

Company Registration No. 10872612 (England and Wales)

PROSPERE LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



PROSPERE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Liam Cowell
Aneez Esmail
Helen Jones

Trustees

Mark Brookfield
Jennifer Collinson (Chair)
Amanda Edwards
Helen Jones
Beverley Ridyard
Linda Jones (non-statutory) (Accounting officer)
Ben Ramm (Appointed 1 September 2018)

Senior management team

- CEO & Executive Head, Special Cluster	Linda Jones
- Executive Head, Mainstream Cluster	Andy Park
- Director of Finance and Operations	Katherine Moulder (resigned 1 March 2019)
- Director of Finance and Operations	Kate Connolly (appointed 1 May 2019)
- Head of HR	Anna White (appointed 8 October 2018)
- Business Manager Special Cluster	Mary Beer
- Head Teacher, Chorlton High School	Zoe Morris
- Head Teacher, CHS South	David Prophet
- Head Teacher, Grange High School	Rachael Clifford
- Head Teacher, Newall Green High School	Kyra Jones
- Headteacher - Pioneer House High School	Wendy Godfrey (retired 31 August 2019)
- Head Teacher, Piper Hill High School	Louise Lynn

Company registration number 10872612 (England and Wales)

Principal and registered office Piper Hill High School
Firbank Road
Manchester
M23 2YS

Independent auditor RSM UK Audit LLP
3 Hardman Street
Manchester
M3 3HF

Bankers Lloyds Bank
25 Gresham Street
London
EC2V 7HN

PROSPERE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

**Knights plc
Festival House
Jessop Avenue
Cheltenham
Gloucestershire
GL50 3SH**

PROSPERE LEARNING TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust and operates 3 secondary mainstream, 2 secondary special and 1 all-through special school in Manchester. One of the secondary mainstream schools, CHS South opened in September 2018, with a first year PAN of 180 pupils. The all-through special school, Grange School joined the Trust from 1 May 2019. The mainstream schools have a combined pupil capacity of 2,580 and had a roll of 2,216 in the school census on 16th May 2019. The specialist schools have a combined pupil capacity of 440 and had a roll of 427 in the school census on 16th May 2019 including the Grange School. Excluding the Grange School, the Trust had a combined capacity of 2,845 and a roll of 2,468 pupils.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The trustees of Prosper Learning Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the period, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulation 2017, Prosper Learning Trust is obliged, as an employer of sufficient size, to report information included in Schedule 2 of the Regulations in relation to the:

- Number of FTE employees who were relevant union officials under the definition
- Percentage of time spent by relevant union officials on union facility time
- Percentage of pay bill spent on facility time
- Time spent on paid trade union activities as a percentage of total paid union facility time hours

The Trust did not employ any relevant union officials engaged on trade union facility during the year ended 31 August 2019 and as such incurred no direct cost for this activity. The Trust is however committed to contributing to costs associated with trade union facility time and has opted to make payments into the Local Authority Trade Union. The total costs paid to the Local Authority Trade Union during the year was £15k. This does not include the Grange School who were a local authority maintained school until May 2019. The school has now the same arrangement as the rest of the Trust.

The Trust has also signed up to a Trade Union Recognition Agreement with the unions representing Trust employees, namely the ASCL, GMB, NEU, NASUWT, NAHT and Unison.

The trustees of Prosper Learning Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Academy Trust through its articles has indemnified its trustees, governors and officers to the fullest extent permissible by law. Professional indemnity insurance is in place to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring on Trust business.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Method of recruitment and appointment or election of Trustees

The Members may appoint by ordinary resolution up to 12 Trustees.

Various recruitment methods are used by the Academy Trust dependent on the skills gaps on the current Board. The Trust recruits trustees and governors through Governors for Schools and Academy Ambassadors and will seek to fill vacancies dependent on the skill gap on the current board.

Policies and procedures adopted for the induction and training of Trustees

Prospective Trustees are interviewed and selected for the Board through a rigorous process. Once appointed, Trustees are fully inducted into the business of the Trust to provide a clear understanding of their role and responsibility as a Trustee along with understanding of the detailed policies and procedures underpinning the Trust's governance arrangements.

All new Trustees are encouraged to attend a new Trustee/governor induction training provided by One Education Governor Support, as well as other training courses offered by external providers. The School has a Service Level Agreement in place with One Education Governor Support to provide training and support throughout the year and Chairs' briefings also take place across the year. The Academy Trust is a member of the National Governors' Association and has a subscription to 'The Key' national information and support service for Trustees, governors and school leaders. All Trustees have individual access to the services.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The Trustees have overall responsibility and ultimate decision making authority for all the work of the trust, including the establishing and running of schools. The Trustees are responsible for:

- setting general policy, the strategic direction and development of the Trust
- adopting an annual plan and budget
- monitoring the performance of the Trust and member schools by the use of financial management and other performance information
- making appointments to the position of Executive Headteacher and Headteacher
- approving the Annual Report and Financial Statements

The Trustees delegate responsibilities to the Local Governing Body (LGB) of each member school according to a specific Scheme of Delegation appropriate to the context of the school. The constitution, membership and proceedings of the Local Governing Body is determined by the Trustees. The Trustees have the power to direct change where required.

The Local Governing Body (LGB) of each school can establish committees of governors or identify lead governors to deal with specific areas of responsibility in line with the Trust Scheme of Delegation. The establishment, terms of reference, constitution and membership of any committee of the governors or nomination of lead governors is reviewed at least once every twelve months. Any power or function of the governors exercised by any committee, any named governor, the Headteacher or other senior leader in line with the Scheme of Delegation is reported to the governors at the next full Local Governing Body meeting.

The Trustees delegate responsibilities to the Risk & Audit Committee for reviewing the annual accounts for approval by the Trust and the direction of the internal audit resource commissioned by the Trust.

The Trustees delegates responsibilities to the Resources and Finance Committee for finance and HR matters relating to the cluster.

The Chief Executive Officer/Executive Headteacher Special School's Cluster is the Accounting Officer of the Trust. The day to day leadership and management of the Trust is delegated to the Executive Headteacher of each cluster who works alongside the school Headteachers to ensure that member schools are effectively led and managed.

The Senior Leadership Team (SLT) of the school, led by the Headteacher, controls the school at an executive level and is responsible for the day to day leadership of the school, implementing the policies and procedures agreed by the Trustees and governors and reporting back to them.

The roles and responsibilities of Trustees Governors, Senior Leaders and wider leadership posts are clearly defined in the Trust Scheme of Delegation. The Trustees meet at least six times a year. The Finance and Resources Committee meets at least four times a year. Local Governing Bodies meet on at least a termly basis and the Risk and Audit Committee meets three times a year.

Arrangements for setting pay and remuneration of key management personnel

The remuneration for the Executive Management Team, Headteachers and other Trust Leadership staff is set in accordance with the Trust Pay Policy. Thorough and rigorous performance management of executive and senior leaders takes place on an annual basis. The Trust Pay Committee reviews recommendations for pay progression and other remuneration. The Trust Pay Committee is made up of three Trustees and meets at least once a year.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Related parties and co-operation with other organisations

Trust schools are members of the Manchester School's Alliance, a wider network of schools and academies across the city which works.

Leaders from the schools maintain active relationships with their peers in other schools and academies through this collaborative as well as being actively involved in a range of working parties and development groups across the city involving other partner organisations. Senior Leaders engage actively across the Local Authority through a number of forums, including the School's Funding Forum and the Secondary Behaviour Partnerships.

Trust Academies have strong partnerships with Manchester University and Manchester Metropolitan University through our engagement with Initial Teacher Training provision and actively work with a range of other Higher Education Institutes across the North West.

Chorlton High School is a strategic partner of the Manchester Teaching School Alliance led by Chorlton Park Primary School, Brookburn Primary School, Barlow Hall Primary School and Chorlton High School. The Alliance schools are working together to deliver outstanding outcomes for the children of Manchester and to professionally develop teachers at every level. Chorlton High School's main role in the Alliance is to deliver the Alliance's School Direct programme which trains high quality entrants to the teaching profession by providing quality cross phase experiences with embedded research and collaborative opportunities for development.

Piper Hill High School is a lead academy in the Teach Manchester teaching school alliance alongside Loreto Sixth Form College, St Mary's Primary School, Martenscroft Nursery School and St Peter's RC High School. The Alliance is a partnership of school, colleges and centres committed to realising the vision of outstanding education for every child by all teachers in every school. Piper Hill leads on Initial Teacher Training for Specialist Teachers / Teachers of SEN in conjunction with Cumbria University. The school also offers a range of School to School support and delivers a range of High Quality Continued Professional Development.

Newall Green High School has links with a local business group, BW3 which works across the community and other schools in Wythenshawe. The school is the BW3 High School of the Year for 2019. The school received funding from the group of £60,000 in the financial year 2018/19. This was made up of £30,000 from the Timpson Group, and £10,000 each from Duerr's, Cardinal Maritime and Endress+Hauser. The school also has links with the Timpson Group through the Alex Timpson Trust.

Trust Academies have close working relationships with many of their partner primary schools and have developed a number of transition activities to support these relationships and the effective transition of students into Year 7.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Our objectives as set out in the Articles of Association are:

- 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 schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and
- To promote for the benefit of the inhabitants of the areas in which the Academies are situated 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.

In accordance with the Articles of Association the charitable company has entered into relevant funding agreements with each Academy with the secretary of state for education. The funding agreements specify, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn and that the curriculum should be broad and balanced.

The main objectives of the Trust during the period ended 31 August 2019 are summarised below:

Growth and Expansion – Secondary Provision

- Complete due diligence on Altius Trust joining the Trust and make subsequent proposal to Trust Board in relation to this. Complete subsequent joining process if agreed.
- Continue to develop provision at CHS South, free school opened in September 2018
- Identify a further mainstream secondary from within the Greater Manchester area to potentially join the Trust, and complete due diligence accordingly,

Growth and Expansion – Specialist Provision

- Complete due diligence on The Grange joining the Trust and make subsequent proposal to Trust Board in relation to this and if agreed, complete the joining process.
- Complete works on 6th Form building at Newall Green to allow expansion of Piper Hill Post 16 into this facility
- Re-engage with Manchester City Council regarding provision of Sensory Service
- Progress development of Prospect House, new free school opening in September 2020

Innovation

- Development of a unique Wythenshawe Offer including primary school links and leisure offer
- Develop of bid to develop Alternative Provision Free School application in Spring 19 round (amend to special free school application in Summer 2019 round)

Research and Training

- Commence planning for a research-led conference in conjunction with University of Manchester and Central Manchester Trust
- Inclusive approach of PLT has been recognised through arrangements for ASD, SEND, Inclusion and Mental Health

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Governance

- Develop structured induction and training process for Governors and Trustees

Central Team

- Identify School Improvement Leads from each school
- Review all Trust wide HR policies and implement consistently in each school

The majority of the objectives have been achieved over the course of the year, although some objectives were amended during the year or have been carried forward. These being:

- the date for the Altius Trust to join is now set at April 2020
- the development of a sensory offer has not been pursued or carried forward
- further expansion plans beyond Grange and Altius
- the application for an Alternative Provision Free School was not pursued, however, a bid has been submitted for a new free Specialist Provision school in Stockport.
- planning for a research-led conference was not pursued and has not been carried forward
- inclusive approach of PLT recognised through arrangements for ASD, SEND, Inclusion and Mental Health was not pursued and has not been carried forward

Public benefit

The Trustees confirm that they have had due regard to the guidance on public benefit published by the Charity Commission in reviewing the objectives and setting future priorities. The Trustees feel that the trust is clearly providing a public benefit through the provision of high quality education to its students and through the hire of Trust facilities to the local community.

STRATEGIC REPORT

Achievements and performance

- The outcomes for CHS are their best ever; and they are recognised as one of the top performing schools. They have achieved SMSC Gold Award achieved 2019, Rights Respecting Silver Status, IIP Silver status, SSAT Leading Edge Transforming status in 'Leadership through Moral Purpose'.
- In its third year of operation, Pioneer House received an outstanding grading during its first Ofsted inspection
- Piper Hill High School achieved the World Class Status Award, and the Manchester Evening News Secondary School of the Year Award.
- Improvement continues at all Trust schools through a shared quality assurance programme, in particular this is evident at Newall Green.
- Highly effective school to school support being provided to Grange School and successful sponsorship of the school to bring it into the Trust in May 2019. Improvement continues to be seen on the school and reported through independent Quality Assurance reviews.
- Successful first-year of new mainstream free school, CHS South, recognised by the DfE first year visit.
- Refurbishment and move to Newall Green site for the Piper Hill Post 16 offer at the start of 2019, which has been successful and will allow for future growth of the post-16 offer.
- Outcomes for young people across the Trust, in terms of progress they are making from KS2 to KS4, are in line with or better than national averages.
- The effective development of a talent management plan for emerging and senior leaders across the organisation has enabled the Trust to deploy additional leadership capacity across Newall Green High School and Grange School whilst also supporting effective 'back-fill' at the home schools.
- The collaborative working across Trust Schools is enabling us to use the strengths in existing schools to develop an effective School Improvement Strategy particularly focusing around developing literacy and oracy skills, highly effective SEN strategies and high quality teaching. This is having a positive impact in Newall Green High School and at Grange School and will be refined to provide support at other Trust Schools.
- An effective performance management process and the development of a collaborative approach to accountability has ensured that key leaders across schools in the Trust are taking a shared responsibility for standards across all schools within the Trust.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

The Trust's total incoming resources for the year amounted to £36.5m – largely relating to acquisitions, ESFA and other authority pupil funding and grant funding for school improvement. Against outgoing resources for the year and transfers relating to the LGPS scheme totalling £29.5m, have resulted in an overall increase in funds of £7.0m.

The management accounts for the year ended 31 August 2019, show that the surplus derived from the excess of revenue income over revenue expenditure, excluding depreciation, capital income, capital expenditure and adjustments for the LGPS is £0.7m. The majority of the in-year surplus relates to the surplus balance inherited on conversion for the Grange School.

When considering the Trust's underlying revenue reserves position at 31 August 2019, removing the impact of movements in pension liabilities, which do not require full settlement in the short term and the fixed assets held by the Trust, the Trust held revenue reserves of £4.1m at 31 August 2019.

The movement on the LGPS scheme shows an increase of £6m on the liability to £10.3m. Whilst this is a substantial increase, this is in line with other academy trusts. The increase is mainly as a result of the reduction in the discount factor from 2.8% to 1.8%, as well as £0.3m relating to the impact of the McCloud judgement and £1.5m on the Grange school.

Reserves policy

The Trust's funds are allocated to individual schools within the Trust, excluding the restricted fixed asset fund and the pension reserve. However, there is no central endowment and all funds held by the Trust are contributed by the academies within the Trust. Therefore, should an academy go into deficit, it is effectively being funded by all other academies within the Trust.

In determining a reserves policy, the Trustees have agreed that it is prudent to hold a certain level of reserves to support the academies following any sudden decreases in income or sudden increases in expenditure. All schools within the Trust apart from Newall Green High School currently hold a sufficient level of reserves. Trustees recognise the need for a formal reserves policy to be set and are working towards developing such a policy. As part of the next 3 Year Budget Plan, the Resources Committee will be presented with a forward planning report for each school. Such reports can then be used as evidence to support the appropriate reserves to be held by each school.

Investment policy

The Trustees are working towards developing an investment policy which will enable the Trust to make good use of surplus funds, whilst maintaining adequate account balances to meet cash flow fluctuations. The principal consideration is the minimisation of risk.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Key performance indicators

School	Ofsted Grading	KS4 Basics 4+	KS4 Basics 5 +	KS4 Progress 8	Whole School Attendance	Whole School Persistence Absence	% Students On Roll / Capacity
Chorlton High School	Good (July 2016)	70%	53%	0.1%	95%	11.9%	100%
CHS South (Opened September 2019) *	Not inspected yet	N/A	N/A	N/A	96.3%	7.9%	86%
Newall Green High School	Special Measures (March 2018)	40%	22%	-1.01%	91.6%	23.1%	49%
Piper Hill High School	Outstanding (January 2018)	N/A	N/A	N/A	95.47%	24.4%	100%
Pioneer House High School	Outstanding (May 2019)	N/A	N/A	N/A	93.1%	20%	100%
Grange School (from 1st May 2019)	No current grading	N/A	N/A	N/A	93.9%	16.2%	100%

*CHS SOU – internal data only and pupils based on 180 achieved against agreed reduced PAN

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Going concern

The trustees have made an assessment of whether the use of going concern is appropriate. After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in the operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

In coming to this view the Trustees have considered the following:

Chorlton High School continues to be a school of choice within Chorlton and in line with Manchester City Council projections, the school is confident that the PAN will continue to be achieved.

CHS South, achieved its minimal viable number of 180 pupils for the first year of opening in September 2018. Whilst numbers were slightly down in September 2019, a main contractor has since been appointed for the new build and planning approval was given in November 2019 for the permanent site. The school has also developed excellent relationships with local primary schools and as such, the school is confident that numbers will continue to grow to ensure the financial viability of the school.

Newall Green High School remains under-subscribed as a result of strong completion from neighbouring schools, lack of pupil numbers within Wythenshawe and a drift to other local authority areas for Year 6 pupils entering secondary education. The intake for September 2019 was much lower than expected and indications are that this will continue with the projected 2020 intake. Pupil numbers for the next few years remain low within the current primary school cohorts within Wythenshawe. The financial viability of the school presents a significant financial pressure for the school. Within the Trust, planning is on-going to look at how resources may be effectively managed through curriculum planning and sharing of resources from other schools.

The Trust is working closely with the ESFA, Regional Schools Commissioner and Local Authority to ensure that the future financial projections don't impact on the financial viability of the Trust as a whole. Due to the on-going dialogue, the Trustees are confident that the situation at Newall Green will not have a significant financial detriment on the Trust going forward.

Within the Special Schools Cluster, demand for these places, across the city and from surrounding boroughs, remains extremely high. We are confident that the schools will continue to meet pupil number targets and indeed the key risk is the ability of the schools to meet demand. Piper Hill has continued to increase pupil numbers in the post 16 provision, Pioneer House is also increasing numbers. The Grange school joined the Trust in May 2019 and discussions are on-going regarding an increase in pupil numbers.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Plans for future periods

The high-level strategic objectives for the Trust are:

- To become recognised by the DfE as a high performing MAT, with a clear vision for developing the academies in the Trust with all schools within the MAT being at least good. The Trust will achieve this by:
 - Priority 1 – Ensuring that the Vision for Education is Promoted
 - Priority 2 – Providing Regular, Positive Communication about our Success and Protect our Reputation
 - Priority 3 – Continue to develop the Growth Strategy for the Trust
 - Priority 4 – Continue to develop the Relationships with External Stakeholders such as the Local Authority, Regional Schools Commissioner
 - While we remain primarily focused on the community within Manchester and a Multi-Academy Trust that works for children, young people and their families within the city, we will consider taking on new schools within adjacent Local Authority areas, for example Stockport, Trafford, Salford. The Trust will achieve this by:
 - Priority 1 – Submitting a free school bid for special school in Stockport
 - Priority 2 – Enhancing our programme for Student Attendance Support
- We recognise the importance of staff as the key resource to achieving our vision. Looking after our staff and ensuring their well-being is critical and we will take necessary steps to ensure their interests are kept central to our vision and aspiration. The Trust will achieve this by:
 - Priority 1 – Developing a Trust People Strategy
 - Priority 2 – Developing the Trust's approach to Wellbeing
- As the MAT develops, we will create opportunities for staff to work across schools in the Trust, sharing experience and expertise and developing practice. Senior Leaders will be expected to take on 'system leadership' roles. The Trust will achieve this by:
 - Priority 1 – Staff Deployment opportunities across the Trust
 - Priority 2 – Cross-school Curriculum Projects
- We will continue to work in collaboration with the Local Authority and support Manchester's ambition for children and young people. Maintaining a positive relationship with the Local Authority is a key plank of our overall approach to the development of the MAT and has been central to decisions made about expansion, for example, free school bids.
 - Primary Schools – the Trust would welcome primary schools with a view to creating a 3 – 18 pathway for learners that builds on good primary learning and provides a seamless progression into Key Stage 3.
 - Free Schools - based on three successful applications (Chorlton High School South, Pioneer House and Prospect House) to open new schools through the Government's Free School programme, we will continue to respond to opportunities to expand through this route.
 - Alternative Provision – our work in Trust schools to date has increased awareness of the need for alternative provision places. In discussion with the Local Authority we would be keen to explore the possibility of developing AP as part of the Prospere Trust and in line with our growth strategy.
 - Specialist Services & Specialist Places - in line with our specialism in special educational needs and our inclusive approach to seeking the very best outcomes for all students, we are open to exploring the role of the Trust in delivering specialist services and increasing specialist provision.
- As the MAT develops and grows, we will continue to develop and strengthen our governance. The Trust will achieve this by:
 - Priority 1 – LGBs and the Scheme of Delegation responsibilities are understood
 - Priority 2 – Quality Assurance Systems and Reports are acted upon
 - Priority 3 – Statutory Policies are reviewed regularly and published
 - Priority 4 – Governor Portal site usage is embedded
 - Priority 5 – Strengthen the role of the Senior Leadership Team in making operational decisions

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

- Maintaining financial strength
 - Priority 1 – Embed Guidance and Challenge Mechanisms for strategic financial and workforce planning
 - Priority 2 – Update financial planning assumption for the National Funding Change
 - Priority 3 – Implement a Reserves and Treasury Management System and Centralised Banking
 - Priority 4 – Implement a new operating model for Business Support Services
 - Priority 5 – Develop a Capital Programme underpinned by strategies for ICT, Estates, Other assets
 - Priority 6 – Develop centralised Procurement and develop use of North West Procurement Hub

Principal risks and uncertainties

The Trust Board is responsible for the management of the risks faced by the Trust. The Risk and Audit Committee established by the Trust will monitor the risks to the Trust. The major risks to which the Trust is exposed have been identified on the Trust Risk Register. Consideration of the risks is undertaken by Trustees. The Trustees ensure that the Senior Leadership Team actively manage risks and report progress through the appropriate governing boards and that risks will be identified, assessed and controls established on an ongoing basis.

Key risks currently facing the organisation are:

- If we fail to increase student numbers, at Newall Green, we risk further reduction in income and potential deficit situation requiring further staff reorganisations.
- If improvement in results at Newall Green is not significantly strengthened and sustained, we are at risk of another poor Ofsted judgement and further impact on numbers.
- If there is significant internal variance between the performance of subject areas across a school, then the school will not achieve an Outstanding Ofsted.
- If Trust and School policies/processes are not delivered or implemented consistently across the academies in the Trust then the Trust will be more vulnerable to significant risk such as: employment claims, inconsistent/poor teaching practice and low staff morale.
- If the national funding formula is implemented without adequate protection for urban schools the Trust will need to find significant operational savings.

Through the risk management process established by the Trust, the Trustees are satisfied that the major risks have been identified and will be adequately mitigated where appropriate.

The main controls used by the Trust are:

- Formal agenda for all Trust Board, Committee and LGB meetings
- Detailed and comprehensive terms of reference for all governance meetings
- Written scheme of delegation
- Comprehensive strategic planning and budgeting cycle
- Established organisational structure and lines of reporting
- Clear authorisation and approval levels

If we fail to ensure robust maintenance and development of the existing approach to health, safety and safeguarding; the Trust may be at risk of a significant failing which may lead to reputational and economic detriment.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Trust has a single equality policy. We strive to ensure that the recruitment, retention and ongoing development of staff are undertaken in a fair and equitable manner to support the Trust's vision and values. We see all members of the Trust and the wider community of equal value:

- Whether or not they are disabled;
- Whatever their ethnicity, culture, religious affiliation, national origin or socio-economic circumstances;
- Whichever their gender and sexual orientation; and
- Whatever their age.

AUDITOR

RSM UK Audit LLP was appointed auditor to the charitable company. A resolution proposing reappointment will be put to members.

Statement as to disclosure of information to auditor

In so far as the trustees are aware:

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

The Trustees' report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 20 December 2019 and signed on its behalf by:

J. Collinson

Jennifer Collinson
Chair

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Prospere Learning 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.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Prospere Learning Trust and the Secretary of State for Education. They are 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 13 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mark Brookfield	8	8
Jennifer Collinson (Chair)	8	8
Amanda Edwards	7	8
Helen Jones	4	8
Beverley Ridyard	5	8
Linda Jones (non-statutory) (Accounting officer)	8	8
Ben Ramm (Appointed 1 September 2018)	6	8

The Risk and Audit Committee is a sub-committee of the main board of trustees. The committee was constituted in December 2018. The committee is tasked with reviewing the overall risk profile of the Trust and to monitor the risk management techniques employed at all levels within the Trust. In addition, it will review the effectiveness of financial controls and advise the Trust on all aspects of internal and external audit. The committee met twice during the year. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mark Burgess	1	2
Linda Jones	2	2
Helen Oakley	2	2
Denise Ogden	1	2
Alf Parrington	2	2

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Using an approved Curriculum Led Financial Planning Tool within the Mainstream schools to keep staffing structures under review and to deploy staff efficiently to support an improved curriculum, or to target areas of curriculum that are in need of development
- Focusing on individual pupils and managing differing needs of pupils
- Continually reviewing provision of services within the Trust and those procured externally to maximise potential savings and drive efficiency
- Utilising strength of Trust resources to provide support internally and to sponsored schools to deliver school improvement

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of these 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 at Prospere Learning Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and appointed RSM Risk Advisory team to complete a programme of agreed upon procedures for the 2018/19 financial year.

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

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

- Financial controls
- ICT Systems Review

The Risk and Audit Committee will take forward the review of the resultant actions from the report to ensure that appropriate progress is made.

Following a tender process in spring 2019, Beevers and Struthers have been appointed as the internal auditor for a period of three years from June 2019. At the Risk and Audit Committee in July 2019, the Committee agreed the initial programme of work for 2019/20. The first audit will be on GDPR in the autumn of 2019.

Review of effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trust Board and Audit Committee during 2018/19 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 20 December 2019 and signed on its behalf by:



Jennifer Collinson
Chair

PROSPERE LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Prospere Learning Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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.

Linda Jones

Linda Jones (non-statutory)
Accounting Officer

20 December 2019

PROSPERE LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 20 December 2019 and signed on its behalf by:



Jennifer Collinson
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPERE LEARNING TRUST

Opinion

We have audited the financial statements of Prosper Learning Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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.

Conclusions relating to going concern

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

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

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 and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPERE LEARNING TRUST (CONTINUED)

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 and the incorporated Strategic Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Anna Spencer-Gray (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

20.12.19

PROSPERE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	4	68	-	601	669	8,029
Donations - Gift of net assets	30	1,066	(1,175)	13,436	13,327	61,247
Charitable activities:						
- Funding for educational operations	5	215	21,873	-	22,088	19,674
- Funding for teaching school	29	-	106	-	106	122
Other trading activities	6	334	-	-	334	345
Investments	7	4	-	-	4	5
Total		<u>1,687</u>	<u>20,804</u>	<u>14,037</u>	<u>36,528</u>	<u>89,422</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	1,125	22,845	1,784	25,754	22,505
- Teaching school	29	-	95	-	95	78
Total	8	<u>1,125</u>	<u>22,940</u>	<u>1,784</u>	<u>25,849</u>	<u>22,583</u>
Net income/(expenditure)		562	(2,136)	12,253	10,679	66,839
Transfers between funds	20	(59)	9	50	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(3,721)	-	(3,721)	2,033
Net movement in funds		503	(5,848)	12,303	6,958	68,872
Reconciliation of funds						
Total funds brought forward		<u>2,307</u>	<u>(3,125)</u>	<u>69,690</u>	<u>68,872</u>	-
Total funds carried forward		<u>2,810</u>	<u>(8,973)</u>	<u>81,993</u>	<u>75,830</u>	<u>68,872</u>

PROSPERE LEARNING TRUST**BALANCE SHEET****AS AT 31 AUGUST 2019**

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		83,004		70,785
Current assets					
Stocks	15	2		-	
Debtors	16	1,218		1,314	
Cash at bank and in hand		3,376		2,093	
		4,596		3,407	
Current liabilities					
Creditors: amounts falling due within one year	17	(1,440)		(1,010)	
Net current assets			3,156		2,397
Net assets excluding pension liability			86,160		73,182
Defined benefit pension scheme liability	26		(10,330)		(4,310)
Total net assets			75,830		68,872
Funds of the Academy Trust:					
Restricted funds	20				
- Restricted fixed asset funds			81,993		69,690
- Restricted income funds			1,357		1,185
- Pension reserve			(10,330)		(4,310)
Total restricted funds			73,020		66,565
Unrestricted income funds	20		2,810		2,307
Total funds			75,830		68,872

The financial statements on pages 22 to 52 were approved by the Board of Trustees and authorised for issue on 20 December 2019 and are signed on their behalf by:



Jennifer Collinson
Chair

PROSPERE LEARNING TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by operating activities	24	1,308	307
Cash flows from investing activities			
Dividends, interest and rents from investments	4	5	
Cash funds transferred on conversion	-	2,349	
Capital funding received from sponsors and others	601	-	
Purchase of tangible fixed assets	(630)	(568)	
Net cash (used in)/provided by investing activities		(25)	1,786
Net increase in cash and cash equivalents in the reporting period		1,283	2,093
Cash and cash equivalents at beginning of the year		2,093	-
Cash and cash equivalents at end of the year		3,376	2,093

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

General information

Prospere Learning Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the Academy Trust 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 financial statements 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Going concern

The trustees have made an assessment of whether the use of going concern is appropriate. After making appropriate enquiries, the Board of Trustee has a reasonable expectation that the Trust has adequate resources to continue in the operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

In coming to this view the Trustees have considered the following:

Chorlton High School continues to be a school of choice within Chorlton and in line with Manchester City Council projections, the school is confident that the PAN will continue to be achieved.

CHS South, achieved its minimal viable number of 180 pupils for the first year of opening in September 2018. Whilst numbers were slightly down in September 2019, a main contractor has since been appointed for the new build and planning approval was given in November 2019 for the permanent site. The school has also developed excellent relationships with local primary schools and as such, the school is confident that numbers will continue to grow to ensure the financial viability of the school.

Newall Green High School remains under-subscribed as a result of strong completion from neighbouring schools, lack of pupil numbers within Wythenshawe and a drift to other local authority areas for Year 6 pupils entering secondary education. The intake for September 2019 was much lower than expected and indications are that this will continue with the projected 2020 intake. Pupil numbers for the next few years remain low within the current primary school cohorts within Wythenshawe. The financial viability of the school presents a significant financial pressure for the school. Within the Trust, planning is on-going to look at how resources may be effectively managed through curriculum planning and sharing of resources from other schools.

The Trust is working closely with the ESFA, Regional Schools Commissioner and Local Authority to ensure that the future financial projections don't impact on the financial viability of the Trust as a whole. Due to the on-going dialogue, the Trustees are confident that the situation at Newall Green will not have a significant financial detriment on the Trust going forward.

Within the Special Schools Cluster, demand for these places, across the city and from surrounding boroughs, remains extremely high. We are confident that the schools will continue to meet pupil number targets and indeed the key risk is the ability of the schools to meet demand. Piper Hill has continued to increase pupil numbers in the post 16 provision, Pioneer House is also increasing numbers. The Grange school joined the Trust in May 2019 and discussions are on-going regarding an increase in pupil numbers.

Conversion to an academy trust

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred 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.

A corresponding amount of income is recognised in Donations – Gift of net assets in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The conversion of The Grange School into an Academy in the existing Prospere Learning Trust MAT adhered to this accounting policy and involved the transfer of identifiable assets, liabilities and the operation of the school for £nil consideration.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Income

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

Grants

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

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

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

Donations

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

Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Transfer of assets on conversion

Where assets are received by the Trust on transfer to the academy, the transferred 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 Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

The land and buildings are recognised in the balance sheet on the basis of the flow of future economic benefit from the use of the property and its continuing occupancy by the school on the basis of substance over form. The property was valued at depreciated replacement cost on the following dates:

- Chorlton High School was valued at £29,245,000, split £1,965,000 land and £27,280,000 buildings on 1 January 2013 by FHP Property Consultants
- Newall Green High School was valued at £23,910,000, split land £3,410,000 and buildings £20,500,000 on 1 April 2015 by FHP Property Consultants
- Piper Hill Specialist High School was valued at £12,812,000, split £244,000 land and £12,568,000 buildings on 1 March 2015 by Mouchel on behalf of the ESFA
- Pioneer House Specialist High School was valued on 1 September 2017 by FHP Property Consultants at £7,390,000, split £1,120,000 land and £6,270,000 buildings
- The Grange School was valued at £13,000,000, split £2,000,000 land and £11,000,000 buildings on behalf of the ESFA.

These properties are being depreciated over its remaining useful economic life.

On transfer to the Academy Trust, during period ended 31 August 2018, Chorlton High School and Piper Hill Specialist High School received transfer of property under lease agreements and license arrangements for £Nil consideration. The land and buildings were valued by FHP Property Consultants and Mouchel for the ESFA on the basis of fair value and were transferred to the Trust as follows:

Piper Hill Learning Trust	- 125 year lease agreement with Manchester Council
Chorlton High School	- 125 year lease agreement with Manchester Council

CHS South, a new free school that opened on 1 September 2018, is housed in a new temporary site funded by the ESFA. No value for this site has therefore been brought into the financial statements.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Charitable activities

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

Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Buildings depreciated over 50 years
Leasehold land and buildings	Buildings depreciated over 50 years
Assets under construction	Not depreciated
Fixtures, fittings and computer equipment	3-10 years straight line
Motor vehicles	10 years straight line

Assets in the course of construction are included at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

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.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Provisions

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

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

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Financial instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

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

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme with no underlying assets to assign between employers, as there is insufficient information available to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The amounts charged to net income 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 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 comprehensive income. Actuarial gains and losses are recognised immediately in other comprehensive income.

Fund accounting

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

Designated income funds within unrestricted funds represent the purchase of assets out of unrestricted funds. The balance on the fund equates to the net book value of these assets and will be gradually eroded through depreciation.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

Estimates and judgments 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.

The 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.

Critical accounting estimates and assumptions - Local Government Pension Scheme

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 26, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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. The Trust has considered the implication of the McCloud/Sargeant judgement and is satisfied with the actuarial treatment within the valuations at 31 August 2019 as detailed in note 26.

Critical accounting estimates – Useful economic lives of tangible fixed assets

In making decisions regarding the depreciation of tangible fixed assets, management must estimate the useful life of said assets to the Trust. A change in estimate would result in a change in the depreciation charged to the statement of financial activities in each year.

The carrying value of tangible fixed assets subject to such estimates total £83,004k (2018: £70,785k).

Critical areas of judgement

In the view of the governors, there are no further assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date that are likely to result in a material adjustment to their carrying amounts in the next financial year.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

3 Comparative year information

Year ended 31 August 2018	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000
Income and endowments from:				
Donations and capital grants	7	-	8,022	8,029
Donations - Gift of net assets	2,607	(4,462)	63,102	61,247
Charitable activities:				
- Funding for educational operations	183	19,491	-	19,674
- Funding for teaching school	-	122	-	122
Other trading activities	345	-	-	345
Investments	5	-	-	5
Total	3,147	15,151	71,124	89,422
Expenditure on:				
Charitable activities:				
- Educational operations	840	20,107	1,558	22,505
- Teaching school	-	78	-	78
Total	840	20,185	1,558	22,583
Net income/(expenditure)	2,307	(5,034)	69,566	66,839
Transfers between funds	-	(124)	124	-
Other recognised gains/(losses)				
Actuarial gains on defined benefit pension schemes	-	2,033	-	2,033
Net movement in funds	2,307	(3,125)	69,690	68,872

4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Donated fixed assets	-	-	-	27
Capital grants	-	601	601	605
Other donations	68	-	68	7,397
	68	601	669	8,029

Included within capital grants above for 2019 is income receivable from Manchester City Council of £42k (2018: £224k).

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	16,154	16,154	14,567
Start up grants	-	264	264	64
DfE teaching school grants	-	40	40	69
Other DfE group grants	-	1,818	1,818	1,856
	-	18,276	18,276	16,556
Other government grants				
Local authority grants	-	3,637	3,637	2,934
Teaching school income (excluding DfE grants)	-	66	66	53
Other incoming resources	215	-	215	253
	215	66	281	306
	215	21,979	22,194	19,796

6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	127	-	127	127
Catering income	60	-	60	58
Other income	147	-	147	160
	334	-	334	345

7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Other investment income	4	-	4	5

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

8 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
- Direct costs	15,128	-	1,855	16,983	15,278
- Allocated support costs	3,287	4,060	1,424	8,771	7,227
Teaching school					
- Direct costs	29	-	18	47	32
- Allocated support costs	47	-	1	48	46
Total support costs	18,491	4,060	3,298	25,849	22,583

Net income/(expenditure) for the YEAR includes:

	2019 £'000	2018 £'000
Operating lease rentals	276	21
Depreciation of tangible fixed assets	1,822	1,631
Loss on disposal of fixed assets	25	-
Net interest on defined benefit pension liability	139	145
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	26	22
- Other services	4	5

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Direct costs				
Educational operations	213	16,770	16,983	15,278
Teaching school	-	47	47	32
Support costs				
Educational operations	912	7,859	8,771	7,227
Teaching school	-	48	48	46
	1,125	24,724	25,849	22,583

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Charitable activities (Continued)

	Teaching School	Educational operations	Total 2019	Total 2018
	£'000	£'000	£'000	£'000
Analysis of support costs				
Support staff costs	47	3,287	3,334	2,894
Depreciation	-	1,847	1,847	1,631
Technology costs	1	79	80	77
Premises costs	-	2,213	2,213	1,575
Other support costs	-	1,281	1,281	1,050
Governance costs	-	64	64	46
	<u>48</u>	<u>8,771</u>	<u>8,819</u>	<u>7,273</u>

10 Staff

Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	13,560	12,039
Social security costs	1,255	1,158
Pension costs	3,196	2,776
Staff costs - employed	<u>18,011</u>	<u>15,973</u>
Agency staff costs	480	261
Staff restructuring costs	-	248
	<u>18,491</u>	<u>16,482</u>
Staff development and other staff-related costs	82	60
Total staff expenditure	<u>18,573</u>	<u>16,542</u>
Staff restructuring costs comprise:		
Redundancy payments	-	248

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff (Continued)

Staff numbers

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

	2019 Number	2018 Number
Teachers	158	176
Administration and support	311	241
Management	35	33
	<u>504</u>	<u>450</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	10	5
£70,001 - £80,000	5	3
£80,001 - £90,000	8	-
£90,001 - £100,000	4	1
£100,001 - £110,000	3	-
£110,001 - £120,000	2	-
£120,001 - £130,000	-	1
£130,001 - £140,000	3	1
£170,001 - £180,000	1	-
	<u>1</u>	<u>-</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,034,174 (2018: £1,738,977).

11 Central services

The Academy Trust has provided the following central services to its academies during the year:

- Executive Leadership (CEO and Executive Head)
- Trust Director of Finance and Operations
- Trust Head of HR
- IT Support
- External and internal audit fees
- Governance and legal fees, including clerking
- Apprentice levy
- Trust wide software
- School improvement resources

The Academy Trust charges for these services on the following basis:
4% of core income (GAG, Pupil Premium and SEN funding)

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

11 Central services (Continued)

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
CHS South	52	-
Newall Green High School	169	166
Chorlton High School	358	307
Piper Hill High School	148	117
Pioneer House High School	58	35
Grange School	61	-
	<u>846</u>	<u>625</u>

12 Trustees' remuneration and expenses

One Trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and Executive Headteacher Special Schools Cluster under their contracts of employment, and not in respect of their services as Trustees.

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

Chief Executive Officer:

Remuneration £136,185 (2018: £128,573)

Employer's pension contributions paid £22,443 (2018: £21,189)

During the period ended 31 August 2019, travel and subsistence expenses totaling £169 (2018: £700) were reimbursed to one Trustees of the Academy Trust.

13 Trustees and officers insurance

The Trust has opted into the Department for Education risk protection arrangement (RPA), as an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and offices from claims arising from negligent acts, errors or omissions occurring whilst on Trust business and provides cover up to £10,000,000. It is not possible to quantify the Trustee's and officers indemnity element from the overall cost of the RPA scheme membership.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Assets under constructio n	Fixtures, fittings and computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2018	22,919	47,548	439	1,403	107	72,416
Gift to MAT	2,360	10,855	-	221	-	13,436
Write off	-	-	(25)	-	-	(25)
Additions	-	197	4	429	-	630
Transfer	-	418	(418)	-	-	-
At 31 August 2019	25,279	59,018	-	2,053	107	86,457
Depreciation						
At 1 September 2018	410	949	-	261	11	1,631
Charge for the year	410	1,031	-	368	13	1,822
At 31 August 2019	820	1,980	-	629	24	3,453
Net book value						
At 31 August 2019	24,459	57,038	-	1,424	83	83,004
At 31 August 2018	22,509	46,599	439	1,142	96	70,785

15 Stocks

2019
£'000

2018
£'000

Other stock

2

-

16 Debtors

2019
£'000

2018
£'000

Trade debtors

30

49

VAT recoverable

580

365

Other debtors

-

9

Prepayments and accrued income

608

891

1,218

1,314

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Trade creditors	569	442
Other creditors	151	67
Accruals and deferred income (see note 18)	720	501
	<u>1,440</u>	<u>1,010</u>
	<u><u>1,440</u></u>	<u><u>1,010</u></u>
18 Deferred income	2019	2018
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	407	50
	<u>407</u>	<u>50</u>
Deferred income at 1 September 2018	50	-
Resources deferred in the year	357	50
	<u>357</u>	<u>50</u>
Deferred income at 31 August 2019	407	50
	<u><u>407</u></u>	<u><u>50</u></u>

At the balance sheet date deferred income included funds received in advance by the Academy Trust, in relation to rates relief from ESFA of £61,355, Overfunded GAG of £50,000, Funding for sports hall from Manchester City Council of £186,567, Top ups of £50,900, Bursary funding of £3,168, Teaching school of £27,174, Cumbria income of £24,679, DW consulting of £1,500 and the 19/20 UIFSM element of £1,657.

The year end balance of £406,788 is expected to be released in the 2019/20 year.

19 Financial instruments	2019	2018
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	350	658
	<u>350</u>	<u>658</u>
Carrying amount of financial liabilities		
Measured at amortised cost	1,032	960
	<u>1,032</u>	<u>960</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	891	16,154	(17,054)	9	-
Start up grants	-	264	(264)	-	-
Other DfE / ESFA grants	204	1,818	(2,022)	-	-
Other government grants	30	3,637	(2,381)	-	1,286
Teaching school	44	106	(95)	-	55
Other restricted funds	16	-	-	-	16
Pension reserve	(4,310)	(1,175)	(1,124)	(3,721)	(10,330)
	<u>(3,125)</u>	<u>20,804</u>	<u>(22,940)</u>	<u>(3,712)</u>	<u>(8,973)</u>
Restricted fixed asset funds					
Inherited on conversion	61,521	13,436	(1,484)	-	73,473
DfE group capital grants	584	561	(148)	7	1,004
Capital expenditure from GAG	35	-	(17)	43	61
Other capital income	61	-	(7)	-	54
Local authority capital grant	224	40	(3)	-	261
Local authority capital donations	7,265	-	(125)	-	7,140
	<u>69,690</u>	<u>14,037</u>	<u>(1,784)</u>	<u>50</u>	<u>81,993</u>
Total restricted funds	<u>66,565</u>	<u>34,841</u>	<u>(24,724)</u>	<u>(3,662)</u>	<u>73,020</u>
Unrestricted funds					
Unrestricted funds	867	1,687	(1,063)	(59)	1,432
Designated funds - IT	198	-	(31)	-	167
Designated Funds - Capital Expenditure	1,242	-	(31)	-	1,211
	<u>2,307</u>	<u>1,687</u>	<u>(1,125)</u>	<u>(59)</u>	<u>2,810</u>
Total funds	<u>68,872</u>	<u>36,528</u>	<u>(25,849)</u>	<u>(3,721)</u>	<u>75,830</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

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

a) Restricted General Fund

The General Annual Grant (GAG) is the core funding for the educational activities of the academy provided via the Education and Skills Funding Agency (ESFA).

Other ESFA grants are grants received from the ESFA which can only be utilised for the purpose intended. Other funds generated by the Academy include specific donations.

The Pension reserve is the deficit in the Local Government Pension Scheme.

b) Restricted Fixed Asset Fund

This includes fixed assets transferred on Academy conversion, together with capital grants. This fund also includes £261k from Manchester City Council, this grant has been provided by Manchester City Council for the purpose of extending Piper Hill Specialist High School's Sixth Form provision.

c) Unrestricted Fund

Designated income funds - capital expenditure within unrestricted funds represent the purchase of assets out of unrestricted funds. The balance on the fund equates to the net book value of these assets and will be gradually eroded through depreciation.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

Funds prior year

	Balance at 18 July 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	15,457	(14,474)	(92)	891
Start up grants	-	64	(64)	-	-
Other DfE / ESFA grants	-	1,856	(1,652)	-	204
Other government grants	-	2,948	(2,918)	-	30
Teaching school	-	122	(78)	-	44
Other restricted funds	-	80	(31)	(32)	17
Pension reserve	-	(5,375)	(968)	2,033	(4,310)
	-	15,152	(20,185)	1,909	(3,124)
Restricted fixed asset funds					
Transfer on conversion	-	63,102	(1,424)	(157)	61,521
DfE group capital grants	-	381	1	202	584
Capital expenditure from GAG	-	-	(6)	41	35
Other capital income	-	27	(4)	38	61
Local authority capital grant	-	224	-	-	224
Local authority capital donations	-	7,390	(125)	-	7,265
	-	71,124	(1,558)	124	69,690
Total restricted funds	-	86,276	(21,743)	2,033	66,566
Unrestricted funds					
Unrestricted funds	-	1,622	(756)	-	866
Designated funds - IT	-	250	(52)	-	198
Designated Funds - Capital Expenditure	-	1,274	(32)	-	1,242
	-	3,146	(840)	-	2,306
Total funds	-	89,422	(22,583)	2,033	68,872

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
CHS South	100	-
Newall Green High School	(238)	(55)
Chorlton High School	1,444	1,287
Piper Hill High School	492	582
Pioneer House High School	483	280
Grange School	675	-
Central services	-	116
Total before fixed assets fund and pension reserve	2,956	2,210
Restricted fixed asset fund	81,993	69,690
Designated fund - capital	1,211	1,282
Pension reserve	(10,330)	(4,310)
Total funds	75,830	68,872

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
CHS South	815	177	130	535	1,657	-
Newall Green High School	2,732	647	580	823	4,782	5,625
Chorlton High School	6,452	752	769	1,321	9,294	9,816
Piper Hill High School	3,032	558	117	510	4,217	3,534
Pioneer House High School	849	203	75	235	1,362	1,000
Grange School	1,235	154	41	266	1,696	-
Central services	699	188	-	132	1,019	635
	15,814	2,679	1,712	3,822	24,027	20,610

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	83,004	83,004
Current assets	2,810	1,786	-	4,596
Creditors falling due within one year	-	(429)	(1,011)	(1,440)
Defined benefit pension liability	-	(10,330)	-	(10,330)
Total net assets	2,810	(8,973)	81,993	75,830

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	1,282	-	69,503	70,785
Current assets	1,025	2,195	187	3,407
Creditors falling due within one year	-	(1,010)	-	(1,010)
Defined benefit pension liability	-	(4,310)	-	(4,310)
Total net assets	2,307	(3,125)	69,690	68,872

22 Capital commitments

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the financial statements	27	92

23 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	353	343
Amounts due between one and five years	910	1,249
	1,263	1,592

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

24 Reconciliation of net income to net cash flow from operating activities

	2019 £'000	2018 £'000
Net income for the reporting period (as per the statement of financial activities)	10,679	66,839
Adjusted for:		
Net assets transferred on transfer of new schools/combination of the MATs	(13,327)	(61,247)
Capital grants from DfE/ESFA and other capital income	(601)	(7,641)
Interest receivable	(4)	(5)
Defined benefit pension scheme cost less contributions payable	985	823
Defined benefit pension scheme finance	139	145
Depreciation of tangible fixed assets	1,822	1,631
Loss on disposal of fixed assets	25	-
Movements in working capital:		
(Increase) in stocks	(2)	-
Decrease/(increase) in debtors	96	(1,314)
Increase in creditors	430	1,077
Stocks, debtors and creditors transferred on conversion	1,066	(1)
Net cash provided by Operating Activities	1,308	307

25 Members' liability

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

26 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 Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

Teachers' Pension Scheme

Introduction

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,288,427 (2018: £1,209,900) and at the year-end £Nil (2018 - £Nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

Local Government Pension Scheme

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

As described in note 30 the LGPS obligation relates to the employees of the Academy Trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Accounting for the McCloud/ Sargeant Judgement

In December 2018 the Government lost a court of Appeal case (the McCloud/ Sargeant case) which found that transitional protection arrangements put in place when the firefighter' and judges' schemes were reformed were age discriminatory. The Government's appeal to the Supreme Court was denied in June 2019. In a Written Ministerial Statement on 15 July 2019 the Government committed to seeking a remedy across all public sector schemes.

LGPS actuaries have been instructed by employers to calculate an approximate approach for quantifying a constructive obligation for accounting purposes and this has been incorporated into liabilities at 31 August 2019.

Total contributions made	2019	2018
	£'000	£'000
Employer's contributions	939	762
Employees' contributions	290	245
	<hr/>	<hr/>
Total contributions	1,229	1,007
	<hr/>	<hr/>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2019 by a qualified independent actuary.

	2019	2018
	%	%
Rate of increase in salaries	3.1	3.1
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
	<hr/>	<hr/>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	24.8	26.2

The Academy Trust's share of the assets in the scheme

	2019 Fair value £'000	2018 Fair value £'000
Equities	11,956	8,508
Bonds	2,637	2,002
Cash	1,583	1,126
Property	1,407	876
Total fair value of assets	17,583	12,512

The actual return on scheme assets was £739,000

Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	1,635	1,584
Net interest cost	139	145
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	289	1
Total operating charge	2,063	1,730

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2019 £'000
At 1 September 2018	16,822
Obligations acquired on conversion	4,391
Current service cost	1,635
Interest cost	529
Employee contributions	290
Actuarial loss/(gain)	4,070
Benefits paid	(113)
Past service cost	289
At 31 August 2019	27,913

Changes in the fair value of the Academy Trust's share of scheme assets

	2019 £'000
At 1 September 2018	12,512
Assets acquired on conversion	3,216
Interest income	390
Return on plan assets (excluding net interest on the net defined pension liability)	349
Employer contributions	939
Employee contributions	290
Benefits paid	(113)
At 31 August 2019	17,583

27 Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

The Trust received a £30k (2018: £Nil) donation from The Timpson Trust in the financial year. The Timpson Trust is a related party of the Trust as Helen Oakley who is a member of the Newall Green SIB and the Trust Risk and Audit Committee is also a Trustee of the Timpson Trust.

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

28 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the trust received £6,544 (2018: £11,702) and disbursed £3,376 (2018: £12,366) from the fund. An amount of £3,168 (2018: £nil) is included in other creditors relating to undistributed funds that is repayable to the ESFA.

29 Teaching school trading account	2019		2018	
	£'000	£'000	£'000	£'000
Direct income				
Government grants		40		69
Other external funding		57		49
Other income		9		4
		<u>106</u>		<u>122</u>
Total income		106		122
Direct costs				
Direct staff costs	29		27	
Educational consultancy	18		5	
	<u>47</u>		<u>32</u>	
Other costs				
Support staff costs	47		45	
Technology costs	1		1	
	<u>48</u>		<u>46</u>	
Total operating costs		(95)		(78)
Surplus from teaching school		11		44
Teaching school balances at 1 September 2018		44		-
Teaching school balances at 31 August 2019		<u>55</u>		<u>44</u>

Included within Teaching School brought forward balance is a £3k balance relating to income transferred into the Academy Trust on conversion.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

30 Conversion to an academy

In September 2018 CHS South, a new free school, was opened by The Prospere Learning Trust. The school is housed in a new temporary site funded by the ESFA. No value for this site has therefore been brought into the Restricted fixed asset fund in respect of this building.

On 1 May 2019 the Grange School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Prospere Learning Trust from the Manchester City Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – gift of net assets.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
CHS South	Lowry House, 550 Mauldeth Road West, Chorlton, Manchester, M21 7AA	1 September 2018
Grange School	Mathews Lane, Gorton, Manchester M12 4GR	1 May 2019

	2019 £'000
Net assets transferred:	
Pension scheme deficit	(1,175)
Fixed assets	13,436
Other	1,066
	<u>13,327</u>

	Unrestricted Funds £'000	Restricted funds:		Total 2019 £'000
		General £'000	Fixed asset £'000	
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	13,436	13,436
LA budget funds	1,066	-	-	1,066
LGPS pension funds	-	(1,175)	-	(1,175)
	<u>1,066</u>	<u>(1,175)</u>	<u>13,436</u>	<u>13,327</u>