



Annual Report and Financial Statements 2021



Company Limited by Guarantee, Registration Number 10842315 (England and Wales)

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Reference and administrative information

Members

Andrew Lloyd (Chair)
Neil Hopkins
Su Whelan
Cathy Anwar (until 24 May 2021)
Guildford Diocese (from 1 April 2021)

Trustees

Andrew Needham (Chair)
Peter Eyre
Jo Smithson
William Bagnall
Andrew Majury
Maria Dawes
Alex Tear (from 1 April 2021)
Simon Jarvis (Chief Executive)

Clerk

Kate Thomlinson

Senior Management Team

Chief Executive Officer
Director of Education
The Sixth Form College Farnborough
Principal
Tomlinscote School Principal
Frimley Junior CofE Primary School
Head
Chief Operating Officer
HR Director
Operations Director

Simon Jarvis
Vince Scannella

Catherine Cole
Rob Major

Clare Wright
Paul Edwards
Rebecca Young
Alan Poole

Registered address

The Prospect Trust
Quatro House
Frimley Road
Frimley
Surrey
GU14 7ER

Company registration number

10842315 (England and Wales)

Auditor

Buzzacott LLP
130 Wood Street
London, EC2V 6DL

Bankers

Lloyds Bank PLC
174 Fleet Road
Fleet, Hampshire
GU164DD

Reference and administrative information

Solicitors

Eversheds-Sutherland
1 Wood Street
London
EC2V 7WS

Trustees' report Year to 31 August 2021

The Trustees of The Prospect Trust ('the Trust') present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Prospect Trust is a Multi Academy Trust (MAT) created on 29 June 2017. The Trust currently consists of one 16-19 Academy, The Sixth Form College Farnborough, one secondary school, Tomlinscote School and one junior school, Frimley CofE Junior School, with the ambition to incorporate additional local partners to help improve educational standards across a wider age range.

The financial statements have been prepared in accordance with the accounting policies set out on pages 34 to 39 of the attached financial statements and comply with the Academy Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Prospect Trust commenced its educational activities on 1 September 2017.

The Trustees of The Prospect Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the period are included in the Reference and Administrative Information on page 1.

The Academy Quality Councils (The Prospect Trust's model of local school governance) are governed by The Prospect Trust Schemes of Delegation, updated in June 2021.

Members' liability

Each Member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member. Such amount as may be required, not exceeding £10, for the debts and liability contracted before they ceased to be Member.

Trustees' indemnities

The Trust has opted into insurance arrangements, which provides unlimited indemnity for employers' liability, third party liability, an unlimited professional indemnity and cover for buildings and contents limited to the reinstatement value. The insurance covers Trustees and staff for liability arising from negligent acts, errors and omissions in good faith, notified during the insurance period. There were no third party indemnity provisions during the period to August 2021.

Trustees' report Year to 31 August 2021

Principal activities

The Prospect Trust is a Multi Academy Trust, set up to enable the strategic collaboration between education organisations in order to maintain and improve educational standards. The Trust is at the core of an education hub, responsible for supporting, enabling and driving excellence across all Academy partners. As at 31 August 2021, The Sixth Form College Farnborough, Tomlinscote School and Frimley CofE Junior School were the Academy partners in the Trust, responsible for the provision of 7-19 education to over 5,800 learners from the local area.

Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office throughout the year.

Trustee	Appointed/Resigned	Appointing body
A Needham (Chair)		Members
P Eyre		Members
J Smithson		Members
W Bagnall		Members
A Majury		Members
M Dawes		Members
A Tear	Appointed 1 April 2021	Members
S Jarvis (Chief Executive)		Members

Method of recruitment and appointment or election of Trustees

There are clearly defined procedures for the selection and appointment of Trustees which are set out in the Trust's Articles of Association. The Trust seeks to recruit Trustees who are able to contribute the skills and knowledge required to support achievement of the aims of the Trust and ensure that these are delivered within a comprehensive governance framework.

Policies and procedures adopted for the induction and training of Trustees

The induction of Trustees is carried out by the Chief Executive, Chair of Trustees and the Clerk via an information pack, face-to-face meetings and telephone support.

Organisational structure

In accordance with the Department for Education's Competency Framework for Governance, the Trust is overseen by its Members. The Members are responsible for approving the Trust's Articles of Association and the Trust Board's constitution and compliance.

In accordance with the Trust's Articles of Association, the business of the Trust is managed by the Trust Board and Academy Quality Councils through the Schemes of Delegation adopted on 1 September 2018, and reviewed annually. The Trust Board meets a minimum of twice per term to execute its duties.

Trustees' report Year to 31 August 2021

The Scheme of Delegation outlines the key responsibilities of the Trust Board in terms of determining the key strategic priorities, compliance with policies and statutory requirements and its accountability in terms of academic improvements and financial control.

The Academy Quality Councils are advisory committees of the Trust and are accountable to the Trust Board. They are responsible for holding The Sixth Form College, Farnborough, Tomlinscote School and Frimley CofE Junior School to account in terms of agreed performance targets for the quality of teaching and learning, attendance and behaviour. The Academy Quality Councils meet a minimum of four times per year. The Trust Board delegates to the Chief Executive the internal organisation, day-to-day management and control of the Trust, including monitoring and consistent implementation of all policies and procedural documents approved by the Trust Board.

The Chief Executive is the Accounting Officer as required by the Funding Agreement with the Department for Education.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel are members of the Trust Executive leadership team and the Principals at each Academy partner. The only Trustee who received remuneration is the Chief Executive of the Trust, as listed on page 1.

Whether it is at appointment or during annual reviews, the Trust Board considers the advertised salary ranges for posts of comparable responsibility and size. Members then review the responsibilities of the Executive and consider whether the salary ranges are appropriate and are consistent with the appropriate budget allocations. The outcome of their deliberations is reported to the Trust Board.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
5	3.85

Percentage of time spent on facility time

Percentage of time	Number of employees
0% - 1%	3
1% - 50%	2

Percentage of pay bill spent on facility time

Total cost of facility time	£2.6k
Total pay bill	£20.181k
Percentage of the total pay bill spent on facility time:	0.01%

Trustees' report Year to 31 August 2021

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours:	100%
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Connected organisations, including related party relationships

The Trust is a member of the Community Matters Partnership Project (CMPP), which is a registered charity facilitating socially responsible organisations to work together on social and economic projects in the local area. The Chief Executive of the Trust is married to the Chief Executive of CMPP and the Trust's Chief Operating Officer is the Chair.

Engagement with employees (including disabled persons)

The Trust has taken the following actions:

- Regularly provided employees with information on matters of concern to them, including updates on Covid-19 related issues, revised exam arrangements, adjusted timetabling as well as Trust and academy developments. This has predominantly been through weekly online staff briefings with notes circulated for those who could not attend.
- Consulted employees regularly so that their views can be considered, for example staff surveys both formally and informally to seek views on Covid-19 related adjustments made.
- Encouraged the involvement of employees through staff associations, regular union meetings and regular staff updates.
- Sought to improve the well-being of staff through on-going consideration of work-life balance in all decision making.

Engagement with suppliers, customers and others in a business relationship with the Trust

The Trust has fostered business relationships with suppliers, customers and others by:

- Conducting regular meetings with suppliers to review contracts/services provided.
- Acting according to the Procurement Policy Notices (02/20 and 04/20) and giving due consideration of supplier's positions during the Covid-19 pandemic.
- Regularly communicating with the academies' customers to ensure that they are well informed as to the availability of the academies' resources for their usage.
- On-going communication with learners to ensure that they are well informed regarding all academy matters.
- Effective communications with parents, including updates during lockdowns.

STRATEGIC REPORT

OBJECTIVES AND ACTIVITIES

Objects and aims

The objectives of the Trust are set out in the Articles of Association as follows:

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which:

(i) shall include Church of England Academies ("Church Academies" and each a "Church Academy") designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and

(ii) may include other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

b) to promote for the benefit of the inhabitants of the areas in which the Academies are situated and their surrounding areas, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants. Such facilities may be situated on land provided by the Site Trustees only if this is permitted by the terms of the Site Trustees' trust and subject to the written consent of the Site Trustees and such conditions as the Site Trustees, after taking advice shall impose.

Objectives, strategies and activities

The Trust Board has reviewed its strategic aims for the next three years:

- Develop skilled and effective teachers to implement our pedagogic priorities and deliver outstanding education and outcomes for all learners.
- Improve progression opportunities for all learners, raising aspirations and smoothing transition cliff edges.
- Embed a culture of collaborative working and sharing good practice across all Trust academies.
- Develop an innovative, inspirational workforce with outstanding opportunities for career progression.
- Build on strong purposeful relationships with business, community and education partners.
- Embed and support a business model for operation which is efficient and financially sustainable.

Trustees' report Year to 31 August 2021

- Grow the Trust, expanding the family of partner Academies in line with the Trust's vision.

These aims are monitored closely by the Trust Board by way of Chief Executive and Executive Leadership teams and through the work of the Academy Quality Councils.

Public Benefit

In setting the Trust's objectives and planning its activities, the Board of Trustees has given careful consideration to the Charity Commission's general guidance on public benefit.

During the financial period, the Trust furthered its charitable purposes for the public benefit by providing 7-16 general education incorporating GCSE and vocational qualifications plus wide ranging sixth form provision including A Levels and BTEC courses. In addition, a significant percentage of learners progressed into employment, further and higher education or further training programmes including high quality apprenticeships.

Achievements and performance

The priority for the Trust during 2020/21 was to ensure that the continued impact of the Covid-19 pandemic and subsequent national lockdown did not prevent its Academies from securing the high level of student success attained in previous years, while at the same time protecting the safety and welfare of its learners and staff. The Trustees are pleased that the Trust continued to achieve high standards of education comparable with the best nationally.

Additionally, despite the national constraints the Trust also successfully incorporated Frimley CofE Junior School into the Trust on 1 April 2021. The Trust now consists of three academies, a college, a secondary school and a junior school. This will support the 'all through' focus on the Trust's learners.

Significant achievements at The Sixth Form College, Farnborough include:

- The College was subject to an Ofsted assessment in September 2021 and every aspect of the inspection was assessed as 'Outstanding'. The report highlighted that the curriculum meets the needs of learners, who develop quickly and effectively and who enjoy their time at the College. Ofsted concluded that the vast majority of learners, including those with high needs, make excellent progress and achieve the qualifications they need. Additionally, the arrangements for safeguarding were found to be effective. The College also had a short Ofsted visit in 2020 which confirmed the arrangements in place were effective in continuing to support high quality teaching and learning to its learners.
- The College continues to provide a wide range of Level 3 subjects with over 40 different courses offered in 2020/21. Despite this expansive curriculum offer, standards of Level 3 attainment remain excellent across both the A Level and vocational offer.

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- During 2020/21, the College supported 3,973 learners from Farnborough and the surrounding area, reflecting the longstanding partnerships the College has developed with local schools and other education partners.
- The A Level pass rate was 99.6 per cent with 79 per cent of grades on or above target. The value added score under the Alps system was graded 2, so the College continues to be in the top 10 per cent of all A Level providers nationally. The performance for vocational courses also remains exceptional with over 90 per cent of grades on or above target and value added under Alps graded at 2 for both the new 2016 specifications and the older 2010 specifications (top 10% of providers nationally).
- The College continues to provide learners with appropriate high quality expert support and guidance through its personal tutor system – as recognised by Ofsted. Despite historical funding pressures over recent years, a successful tutorial programme is in place, which continued offering support and guidance to learners during the pandemic. In addition, a full enrichment programme, including sport, music and performing arts activities, was available to all learners, although these were curtailed because of the Covid-19 pandemic.
- The College campus remains in excellent condition but enjoys on-going investment by the Trust. During 2020/21, improvements were made to the maths teaching spaces, increased the number of classrooms, improved counselling rooms, and introduced specific air handling units across the campus. Significant funds continued to be allocated for expanding ICT provision.

Significant achievements at Tomlinscote School include:

- The percentage of pupils with at least five GCSE passes including English and Maths has increased to 82 per cent. Ten subjects are ALPS2, which matches the top 10 per cent of education providers nationally.
- Teaching and learning targets for the School continued to be met in 2020/21 including: embedding pedagogic priorities of mastery learning, recall and the assessment of whole-class understanding.
- The School has maintained its recent patterns of growth in pupil numbers with 1,474 currently enrolled with a significant waiting list.
- The School remained open, safe and secure during the Covid-19 pandemic. Because of its long-standing and extensive use of Apple iPads across the curriculum, the School was able to continue with a wide range of online teaching, support and remote learning. The effectiveness of the use of remote technologies to deliver and assess learning were also endorsed by Ofsted in 2020.
- The Trust continued with its major campus improvement programme in 2020/21. The new 3G pitch was opened in October 2020 significantly improving the sporting facilities for the School as well as providing additional community benefits. The ground floor of the old vocational centre was completely redeveloped including new classroom, office, reception and parking provision as

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well as improving the security of access to the School. On-line security was also improved by the replacement of the School firewall access.

- The Trust also remains committed to the School's Apple Distinguished School status with further additional investment in iMacs and iPads and in 2020/21 the School became a registered Apple Regional Training Centre.

Significant achievements at Frimley CofE Junior School include:

- The National Curriculum assessments did not take place in 2020/21. However, Year 6 learners sat 2019 papers with excellent results. Seventy-nine per cent of learners achieving or exceeding expectations in reading and 74 per cent achieving or exceeding expectations in Maths. Additionally, the introduction of the Write Stuff English Programme across all year groups is already producing results.
- Despite only joining in April 2021, the Trust has made a positive impact on the infrastructure of the school. Investment was directed at its new Learning Resource Centre, which together with an investment in new books, directly supports the School's ambitions to enhance reading and literacy.
- The improvement of ICT has also been an immediate priority at the School with the introduction of new iPads for teaching staff in advance of a major roll out to learners and the ICT wired and wireless network infrastructure has been completely replaced. Additionally, the School has benefited from a new safeguarding app.

Covid-19 response

The academic and development successes above were achieved despite the pressure, uncertainty and concerns over the Covid-19 pandemic. During the national lockdown periods, all the Trust academies were able to continue to provide effective teaching and learning on an on-going and continuous basis, enabled by the investment in ICT the Trust has made for many years. All pupils at the School use iPads and learners at the College who could not access ICT were supplied with additional equipment. Additionally, Tutors at both the School and the College were providing regular and on-going support to all learners, but in particular, with the more vulnerable. The Trust committed over £15k to help learners 'catch up' following the pandemic lockdowns, over and above the central funding on this.

Support services continued to operate during the lockdown. The systems, processes and procedures embedded across the Trust ensured the service disruption was at a minimum. However, for public safety reasons, and in line with Government advice, all lettings activities on the campuses were cancelled.

All campuses have been made Covid-19 safe and secure to provide the reassurance needed for learners, staff and visitors. The Trust has committed additional resources to make the necessary risk-based adjustments to teaching spaces, outside social spaces, internal walkways, catering arrangements and also the provision of available hand sanitiser and PPE.

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Financially, the Trust's Covid-19 response did not represent a significant risk to the Trust as operating surpluses were maintained and reserves were not compromised. During 2020/21, the Trust was provided with £0.2m of Covid catch up funding from the Government but did not seek any additional financial support from the Coronavirus Job Retention Scheme as no staff were furloughed. Pre-lockdown service contracts were maintained and the Trust worked with its catering suppliers to ensure that arrangements were in place to adjust the service accordingly. In 2020/21, the Trust incurred additional expenditure relating to the Covid-19 pandemic totalling £0.3m. This included extra cleaning costs, PPE and hand sanitiser facilities and also additional ICT equipment.

Throughout the year, the Trust Board was fully engaged in both monitoring the implications of the Trust's Covid-19 response and challenging the measures being taken in the academies to continue teaching and learning and manage risks, as well as monitoring the associated financial implications.

Financial performance indicators

The following key financial performance indicators are monitored by the Trust Board:

- Operational surplus to income ratio: 1.2%.
- Current ratio: 3.1:1
- Pay to Income ratio: 79%.

Going concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future and does not believe that the lockdown, or the additional costs associated with it, has had a significantly adverse impact on this. This judgement is based on the fact that the following is currently in place:

- Net working capital and liquidity are healthy.
- Cash reserves remain strong.
- The annual budget sets out the short and long-term financial forecasts including the predicted movement of cash in the forward period.
- Student recruitment remains strong across all academies.
- Long-term prioritised capital plans are in place and Trustees are updated of progress, and for larger schemes are part of the approval process.
- Minimum (cash) reserves have been identified and adhered to.
- Financial management including financial key performance indicators and year end predictions provided to Trustees is timely, accurate and provides sufficient information to readily identify the financial position of the Trust.
- Governance arrangements in the Trust while embedded and supported by the Scheme of Delegation are continually reviewed.
- Risk registers are updated on a regular basis and include key financial risks that are monitored and managed.
- The internal control system is secure, with effective financial and non-financial controls in place, supported by a dedicated Audit & Risk Committee and both internal and external auditors who are independent of the Trust.
- Insurance arrangements are in place across the Trust.
- The Trust has a track record in preparing and responding to significant external events and influences (Covid-19).

Trustees' report Year to 31 August 2021

For these reasons, the Trust continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Promoting the success of the company

The Trust has taken the following actions to promote its success:

- Incorporated Frimley CofE Junior School into the Trust from 1 April 2021.
- Ensured that there is robust financial management in all academies, and that there are systems in place to support this, and investigated processes and options to improve financial efficiency.
- Recruited and retained outstanding teaching and support staff.
- Ensured that there are robust safeguarding policies within academies.
- Identified shared opportunities for CPD and curriculum and resource planning to strengthen the quality of teaching and learning and its impact on learners progress.
- Developed and implemented Trust-wide ICT strategies and programmes to continually improve ICT hardware and software to deliver desired outcomes.
- Investigated and sought further funding opportunities where applicable.
- Reviewed its governance arrangements, strengthened the capacity of its Board and also created a stand-alone Audit & Risk Committee.
- Ensured the Trust has effective management capacity to deliver sustained improvement and growth.

Financial review

The majority of the Academy Trust's income is provided by the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust may receive grants for fixed assets from the ESFA in the future. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP), these grants will be shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual straight-line depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2021, total expenditure of £30.9m (2020: £27.9m) was met by recurrent grant funding from the ESFA together with other income. The excess of operational income over expenditure for the year (excluding both the restricted fixed asset fund and FRS102 pension adjustments and also before transfers) was £0.3m (2020: £0.9m).

At 31 August 2021, the net book value of fixed assets was £49.0m (2020: £45.5m). Movements in fixed assets are shown in notes 10 and 11 to the financial statements. The assets are used exclusively for providing education and associated support services to

Trustees' report Year to 31 August 2021

the learners of the Trust and the provision of resources for the benefit of the local community.

The Hampshire and Surrey County Councils' Local Government pension schemes, in which the Trust participates, showed a deficit of £15.3m at 31 August 2021 (2020: deficit of £12.9m). Of this sum, £2.4m was inherited by the Trust from Tomlinscote School from Surrey County Council and £0.7m from Frimley CofE Junior School also from Surrey County Council, when the School's staff transferred to employment with the Trust.

The Trust held total fund balances at 31 August 2021 of £37.9m (2020: £37.3m) comprising £4.1m of unrestricted general funds (2020: £4.7m), £0.001m of restricted general funds (2020: £0.001m), £49.0m of tangible fixed assets (2020: £45.5m) and a deficit on restricted funds representing the liability of £15.3m (2020: £12.9m) arising from the pension scheme.

Financial report for the period

Total income for year (including the restricted fixed asset fund and before transfers) was £31.8m (2020: £27.0m). The results for the year are shown on page 30.

Financial and risk management objectives and policies

The Trust's financial objectives are focused on ensuring that each year and over the next three-year period, the Trust as a whole and its constituent Academy partners are self-sufficient in terms of generating operational (cash) surpluses to cover fixed asset funds movements including capital expenditure and depreciation. The Trust operates a General Annual Grant (GAG) pooling approach and will seek to ensure that the allocation of cash resources is based on need and risk and are explicitly prioritised.

Reserves policy

The Trustees have reviewed the reserves of the Trust, encompassing the nature of the income and expenditure streams, the need to match them with commitments and the nature of the reserves.

The Trust's unrestricted reserves as at 31 August 2021 were £4.1m (2020: £4.75m) compared to an agreed £3.0m minimum.

The Trustees policy is to carry forward a prudent level of resource that will enable the longer-term cyclical needs of Trust to be met as well as holding a provision for any unforeseen contingencies.

It is the continued intention of the Trust to allocate reserves to help support partner Academies in terms of future campus improvements and curriculum delivery. Additionally, as the demographic make-up of the local population changes, the number of learners recruited into the Trust is planned to increase in the medium term. As such, the Trust intends to allocate reserves to support the infrastructural changes that are likely to be needed to accommodate increased capacity.

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The Trust aims to support levels of reserves in the short term by securing operating surpluses on an annual basis of around three per cent. Revenue reserves into total remain healthy in 2020/21 at £4.1m (2020: £4.77m) and will help finance the Trust's capital expenditure programme. Trustees believe this to be a prudent amount to enable it to invest in its development plans and also to respond to current economic uncertainties.

Investment policy

During the year, the Trust has invested £1.0m in longer-term bank deposits. This was in line with the Trust's agreed Treasury Management approach which notes the requirement for Trustees to take special care when investing funds by identifying low risk deposits, setting out minimum bank account levels and restricting investment exposure of any funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees, through the Audit & Risk Committee, has considered the major risks to which the Trust is exposed and has implemented a number of controls, systems and processes to mitigate them. The existing key known strategic risks and the associated mitigating actions include:

- *Continuing to respond to the impact of global pandemic* – The Trust has built on its effective communication and ICT and financial resource allocation models to minimise the disruption of the Covid-19 pandemic on teaching & learning and the assessment process. Flexible risk assessments were also in place to ensure the safety of learners, staff and visitors. The financial costs related to the Trust's pandemic response did not compromise financial sustainability overall.
- *Trust expansion and the impact of joiner Academies* – The Trust has embedded governance and managerial structures, shared systems and reporting frameworks to support the integration of new joiner Academies. This ensures that the financial, academic and reputational strengths of the Trust are not compromised. These were proven to be robust following the integration of Frimley CofE Junior School into the Trust on 1 April 2021.
- *Performance of individual academies* – The Trust actively monitors the performance of Academy partners in terms of recruitment, retention and attainment and promotes and shares best practice through collaborative working across and between Academies. Additionally, governance structures are set up to ensure local accountability of academic performance which supports Trust Board oversight. The success of The Sixth Form College Farnborough following the recent Ofsted inspection demonstrates that these processes are effective. The Trust is also currently monitoring the Government T-Levels initiative and the potential impact this may have on longer-term academic success.
- *Resource allocation* – The Trust ensures that campus, systems and people infrastructures are equitable and allocations are made on the basis of risk and need. As such, no one Academy site has a disproportionate share of resources. As part of this, the Trust is implementing a core service framework so Academy partners receive consistent and effective support services enabling them to

Trustees' report Year to 31 August 2021

better focus on curriculum delivery. The focus for 2021/22 will be on harmonising ICT infrastructures and ensuring that cyber security remains at the heart of the Trust's ICT Strategy. .

Additionally, the Trust has an effective system of internal financial control, as explained in the Statement on Internal Control, and insurance arrangements are in place where significant financial risk remains.

FUNDRAISING

The Trust does not generally undertake fundraising itself and specifically has not undertaken any fundraising during the reporting period. Consequently, there has been no engagement of commercial participators or professional fundraisers, or other activities associated with fundraising to report.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2020 to 31 August 2021	
Energy consumption used to calculate emissions (kWh)	6,306,557
Energy consumption break down (kWh) (optional) <ul style="list-style-type: none">gas,electricity,transport fuel	3,804,263 2,475,984 26,310
<u>Scope 1 emissions in metric tonnes</u> CO ₂ e Gas consumption Owned transport - minibus <u>Total scope 1</u>	700 4 704
<u>Scope 2 emissions in metric tonnes</u> CO ₂ e Purchased electricity	 577
<u>Scope 3 emissions in metric tonnes</u> CO ₂ e Business travel - employee	 0
Total gross emissions in metric tonnes CO ₂ e	1,281
<u>Intensity ratio</u> Tonnes CO ₂ e per pupil	 0.22

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Quantification and Reporting Methodology

All energy consumption figures are actual kilowatts consumed, converted into CO2 metric tonnes by applying the 2021 electricity conversion factor.

Intensity measurement

The intensity ratio used is total pupil numbers in the Trust.

Measures taken to improve energy efficiency

The Trust has on-going initiatives to improve energy efficiency, including greater use of on-line learning, use of reduced paper and also proactive management of heating and lighting. The Trust has also commissioned a Carbon Reduction Plan which will extend across the Trust and this is due to conclude in mid-2022.

FUNDS HELD AS CUSTODIAN TRUSTEES ON BEHALF OF OTHERS

No assets or funds are held by The Prospect Trust on behalf of any other organisation.

PLANS FOR FUTURE PERIODS

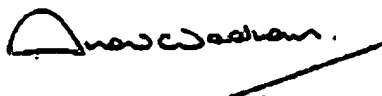
Over the last four years, The Sixth Form College, Farnborough, Tomlinscote School and Frimley CofE Junior School have successfully been transferred into The Prospect Trust. No specific agreements are in place to expand further, but the Trust continues to work with potential future partners.

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; *and*
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees on 21 December 2021 and signed on its behalf by:



A Needham

Chair of Trustees

GOVERNANCE

Scope of responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Prospect Trust and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met eight times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Governor	Meetings attended	Out of a possible
A Needham (Chair)	8	8
P Eyre	7	8
W Bagnall	8	8
J Smithson	6	8
A Majury	8	8
M Dawes	7	8
A Tear	1	1
S Jarvis (Chief Executive)	8	8

Governance reviews

The Trust continued to review its governance arrangements over the last twelve months. The membership of Board was expanded following the transfer for Frimley CofE Junior School and the Audit and Risk Committee became fully established during the year. Additionally, an internal audit review of Trust governance arrangements was carried out and concluded that satisfactory arrangements are in place. Trustees have reviewed and taken account of the guidance in DfE's Governance Handbook and Competency framework for governance.

Governance statement Year ended 31 August 2021

The Board receive regular performance, financial, student and risk information across the year. Verification from internal and external audit and comparisons with in-year management accounts confirm the accuracy of financial and student data. The recent Ofsted review of the College and the on-going use of ALPS for student results confirmed that educational performance data is timely and accurate.

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to receive reports and updates from external and internal audit about the effectiveness of the internal control system, review the implementation of audit recommendations, provide assurance to the Trust Board that audit risks are being adequately managed and ensure that the risk management framework in place is up to date and effective.

Governor	Meetings attended	Out of a possible
A Majury (Chair)	4	4
J Smithson	3	4
M Laurie	4	4
R Forster	4	4
S Jarvis (Chief Executive) – in attendance	4	4

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value for money in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered and improved value for money during the period by ensuring that the Trust both recorded an operational surplus position in 2020/21 and increased cash reserves for capital investment.

The net cost of responding to the pandemic in 2020/21 totalled £0.3m which was financed from the Trust's own reserves. The Trust also received £0.1m of financial support for the start of term testing regimes. The Government's Coronavirus Job Retention Scheme was not accessed as no staff were furloughed. The Trust also maintained its key supply chains in accordance with the principles of Procurement Policy Notices 02/20 and 04/20. Primarily these related to catering contracts, but the financial implications were kept to a minimum (£0.3m) as catering suppliers furloughed their staff. Cleaning contracts were maintained and extended during the lockdown to ensure the health and safety of staff and learners who were on site.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Prospect Trust for the period 01 September 2020 to 31 August 2021 and up to the date of the annual report and financial statements.

Capacity to handle risk

The Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Trust Board which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and continued to employ Mazars LLP as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial and non-financial systems.

On a regular basis, the auditor reports to the Board of Trustees, through the Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Mazars have completed their programme of work in order to give their audit assurance opinion including reviews of:

- The Sixth Form College Farnborough's records of student recruitment, admissions and attendance;

Governance statement Year ended 31 August 2021

- Tomlinscote School's Census data;
- Governance arrangements in place;
- Operational payroll processes;
- Cash handling arrangements;
- Follow up of previous audit recommendations; and
- Cyber security across the Trust.

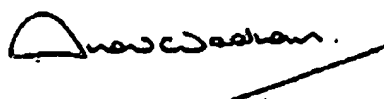
Review of effectiveness

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

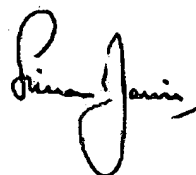
- the work of the internal auditor;
- the work of the external auditor;
- financial management reports and governance review process; and
- the work of the Senior Management Teams who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Trust Board of the implications of his review of the system of internal controls and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 21 December 2021 and signed on its behalf by:



A Needham
Chair of Trustees



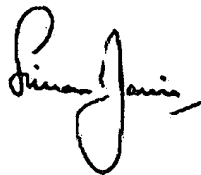
S Jarvis
Accounting Officer

Statement on regularity, propriety and compliance 31 August 2021

As Accounting Officer of The Prospect Trust, I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I, and the Trust Board, are unable to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2020.

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

A handwritten signature in black ink, appearing to read 'S Jarvis', with a stylized flourish at the end.

S Jarvis

Accounting Officer

Date: 21.12.2021

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. 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 Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

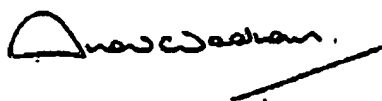
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2020 to 2021;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 21 December 2021 and signed on its behalf by:



A Needham
Chair of Trustees

Independent auditor's report on the financial statements 31 August 2021

Independent auditor's report to the members of The Prospect Trust

Opinion

We have audited the financial statements of The Prospect Trust (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 notes to the financial statements, 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), 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) (the Charities SORP (FRS 102)) and the Academies Accounts Direction 2020 to 2021.

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 income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and Academies Accounts Direction 2020 to 2021.

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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report on the financial statements 31 August 2021

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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which is also the directors' report for the purposes of company law and including the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Independent auditor's report on the financial statements 31 August 2021

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns; 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 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.

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:

Independent auditor's report on the financial statements 31 August 2021

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ 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 charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the 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 considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of directors' meetings and papers provided to the directors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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

- ◆ making enquiries of management and those charged with governance 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 journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

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;
- ◆ reviewing the minutes of Trustees meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of

Independent auditor's report on the financial statements 31 August 2021

regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Hugh Swainson (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date 22.12.2021

Independent reporting accountant's report on regularity 31 August 2021

Independent reporting accountant's assurance report on regularity to The Prospect Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Prospect Trust during the period from 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Prospect Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Prospect Trust's funding agreement with the Secretary of State for Education dated 31 August 2018 and the Academies Financial Handbook (extant from 1 September 2020), for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's report on regularity 31 August 2021

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

22.12.2021

Buzzacott LLP

Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account)
Year ended 31 August 2021

	Notes	Restricted funds			2021 Total funds £000	2020 Total funds £000
		Unrestricted general fund £000	General £000	Fixed assets fund £000		
Income from:						
Donations and capital grants	2	—	5	650	655	824
. Transfer from local authority	1	165	(556)	3,444	3,053	—
Charitable activities						
. Funding for the Academy's educational operations	3	119	27,473	—	27,592	25,374
Other trading activities	4	254	215	—	469	841
Investments	5	1	—	—	1	7
Total income		539	27,137	4,094	31,770	27,046
Expenditure on:						
Charitable activities						
. Academy's educational operations	6	381	28,868	1,673	30,922	27,938
Total expenditure		381	28,868	1,673	30,922	27,938
Net income (expenditure)		158	(1,731)	2,421	848	(892)
Transfers between funds	16	(801)	(333)	1,134	—	—
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	20	—	(316)	—	(316)	(3,351)
Net movement in funds		(643)	(2,380)	3,555	532	(4,243)
Reconciliation of funds						
Total funds brought forward		4,754	(12,910)	45,479	37,323	41,566
Total fund balances carried forward		4,111	(15,290)	49,034	37,855	37,323

All activities are derived from continuing operations.

Balance sheet 31 August 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Intangible assets	10		3		6
Tangible assets	11		49,031		45,473
			49,034		45,479
Current assets					
Stock	12	36		27	
Debtors	13	601		670	
Cash at bank and in hand		5,491		5,919	
		6,128		6,616	
Current liabilities					
Creditors: amounts falling due within one year	14	(1,977)		(1,809)	
Net current assets			4,151		4,807
Total assets less current liabilities			53,185		50,286
Net assets excluding pension scheme liability and other provisions			53,185		50,286
Defined benefit pension scheme liability	20		(15,304)		(12,928)
Other provisions	15		(26)		(35)
Net assets			37,855		37,323
Funds of the Academy					
Restricted funds:					
. Fixed assets fund	16		49,034		45,479
. Restricted income fund	16		14		18
. LGPS Pension reserve	16		(15,304)		(12,928)
			33,744		32,569
Unrestricted funds:					
. General fund			4,111		4,754
Total funds			37,855		37,323

The financial statements on page 30 to 57 were approved by the Trustees, and authorised for issue on 21 December 2021 and are signed on their behalf by:



A Needham
Chair
The Prospect Trust
Company Limited by Guarantee
Registration Number: 10842315 (England and Wales)

Statement of cash flows Year ended 31 August 2021

	Note	2021 £000	2020 £000
Net cash inflow from operating activities			
Net cash provided by operating activities	A	526	1,808
Cash transferred from local authority		178	—
Cash flows from investing activities	B	(1,132)	(1,431)
Change in cash and cash equivalents in the period		(428)	377
Cash and cash equivalents at 1 September		5,919	5,542
Cash and cash equivalents at 31 August	C	5,491	5,919

A Reconciliation of net income (expenditure) income to net cash provided by operating activities

	2021 £000	2020 £000
Net income (expenditure) for the period (as per the statement of financial activities)	848	(892)
Adjusted for:		
Depreciation and amortisation	1,673	1,497
Assets and liabilities inherited on conversion	(3,053)	—
Interest receivable	(1)	(7)
Capital grants	(650)	(807)
Defined benefit pension scheme cost less contributions payable	1,282	982
Defined benefit pension scheme finance cost	222	153
Decrease in debtors and stock	60	33
Increase in creditors and provisions	145	850
Net cash provided by operating activities	526	1,808

B Cash flows from investing activities

	2021 £000	2020 £000
Interest received	1	7
Capital grants	650	807
Purchase of tangible fixed assets	(1,783)	(2,245)
Net cash used in investing activities	(1,132)	(1,431)

C Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	5,491	5,919
Total cash and cash equivalents	5,491	5,919

Statement of cash flows Year ended 31 August 2021

D Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	5,919	(428)	5,491

Principal Accounting Policies Year ended 31 August 2021

Statement of accounting policies

A summary of the principal accounting policies adopted, judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in UK Sterling and rounded to the nearest thousand pounds.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Additionally, the Trustees do not believe that the cost and disruption of the Covid-19 pandemic represents any significant risk to the Trust's ability to maintain sustainable financial health, retain high quality staff and continue to recruit its learners. As such, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Transfers of an existing school from local authorities into the Academy Trust

Where assets and liabilities are received on the transfer of an existing local authority school into the Academy Trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing Academy into the Academy Trust within donations and capital grant income to the net assets acquired.

Principal Accounting Policies Year ended 31 August 2021

Income

All income is recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

The General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

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.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Principal Accounting Policies Year ended 31 August 2021

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

- | | |
|---------------------------|-----------------------|
| • Freehold buildings | 50 years |
| • Furniture and equipment | 10 years |
| • Other equipment | between 7 to 10 years |
| • IT equipment | 4 years |
| • Motor vehicles | 5 years |

Depreciation is charged from the month of acquisition.

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

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Principal Accounting Policies Year ended 31 August 2021

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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.

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme England and Wales (TPS) and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Principal Accounting Policies Year ended 31 August 2021

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted income funds comprise all other grants received from the Education and Skills Funding Agency/Department for Education, the Local Authority and other sources.

Critical accounting estimates and areas of judgement

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

Principal Accounting Policies Year ended 31 August 2021

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Trustees do not consider that there any areas of judgement critical to the Academy Trust's financial statements.

Notes to the Financial Statements Year ended 31 August 2021

1 Transfer of school from local authority control into the Academy Trust

On 1 April 2021, the net assets of Frimley Junior CofE School were transferred to The Prospect Trust from Surrey County Council. The assets and liabilities acquired are set out below:

	<i>2021 Transfer in recognised £000</i>
Tangible fixed assets	
Freehold land and buildings	2,969
Other tangible fixed assets	475
Total fixed assets	<u>3,444</u>
Current financial assets	
Cash in bank and in hand	178
Liabilities	
Creditors due in less than one year	(13)
Net current assets	<u>165</u>
Pension scheme	
Pensions – pension assets	710
Pensions – pension liabilities	(1,266)
Net pension liability	<u>(556)</u>
Net assets transferred	<u>3,053</u>

The transfer values adopted were those agreed with Surrey County Council. No fair value adjustments were made on transfer to the carrying values of the assets and liabilities.

2. Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	2021 Total funds £000
Capital grants	—	650	650
Other Donations	—	5	5
2021 Total	<u>—</u>	<u>655</u>	<u>655</u>

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>2020 Total funds £000</i>
Capital grants	—	807	807
Other Donations	17	—	17
2020 Total	<u>17</u>	<u>807</u>	<u>824</u>

Notes to the Financial Statements Year ended 31 August 2021

3. Funding for the Academy's educational operations

	Unrestricted funds £000	Restricted funds £000	2021 Total funds £000
DfE / ESFA revenue grants			
. General Annual Grant (GAG)	—	25,080	25,080
. Other DfE/ESFA grants			
. UIFSM	—	67	67
. Pupil premium	—	141	141
. Others	—	1,673	1,673
Other government grants			
. Local authority grants	—	336	336 346
	—	27,300	27,300
Coronavirus additional funding (DfE/ESFA/non ESFA)			
. Covid catch up funding	—	66	66
. Mass testing	—	107	107
	—	173	173
Other income from the Academy Trust's educational operations	119	—	119
2021 Total	119	27,473	27,592

The Trust received and spent £173,000 of funding for catch up premium and mass testing in the financial year. A further amount of £231,000 of funding received in 2020/21 was unspent at the 31 August 2021 and is included within deferred income (see note 14).

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and the ESFA, the Academy Trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under "Other DfE/ESFA grants" heading. The prior year numbers have been reclassified.

	Unrestricted funds £000	Restricted funds £000	2020 Total funds £000
DfE / ESFA revenue grants			
. General Annual Grant (GAG)	—	23,242	23,242
Other DfE/ESFA grants*			
. UIFSM	—	—	—
. Pupil premium	—	94	94
. Others	—	1,593	1,593
Other government grants			
. Local authority grants	—	255	255
	—	25,184	25,184
Other income from Academy Trust's educational operations	190	—	190
2020 Total	190	25,184	25,374

Notes to the Financial Statements Year ended 31 August 2021

4. Other trading activities

	Unrestricted funds £000	Restricted funds £000	2021 Total funds £000
Hire of facilities	103	—	103
Income from other charitable activities	151	—	151
Income from ancillary trading activities	—	215	215
2021 Total	254	215	469

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>2020 Total funds £000</i>
<i>Hire of facilities</i>	<i>164</i>	<i>—</i>	<i>164</i>
<i>Income from other charitable activities</i>	<i>440</i>	<i>—</i>	<i>440</i>
<i>Income from ancillary trading activities</i>	<i>—</i>	<i>237</i>	<i>237</i>
<i>2020 Total</i>	<i>604</i>	<i>237</i>	<i>841</i>

5. Investment Income

	Unrestricted funds £000	Restricted funds £000	2021 Total funds £000
2021 Total: Interest receivable	1	—	1

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>2020 Total funds £000</i>
<i>2020 Total: Interest receivable</i>	<i>7</i>	<i>—</i>	<i>7</i>

Notes to the Financial Statements Year ended 31 August 2021

6. Expenditure

		Non pay expenditure		
	Staff costs £000	Premises £000	Other costs £000	2021 Total funds £000
Charitable activities				
. Academy's educational operations				
.. Direct costs	17,502	—	2,886	20,388
.. Allocated support costs	5,929	3,796	809	10,534
2021 Total	23,431	3,796	3,695	30,922

		Non pay expenditure		
	Staff costs £000	Premises £000	Other costs £000	2020 Total funds £000
Charitable activities				
. Academy's educational operations				
.. Direct costs	15,610	—	2,997	18,607
.. Allocated support costs	5,322	3,447	562	9,331
2020 Total	20,932	3,447	3,559	27,938

Net income (expenditure) for the year includes:

	2021 £000	2020 £000
Net income (expenditure) for the year includes:		
Operating leases	97	167
Depreciation	1,670	1,492
Amortisation	3	4
Fees payable to auditor		
. Statutory audit	17	15
. Non statutory audit	7	6
. Other services	1	1

Notes to the Financial Statements Year ended 31 August 2021

7. Charitable activities — Academy's educational operations

	2021 Total funds £000	2020 Total funds £000
Direct costs	20,388	18,607
Support costs	10,534	9,331
	30,922	27,938
Analysis of support costs		
	2021 Total funds £000	2020 Total funds £000
Support staff costs	5,929	5,322
Depreciation and amortisation	1,673	1,496
Technology costs	763	512
Premises costs	2,123	1,951
Legal costs	5	4
Governance costs	41	46
Total support costs	10,534	9,331

8. Staff

(a) Staff costs

Staff costs during the period were:

	2021 Total funds £000	2020 Total funds £000
Wages and salaries	16,352	14,940
Social security costs	1,598	1,427
Pension costs	5,190	4,359
	23,140	20,726
Agency staff costs	158	127
Staff restructuring costs	133	79
	23,431	20,932
Staff restructuring costs comprise		
	2021 £000	2020 £000
Redundancy payments	76	—
Severance payments	57	79
	133	79

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £56,954 (2020: £79,000). Individually the payments were £34,212 and £22,742.

Notes to the Financial Statements Year ended 31 August 2021

(c) Staff numbers

The average numbers of persons (including senior management team and casual staff) employed by the Academy Trust during the year was as follows:

	2021 No.	2020 No.
Charitable activities		
Teachers	295	269
Administration and support	225	193
Management	29	26
	549	488

(d) Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) fell within the following bands was:

	2021 No.	2020 No.
£60,001 — £70,000	7	3
£70,001 — £80,000	1	1
£80,001 — £90,000	2	1
£90,001 — £100,000	2	2
£100,001 — £110,000	1	1

(e) Key management personnel

The key management personnel of the Academy Trust, comprise the Executive Management Team, the Principals of the Sixth Form College Farnborough and Tomlinscote School and the Head of Frimley CofE Junior School, as noted in the Trustee's report. The total amount of employee benefits (including employee pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £0.84m (2020: £0.77m).

Notes to the Financial Statements Year ended 31 August 2021

8. Trustees' remuneration and expenses

The Chief Executive Officer only receives remuneration in respect of services he provides undertaking the role of Chief Executive Officer and not in respect of his services as Trustee. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2021 £000s	2020 £000s
S Jarvis, Chief Executive and Trustee		
· Remuneration	80 – 90	75– 80
· Employer's pension contributions	—	—

During the year ended 31 August 2021, no travel and subsistence expenses were reimbursed to Trustees (2020: £13).

Other related party transactions involving the Trustees are set out in note 21.

9. Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one claim. The cost of this insurance is included within the overall Academy Trust insurance policy and cannot be separately identified.

10. Intangible fixed assets

	Computer software £000	Total £000
Cost		
At 1 September 2020 and 31 August 2021	10	10
Amortisation		
At 1 September 2020	4	4
Charge in year	3	3
At 31 August 2021	7	7
Net book value		
At 31 August 2021	3	3
At 31 August 2020	6	6

Notes to the Financial Statements Year ended 31 August 2021

11. Tangible fixed assets

	Freehold land and buildings £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost					
At 1 September 2020	45,186	1,187	2,543	709	49,625
Donated assets on acquisition	2,969	—	475	—	3,444
Additions	897	229	302	355	1,783
Transfers	1,188	(1,188)	—	—	—
Disposals	—	—	(55)	—	(55)
At 31 August 2021	<u>50,240</u>	<u>228</u>	<u>3,265</u>	<u>1,064</u>	<u>54,797</u>
Depreciation					
At 1 September 2020	2,718	—	1,402	31	4,151
Charge in period	1,117	—	478	75	1,670
Disposals	—	—	(55)	—	(55)
At 31 August 2021	<u>3,835</u>	<u>—</u>	<u>1,825</u>	<u>106</u>	<u>5,766</u>
Net book value					
At 31 August 2021	<u>46,405</u>	<u>228</u>	<u>1,440</u>	<u>958</u>	<u>49,031</u>
At 31 August 2020	<u>42,467</u>	<u>1,187</u>	<u>1,141</u>	<u>678</u>	<u>45,473</u>

12. Stock

	2021 £000	2020 £000
Educational supplies	35	26
Computer	1	1
	<u>36</u>	<u>27</u>

13. Debtors

	2021 £000	2020 £000
Trade debtors	27	4
Prepayments and accrued income	285	96
VAT debtor	269	570
Other debtors	20	—
	<u>601</u>	<u>670</u>

Notes to the Financial Statements Year ended 31 August 2021

14. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	354	628
Taxation and social security	408	363
Other creditors	859	548
Accruals and deferred income	356	270
	1,977	1,809

Deferred income

Resources deferred in the period	291	93
Deferred Income at 31 August 2021	291	93

Deferred income of £0.06m (2020: £0.09m) relates to income received in the period for school trips and activities that are taking place in the year ending 31 August 2022 and a further £0.2m relates to Covid-19 funding which was received but unspent at the 31 August 2021.

15. Provisions

The Academy Trust inherited an enhanced pension obligation from the Sixth Form College Farnborough relating to the cost of staff who had already left the College's employment prior to the conversion into an Academy Trust. In addition, a provision for commitments for reorganisation costs was transferred.

Movements on provisions in the year were:

	At 1 September 2020 £'000	Charge for the period £000	At 31 August 2021 £'000
Enhanced pension	35	(9)	26

	At 1 September 2019 £'000	Charge for the period £000	At 31 August 2020 £'000
Enhanced pension	36	(1)	35

The assumptions used in calculating the enhanced pension provision at 31 August 2021 were a discount rate of 1.7% (2020: 1.7%) and price inflation of 2.8%. (2020: 2.0%).

Notes to the Financial Statements Year ended 31 August 2021

16. Funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
Restricted general funds					
General Annual Grant (GAG)	50	25,080	(24,757)	(333)	40
Pupil premium	—	141	(141)	—	—
Catch up Premium	—	173	(173)	—	—
Other grants	—	1,738	(1,738)	—	—
Local authority grants	1	346	(347)	—	—
Other restricted funds	2	215	(217)	—	—
Pension reserve	(12,928)	(556)	(1,504)	(316)	(15,304)
Other provisions	(35)	—	9	—	(26)
	<u>(12,910)</u>	<u>27,137</u>	<u>(28,868)</u>	<u>(649)</u>	<u>(15,290)</u>
Restricted fixed asset funds					
Transfer on conversion/acquisitions	39,873	3,444	(1,454)	—	41,863
DfE/ESFA capital grants	—	650	(15)	—	635
Capital expenditure from GAG	1,408	—	(51)	333	1,690
Capital expenditure from general funds	4,198	—	(153)	801	4,846
	<u>45,479</u>	<u>4,094</u>	<u>(1,673)</u>	<u>1,134</u>	<u>49,034</u>
Total restricted funds	<u>32,569</u>	<u>31,231</u>	<u>(30,541)</u>	<u>485</u>	<u>33,744</u>
Unrestricted funds					
General funds	4,754	539	(381)	(801)	4,111
	<u>4,754</u>	<u>539</u>	<u>(381)</u>	<u>(801)</u>	<u>4,111</u>
Total funds	<u>37,323</u>	<u>31,770</u>	<u>(30,922)</u>	<u>(316)</u>	<u>37,855</u>

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

The pension reserve has been created to separately identify the Local Government Pension Scheme deficit.

The restricted fixed asset fund recognises funding for capital expenditure less amounts expended in the period and includes depreciation charges.

The Trust operates on a GAG pooling basis whereby ESFA funding allocations are received and retained centrally.

Notes to the Financial Statements Year ended 31 August 2021

16. Funds (continued)

	Balance at 1 September 2019 £'000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<i>Restricted general funds</i>					
General Annual Grant (GAG)	985	23,242	(22,774)	(1,403)	50
Pupil premium	—	94	(94)	—	—
Other grants	—	1,593	(1,593)	—	—
Local authority grants	—	255	(254)	—	1
Other restricted funds	—	237	(235)	—	2
Pension reserve	(8,442)	—	(1,135)	(3,351)	(12,928)
Other provisions	(36)	—	1	—	(35)
	<u>(7,493)</u>	<u>25,421</u>	<u>(26,084)</u>	<u>(4,754)</u>	<u>(12,910)</u>
<i>Restricted fixed asset funds</i>					
Transfer on conversion/acquisitions	41,267	—	(1,394)	—	39,873
DfE/ESFA capital grants	753	807	(21)	(1,539)	—
Capital expenditure from GAG	725	—	(21)	704	—
Capital expenditure from general funds	1,975	—	(60)	2,283	5,606
	<u>44,720</u>	<u>807</u>	<u>(1,496)</u>	<u>1,448</u>	<u>45,479</u>
<i>Total restricted funds</i>	<u>37,227</u>	<u>26,228</u>	<u>(27,441)</u>	<u>(3,306)</u>	<u>32,569</u>
<i>Unrestricted funds</i>					
General funds	4,339	818	(358)	(45)	4,754
	<u>4,339</u>	<u>818</u>	<u>(358)</u>	<u>(45)</u>	<u>4,754</u>
<i>Total funds</i>	<u>41,566</u>	<u>27,046</u>	<u>(27,938)</u>	<u>(3,351)</u>	<u>37,323</u>

Analysis of fund balance

	2021 £000	2020 £000
Central trust	4,125	4,772
Restricted fixed asset fund	49,034	45,479
Pension reserve	(15,304)	(12,928)
	<u>37,855</u>	<u>37,323</u>

Notes to the Financial Statements Year ended 31 August 2021

16. Funds (continued)

Analysis of net assets between funds

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset fund £000	Total 2021 £000
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	—	—	49,034	49,031
Current assets	4,111	2,017	—	6,132
Current liabilities	—	(1,977)	—	(1,977)
Non-current liabilities	—	(26)	—	(26)
Pension scheme liabilities	—	(15,304)	—	(15,304)
Total net assets	4,111	(15,290)	49,034	37,855
	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset fund £000	Total 2020 £000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	—	—	45,479	45,479
Current assets	4,754	1,862	—	6,616
Current liabilities	—	(1,809)	—	(1,809)
Non-current liabilities	—	(35)	—	(35)
Pension scheme liabilities	—	(12,928)	—	(12,928)
Other provisions	—	—	—	—
Total net assets	4,754	(12,910)	45,479	37,323

Analysis of costs by Academy (excluding depreciation)

	Teaching & educational support cost £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2021 £000
The Sixth Form College Farnborough	10,832	3,046	1,449	1,526	16,853
Tomlinscote School	4,606	2,065	861	998	8,530
Frimley CofE Junior School	362	242	57	83	744
Central Services	198	2,080	519	325	3,122
Total	15,998	7,433	2,886	2,932	29,249

The Trust, in line with the funding agreement with the Department for Education, pools the General Annual Grant (GAG) and therefore does not recharge out central services.

Notes to the Financial Statements Year ended 31 August 2021

16. Funds (continued)

	Teaching & educational support cost £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2020 £000
The Sixth Form College Farnborough	11,126	2,976	1,395	1,396	16,893
Tomlinscote School	3,613	2,261	1,403	909	8,186
Central Services	—	956	104	303	1,363
Total	14,739	6,193	2,902	2,608	26,442

17. Capital commitments

At 31 August 2021, the total of the Trust's future minimum payments under other contractual commitments was:

	2021 £000	2020 £000
Contracted for, but not provided in the financial statements	195	338

18. Commitments under operating leases

Operating leases

At 31 August 2021, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2021 £000	2020 £000
Amounts due within one year	91	13
Amounts due between two and five years inclusive	68	10
	159	23

19. Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

20. Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council and Surrey County Council. Both are multi-employer defined benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions were payable to all the schemes at 31 August 2021 of £3.7m (2020: £3.2m).

20. Pension and similar obligations (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme England and Wales (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments.

Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. 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 in April 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; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £2.6m (2020: £2.5m).

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

20. Pension and similar obligations (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.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee administered funds. The total contribution made for the period ended 31 August 2021 was £1.2m (2020: £1.1m), of which employer's contributions totalled £0.9m (2020: £0.85m) and employees' contributions totalled £0.28m (2020: £0.25m). The agreed contribution rates for future years are 18.9% for employers. Employee rates are on a scale based on salary levels and range from 5.5% to 12.5%.

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

Principal Actuarial Assumptions	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment / inflation	2.6%	2.3%
Discount rate for scheme liabilities	1.7%	1.7%
Inflation assumption (CPI)	2.8%	2.3%

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

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.0	25.5
<i>Retiring in 20 years</i>		
Males	23.9	24.7
Females	26.7	27.2

20. Pension and similar obligations (continued)

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2021 £000	Fair value at 31 August 2020 £000
Equities	11,852	8,640
Corporate bonds	3,255	2,630
Property	1,199	931
Cash and other liquid assets	213	285
Other	2,195	1,600
Total market value of assets	18,714	14,086
Present value of scheme liabilities		
— Funded	(34,018)	(27,014)
Deficit in the scheme	(15,304)	(12,928)

The actual return on scheme assets was £214,000 (2020: £535,000).

Sensitivity analysis	2021 £000	2020 £000
Discount rate +0.1%	(565)	(476)
Discount rate -0.1%	565	476
Mortality assumption – 1 year increase	804	440
Mortality assumption – 1 year decrease	(782)	(641)
CPI rate +0.1%	43	37
CPI rate -0.1%	(43)	(37)

Amounts recognised in statement of financial activities	2021 £000	2020 £000
Current service cost	2,190	1,789
Past service cost	—	38
Interest cost	222	153
Total operating charge	2,412	1,980

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	(253)	(242)
Interest on pension liabilities	475	395
Pension finance costs	222	153

Total amount recognised in the SOFA	2,412	1,980
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Notes to the Financial Statements Year ended 31 August 2021

20. Pension and similar obligations (continued)

	2021 £000	2020 £000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September	27,014	20,906
Liabilities acquired on transfer of Academy	1,266	—
Current service cost	2,190	1,789
Past service cost	—	38
Interest cost	475	395
Employee contributions	278	254
Actuarial loss	2,997	3,783
Benefits paid	(202)	(151)
At 31 August	34,018	27,014

Changes in the fair value of the Academy's share of scheme assets:		
	2021 £000	2020 £000
At 1 September	14,796	12,464
Interest income	253	165
Actuarial gain	1,705	432
Expected return on assets	976	77
Employer contributions	908	845
Employee contributions	278	254
Benefits paid	(202)	(151)
At 31 August	18,714	14,086

21. Related party transactions

Owing to the nature of the Academy'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 a member of the Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The spouse of Mr S Jarvis, Chief Executive Officer of the Academy Trust, is the Chief Executive of Community Matters Partnership Project (CMPP), a charitable organisation of which, the Academy Trust is also a member/partner. The Academy Trust provides office and administrative support to the charitable organisation free of charge and in return the annual subscription payable by the Academy Trust is waived. The Chief Operating Officer of the Trust is a Trustee of CMPP and became its Chair in March 2020.

The Academy Trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions over £20,000 made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures.

Notes to the Financial Statements Year ended 31 August 2021

22. Agency arrangements

The Academy Trust distributes the ESFA discretionary 16-19 bursary to learners, as agent for the ESFA. Funding received for the period amounted to £0.12m (2020: £0.2m) and £0.15m (2020: £0.18m) including carry forward funding was distributed. After an administration fee charge, there remained £0.07m undistributed at 31 August 2021 (2020: £0.09m).

Notes to the Financial Statements Year ended 31 August 2021

23. Statement of financial activities (including income and expenditure account) — Period to 31 August 2020

	Restricted funds			2020 Total funds £000
	Unrestricted general fund £000	General £000	Fixed assets fund £000	
Income from:				
Donations and capital grants	17	—	807	824
. Transfer from another academy trust	—	—	—	—
Charitable activities				
. Funding for the Academy's educational operations	190	25,184	—	25,374
Other trading activities	604	237	—	841
Investments	7	—	—	7
Total income	818	25,421	807	27,046
Expenditure on:				
Charitable activities				
. Academy's educational operations	358	26,084	1,496	27,938
Total expenditure	358	26,084	1,496	27,938
Net income (expenditure)	460	(663)	(689)	(892)
Transfers between funds	(45)	(1,403)	1,448	—
Other recognised gains and losses				
Actuarial losses on defined benefit pension scheme	—	(3,351)	—	(3,351)
Net movement in funds	415	(5,417)	759	(4,243)
Reconciliation of funds				
Total funds brought forward	4,339	(7,493)	44,720	41,566
Total fund balances carried forward	4,754	(12,910)	45,479	37,323