools.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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:

- Undertaken a market analysis study for each school to ascertain where it sits in its market, where it can improve, what the future prospects are for each school and re-acted according to this plan.
- In addition to the above a full financial study has been made of each school, not just for the immediate future but looking at the prospects of the schools over the following 10 years and ensuring we have a realistic plan against which to hold ourselves.
- 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.
- We have continued to find private sponsorships to support us in our aims to make our schools reachable despite financial circumstances of families.

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.

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 offer Academic, Music, Art & 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 3 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.

Objectives and activities (continued)

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 12 governors serving during the year, four are parent volunteers, and an additional 1 used to be in recent years. 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 coordinators also help the Heads arrange class discussions throughout the year.

Achievements and performance

a. Academic

Oakwoods continue to feature in The Times Top 100 Preparatory Schools with excellent academic results. The numbers working at greater depth throughout the school are testament to the academic achievement of the schools, especially when you bear in mind this is a non selective school.

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.

COVID-19 has brought significant disruption to students and schools generally, despite this we have seen fantastic performance with all of our A Level Students at The Laurels achieving their first choice university place and GCSE's with an average score of 7.1 and average point score of 67.2.

Similarly The Cedars saw another set of excellent results with just under half of our students receiving all grade A and above for A Levels. At GCSE we saw 40% of all grades awarded at 8 or above.

b. The Arts

A large proportion of pupils learn at least one musical instrument and are encouraged to perform at regular musical events. 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. Our Secondary schools have various choirs and orchestras.

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 is known as being well above what would be expected for a small school.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Achievements and performance (continued)

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.

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.

Despite the economic uncertainty we face as a result of the current health situation, our schools continue to grow in terms of student numbers. We have however seen the other side of this with Oliver House pupil numbers dropping, the understanding is that COVID was the final factor that drove pupil numbers down and the school could no longer be financially supported. The Board is not complacent and will continue to monitor market activities so we can react and ensure the schools survive this period of uncertainty.

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 £6,280 per pupil), 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 £3.3 million.

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 sale of Oliver House, which completed in October 2021, will allow us to support the business through the next few years until we can reach an operational breakeven point. 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.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Financial review (continued)

b. Reserves policy

The trustees have reviewed the Reserves Policy. The charity continues to invest substantial sums into its 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.

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.

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.

d. Financial review of the year including key performance indicators

Income for the year ended 31 August 2021 decreased to £5,137,076 (2020: £5,485,901) reflecting decreased pupil numbers.

Expenses for the year ended 31 August 2021 increased to £5,538,128 (2020: £5,475,984). This is partly attributable to increased rental expense. The charity's net decrease in cash was £55,608.

At 31 August 2021 the charity had net assets of £6,288,182 (2020: £6,689,234) comprising a surplus of £30,994 (2020: surplus of £15,994) of restricted funds and £6,257,188 (2020: £6,673,240) of unrestricted funds. Included within unrestricted funds are balances relating to the revaluation of property, totalling £7,311,107 (2020: £7,311,107).

The Trustees continue to believe that the key performance indicators are growth in pupil numbers from year to year. Whilst Oliver House and The Cedars have seen a decrease in numbers this is a pattern that is currently seen across many Schools in the London area and the UK as a whole. The pupil numbers at Oakwood have in fact increased by 5%.

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.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 29th February 1996 as amended on 21st November 2007. There were 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. Oliver House School ceased to trade on 31 August 2021.

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;
- 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, are approved by the finance committee which is a subcommittee of the board; and
- approve senior appointments.

The Executive Chair is one of the volunteering governors. He ensures the Board works effectively on its mission. He designs a clear long-term strategy, with growth prospects that are supported by adequate funding and an aligned estate strategy. As such he is the liaison between PACT and its members, its donors, and the various stakeholders. He ensures all members in the organisation share the same vision and work to support it. He has full responsibility over the strategy and the operational management, with exception to the appointment of new Heads that requires a vote by the Board.

He also serves as the direct link between management and the Board, and is leading the transition PACT wants to achieve within this period, moving to a model of schools nurturing close cooperation whilst keeping their distinct identities, whereby modern and adequate facilities will support the quality of education we want to achieve. As and when needed, the Executive Chair will provide guidance so that operational management is implementing the strategic plans, and conversely any long-term plan is rooted in the reality of the schools and their competitive environment. He is also involved in negotiating large contracts, building projects, overseeing architectural design, management of the work, management of the contractors, making sure all requirements of schools are properly met within well maintained facilities.

David Guillon has been appointed as Executive Chair in April 2020.

Each PACT school has an Executive Committee meeting half-termly, consisting of the CEO, 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.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

b. Governance and management (continued)

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 joined by another board member with financial expertise, the Chair and the CEO. 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 Executive 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 and their senior management teams. Working together, the heads and CEO:

- manage the PACT budget for each school on a month -by-month basis;
- appoint 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 CEO provides leadership in the following day-to-day operational management functions:

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

Our primary schools 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 senior schools are accredited members of the Independent Schools Association. The Catholic Independent Schools' Conference also provides valuable support to the Heads of all four schools.

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 beginning of academic year 2021/22 saw all schools operating from new, larger premises.

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;
- 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.

PACT EDUCATIONAL TRUST LIMITED
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

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. Governors are expected to regularly dedicate time to their duties as a member of the Board.

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 CEO and 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.

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.

PACT EDUCATIONAL TRUST LIMITED

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

The Report of the Governors, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body of PACT Educational Trust Limited, including in their capacity as company directors approving the Directors' and Strategic Reports contained therein, and is signed as authorised on its behalf by:


D G Guillon
Trustee

Date: 22/12/2021

PACT EDUCATIONAL TRUST LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the financial statements of PACT Educational Trust Limited (the 'charitable company') for the year ended 31 August 2021 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 2021 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

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 charitable company'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.

PACT EDUCATIONAL TRUST LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2021

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 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.

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.

PACT EDUCATIONAL TRUST LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience of the charity;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, the Companies Act 2006, taxation legislation and data protection, safeguarding, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

PACT EDUCATIONAL TRUST LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2021

Auditor's responsibilities for the audit of the financial statements (continued)

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

23 December 2021

PACT EDUCATIONAL TRUST LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	2	15,000	255,587	270,587	418,704
Charitable activities	3	-	4,866,573	4,866,573	5,066,972
Other trading activities	4	-	(84)	(84)	-
Total income		15,000	5,122,076	5,137,076	5,485,676
Expenditure on:					
Charitable activities		-	5,538,128	5,538,128	5,475,984
Total expenditure	5	-	5,538,128	5,538,128	5,475,984
Net movement in funds		15,000	(416,052)	(401,052)	9,692
Reconciliation of funds:					
Total funds brought forward		15,994	6,673,240	6,689,234	6,679,542
Net movement in funds		15,000	(416,052)	(401,052)	9,692
Total funds carried forward		30,994	6,257,188	6,288,182	6,689,234

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

The notes on pages 19 to 37 form part of these financial statements.

PACT EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)
BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	14,303,909	11,831,957
Investments	9	1	750,001
		<u>14,303,910</u>	<u>12,581,958</u>
Current assets			
Stocks		57,702	31,361
Debtors	10	1,147,509	1,513,102
Cash at bank and in hand		139,961	195,569
		<u>1,345,172</u>	<u>1,740,032</u>
Creditors: amounts falling due within one year	11	(4,543,733)	(2,048,434)
Net current liabilities		<u>(3,198,561)</u>	<u>(308,402)</u>
Total assets less current liabilities		<u>11,105,349</u>	<u>12,273,556</u>
Creditors: amounts falling due after more than one year	12	(4,817,167)	(5,584,322)
Net assets excluding pension asset		<u>6,288,182</u>	<u>6,689,234</u>
Total net assets		<u><u>6,288,182</u></u>	<u><u>6,689,234</u></u>
Charity funds			
Restricted funds	14	30,994	15,994
Unrestricted funds			
General funds	14	(1,053,919)	(637,867)
Revaluation reserve		7,311,107	7,311,107
Total unrestricted funds	14	<u>6,257,188</u>	<u>6,673,240</u>
Total funds		<u><u>6,288,182</u></u>	<u><u>6,689,234</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:

22 / 12 / 2021

PACT EDUCATIONAL TRUST LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	17	1,115,275	62,636
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,628,778)	(126,355)
Net cash used in investing activities		(2,628,778)	(126,355)
Cash flows from financing activities			
Repayments of borrowing		(935,507)	(221,745)
Cash inflows from new borrowing		2,393,402	300,000
Net cash provided by financing activities		1,457,895	78,255
Change in cash and cash equivalents in the year		(55,608)	14,536
Cash and cash equivalents at the beginning of the year		195,569	181,033
Cash and cash equivalents at the end of the year	18	139,961	195,569

The notes on pages 19 to 37 form part of these financial statements

PACT EDUCATIONAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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.

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.

1.3 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. Following the impact of COVID-19 on the business the trustees undertook a thorough review of the schools within the group and as a result of this took action to ensure the schools could enjoy a stable financial future. The unfortunate outcome of this was the closure of Oliver House School which was seen to have significant operational issues which we could not resolve. On the final completion of Oliver House and old Oakwood site assets the overall cost of estates will be greatly reduced whilst also providing for growth for each of the schools. Financial controls continue to be strong within the trust and are regularly reviewed so as to ensure changes are implemented as and when required. 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.

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.

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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1. Accounting policies (continued)

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.

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.

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.

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 2021**

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 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 2021**

1. Accounting policies (continued)

1.11 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 2021**

1. Accounting policies (continued)

1.12 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.

1.13 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 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	15,000	189,310	204,310	32,927
Government grants	-	66,277	66,277	385,777
	<u>15,000</u>	<u>255,587</u>	<u>270,587</u>	<u>418,704</u>
Total 2020	<u>16,775</u>	<u>401,929</u>	<u>418,704</u>	

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

3. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Education	4,866,573	4,866,573	5,066,972
Total 2020	5,066,972	5,066,972	

4. Fundraising income

Income from fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Fundraising	(84)	(84)	-

5. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Total funds 2021 £	Total funds 2020 £
Education	5,538,128	5,538,128	5,475,984
Total 2020	5,475,984	5,475,984	

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

5. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Education 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	3,885,973	3,885,973	3,884,904
Depreciation	156,826	156,826	155,261
Finance cost	125,935	125,935	163,662
Scholastic supplies	97,379	97,379	106,933
Canteen costs	226,099	226,099	169,652
Trips and travel	25,320	25,320	21,344
Marketing, PR and advertising	22,325	22,325	16,082
Staff related expenditure	27,815	27,815	56,267
Property costs	615,402	615,402	491,636
General and administrative costs	237,890	237,890	243,637
Legal and professional fees	12,561	12,561	27,283
Insurance	82,150	82,150	72,164
Loss on disposal of fixed assets	-	-	44,946
Fundraising	156	156	-
Governance costs	22,297	22,297	22,213
	<u>5,538,128</u>	<u>5,538,128</u>	<u>5,475,984</u>
Total 2020	<u>5,475,984</u>	<u>5,475,984</u>	

6. Staff costs

	2021 £	2020 £
Wages and salaries	3,118,744	3,093,574
Social security costs	291,931	299,858
Contribution to defined contribution pension schemes	475,298	491,472
	<u>3,885,973</u>	<u>3,884,904</u>

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

6. Staff costs (continued)

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

	2021 No.	2020 No.
Teaching	67	75
Non teaching	26	29
	93	104

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	3	3
In the band £90,001 - £100,000	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 £483,097 (2020: £541,091).

7. Net income/ (expenditure)

This is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets: owned by the charity	156,826	156,740
Auditor's remuneration - audit	24,000	21,000
	180,826	177,740

During the year, no Trustees received any remuneration (2020 - £NIL).

During the year, no Trustees received any benefits in kind (2020 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2020 - £NIL).

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

8. 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 2020	13,576,799	325,982	66,646	813,922	56,348	14,839,697
Additions	28,859	-	-	31,675	2,568,244	2,628,778
Transfers between classes	48,451	-	-	7,897	(56,348)	-
At 31 August 2021	13,654,109	325,982	66,646	853,494	2,568,244	17,468,475
Depreciation						
At 1 September 2020	2,364,702	18,726	66,646	557,666	-	3,007,740
Charge for the year	66,362	26,069	-	64,395	-	156,826
At 31 August 2021	2,431,064	44,795	66,646	622,061	-	3,164,566
Net book value						
At 31 August 2021	11,223,045	281,187	-	231,433	2,568,244	14,303,909
At 31 August 2020	11,212,097	307,256	-	256,256	56,348	11,831,957

Included in land and buildings is freehold land at valuation of £11,000,000 (2020: £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:

	2021 £	2020 £
Cost	12,573,647	9,944,869
Accumulated depreciation	(1,655,836)	(1,655,836)
	<u>10,917,811</u>	<u>8,289,033</u>

PACT EDUCATIONAL TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. Fixed asset investments

	Unlisted securities £
Cost	
At 1 September 2020	750,001
Disposals	(750,000)
At 31 August 2021	<u>1</u>
Net book value	
At 31 August 2021	<u>1</u>
At 31 August 2020	<u>750,001</u>

The above represents an investment in The Laurels School Limited.

10. Debtors

	2021 £	2020 £
Due after more than one year		
Prepayments and accrued income	-	13,640
	<u>-</u>	<u>13,640</u>
Due within one year		
Trade debtors	335,589	227,636
Other debtors	751,615	1,174,206
Prepayments and accrued income	59,488	41,235
Grants receivable	817	56,385
	<u>1,147,509</u>	<u>1,513,102</u>

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

11. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	2,275,000	206,576
Other loans	834,872	848,364
Payments received on account	130,121	55,000
Trade creditors	296,903	135,694
Other taxation and social security	73,007	214,542
Other creditors	168,272	66,521
Accruals and deferred income	765,558	521,737
	4,543,733	2,048,434

	2021
	£
Deferred income at 1 September 2020	281,899
Resources deferred during the year	479,347
Amounts released from previous periods	(253,558)
	507,688

Deferred income at the reporting date represents school fees received during the year which relates to the academic year commencing 1 September 2021.

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 £57,315 (2020: £57,703).

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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

	2021	2020
	£	£
Bank loans	2,550,592	2,645,390
Other loans	1,992,713	2,484,442
Other creditors	273,862	454,490
	<u>4,817,167</u>	<u>5,584,322</u>

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

	2021	2020
	£	£
Repayable by instalments	<u>-</u>	<u>2,855,879</u>

The bank loans bear interest at rates of 3.1%, 3.1% over LIBOR and floating rates. The loans are repayable in either in quarterly instalments or in full on sale of any properties.

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 23. 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.

For details of repayments post year end, see note 24.

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

13. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through income and expenditure	1	750,001
Financial assets that are debt instruments measured at amortised cost	1,088,021	1,401,842
	<u>1,088,022</u>	<u>2,151,843</u>
	2021 £	2020 £
Financial liabilities		
Financial liabilities measured at amortised cost	8,595,342	6,896,477
	<u>8,595,342</u>	<u>6,896,477</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 2021**

14. Statement of funds

Statement of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Balance at 31 August 2021 £
Unrestricted funds				
General Funds - all funds	(637,867)	5,122,076	(5,538,128)	(1,053,919)
Revaluation reserve	7,311,107	-	-	7,311,107
	<u>6,673,240</u>	<u>5,122,076</u>	<u>(5,538,128)</u>	<u>6,257,188</u>
Restricted funds				
Restricted Funds - all funds	<u>15,994</u>	<u>15,000</u>	<u>-</u>	<u>30,994</u>
Total of funds	<u><u>6,689,234</u></u>	<u><u>5,137,076</u></u>	<u><u>(5,538,128)</u></u>	<u><u>6,288,182</u></u>

Statement of funds - prior year

	Balance at 1 September 2019 £	Income £	Expenditure £	Balance at 31 August 2020 £
Unrestricted funds				
General Funds - all funds	(649,562)	5,468,901	(5,457,206)	(637,867)
Revaluation reserve	7,311,107	-	-	7,311,107
	<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	<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>

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

15. Summary of funds

Summary of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Balance at 31 August 2021 £
General funds	6,673,240	5,122,076	(5,538,128)	6,257,188
Restricted funds	15,994	15,000	-	30,994
	<u>6,689,234</u>	<u>5,137,076</u>	<u>(5,538,128)</u>	<u>6,288,182</u>

Summary of funds - prior year

	Balance at 1 September 2019 £	As restated Income £	As restated 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
	<u>6,679,542</u>	<u>5,485,676</u>	<u>(5,475,984)</u>	<u>6,689,234</u>

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	30,994	14,272,915	14,303,909
Fixed asset investments	-	1	1
Current assets	-	1,345,172	1,345,172
Creditors due within one year	-	(4,543,733)	(4,543,733)
Creditors due in more than one year	-	(4,817,167)	(4,817,167)
Total	<u>30,994</u>	<u>6,257,188</u>	<u>6,288,182</u>

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

16. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	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

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

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(401,052)	9,692
Adjustments for:		
Depreciation charges	156,826	156,740
Loss on the disposal of fixed assets	-	44,946
Increase in stocks	(26,341)	(3,636)
Increase in debtors	1,115,593	(176,692)
Increase in creditors	259,739	19,060
Interest accrued not paid	10,510	14,005
Net cash provided by operating activities	1,115,275	64,115

18. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	139,961	195,569
Total cash and cash equivalents	139,961	195,569

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

19. Analysis of changes in net debt

	At 1 September 2020	Cash flows	Other non- cash changes	At 31 August 2021
	£	£	£	£
Cash at bank and in hand	195,569	(55,608)	-	139,961
Debt due within 1 year	(1,054,940)	(2,393,402)	338,470	(3,109,872)
Debt due after 1 year	(5,129,832)	924,997	(338,470)	(4,543,305)
	<u>(5,989,203)</u>	<u>(1,524,013)</u>	<u>-</u>	<u>(7,513,216)</u>

20. 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. 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 £429,557 (2020: £440,115).

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 2021**

20. Pension commitments (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The school has accounted for its contributions to the scheme as if it were a defined contribution scheme. The school 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 £45,741 (2020: £51,357).

21. Operating lease commitments

At 31 August 2021 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Amounts payable:		
Not later than 1 year	240,000	1,046,188
Later than 1 year and not later than 5 years	960,000	4,567,250
Later than 5 years	3,905,800	20,403,200
Total	<u>5,105,800</u>	<u>26,016,638</u>

22. Financial commitments

The charity has guaranteed loans provided to a related party, The Laurels School Limited, totalling £750,000 (2020: £1,106,938).

PACT EDUCATIONAL TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

23. 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	
		2021 £	2020 £	2021 £	2020 £
Trustees	Donations	600	300	-	-
	Interest-free loans	130,000	(100,000)	(130,000)	-
	Salary	-	-	-	-
Charities with common Trustees	Interest-free loan	-	-	(767,713)	(1,082,000)
	Rental payments	240,000	240,000	-	-
The Laurels School Limited (common directors and trustees)	Sub-lease payments	174,000	174,000	-	-
	Management fees	39,996	63,193	(104,127)	(1,172,475)
	Loan	-	-	750,000	1,107,000

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

24. Post balance sheet events

Subsequent to the year end, the charity sold a freehold property for proceeds of £10,000,000. The proceeds were used to repay bank and other loans totalling £3,670,000.

25. Controlling party

The board of trustees is the controlling party.