Prospect Education (Technology) Trust Limited

Annual Report and Financial Statements

31 August 2017

Company Limited by Guarantee
Registration Number
2484729 (England and Wales)

Contents

Reports

Reference and administrative information	1
Trustees' report (incorporating a strategic report)	3
Governance statement	18
Statement on regularity, propriety and compliance	26
Statement of trustees' responsibilities	27
Independent auditor's report	28
Independent accountant's report	31

Financial Statements

Statement of financial activities	33
Balance sheet	34
Statement of cash flows	35
Principal accounting policies	36
Notes to the financial statements	41

Reference and administrative information

Trustees	Lord Ashcroft KCMG PC A E Entwistle ^~ D B Hammond ~
Members	Lord Ashcroft KCMG PC A E Entwistle D B Hammond R D B Whitcutt
Executive Board	R D B Whitcutt^ (Chair) D G Mitchell^ (Principal) (appointed 5 April 2017) M C J Barker^ (Principal) (resigned 3 April 2017) T Bothwell^ J Calvert (appointed 1 September 2016) C Carli Nonnato P Edmondson (appointed 1 December 2016) A E Entwistle^ ~ M Gallagher (appointed 1 September 2016) S Harris R Jarvis^ C J John S Jones D Knight (formerly Henry) S Nash (appointed 1 December 2016) R J Perry^ N Williams-Howes (resigned 7 September 2016) K Wilson^ ~ = Members of the Trustee Remuneration Committee ^ = Members of the Finance and Resources Committee
Vice Principal and Company Secretary	R J Perry

Reference and administrative information

Senior Leadership Team	D G Mitchell – Deputy Principal until 4 April 2017; Principal from 5 April 2017 M C J Barker – Principal (resigned 3 April 2017) R J Perry – Director of Resources until 31 March 2017; Vice Principal from 1 April 2017 M A Gallagher (appointed 30 August 2016) C J John – Deputy Principal M T Smith – Deputy Principal V P Bailey – Assistant Principal M E Roberts – Assistant Principal (to 28 August 2017)
Registered office	100 West Hill Wandsworth London SW15 2UT
Company registration number	2484729 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 98 Wandsworth High Street Wandsworth London SW18 4ZD
Solicitors	DMH Stallard LLP Griffin House 135 High Street Crawley West Sussex RH10 1DQ

The trustees who are directors of the Prospect Education (Technology) Trust Limited ('the Trust') for the purposes of the Companies Act 2006 present their statutory report together with the financial statements and an auditor's report of the Trust for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies on pages 36 to 40 of the attached financial statements, and comply with the Trust's memorandum and articles of association, the Companies Act 2006, the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The Trust has developed Ashcroft Technology Academy at 100 West Hill, London, SW15 2UT (the Academy). The Academy opened on 1 September 2007, having previously been known as ADT City Technology College which itself had operated since 4 September 1991.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee with no share capital (registration no. 2484729) and is also an exempt charity. The Trust's Memorandum and Articles of Association and its Funding Agreement with the Department for Education (DfE) are the primary governing documents of the Trust. Members of the Trust are nominated by either the Secretary of State for Education or by the Principal Sponsor. The articles of association require the members of the Trust to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the Trust and the management of the Academy.

The Trust was established to advance for the public benefit, education in the United Kingdom by establishing, acquiring, maintaining, carrying on, managing and developing a school or college offering a broad curriculum with a strong emphasis on technology and its principal applications.

In accordance with the articles of association, the Trust has adopted a "Scheme of Management" approved by the Secretary of State for Education. The Scheme of Management specifies, 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 comply with the substance of the national curriculum with an emphasis on technology as referred to above.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members' liability

Every member of the Trust undertakes to contribute to the assets of the Trust in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, by such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

Trustees

A list of the persons who served as trustees of the Trust during the year and since the year end is shown on page 1.

The Principal Sponsor may appoint up to five sponsor trustees (including himself) and the board of trustees may appoint three trustees. The Secretary of State may appoint additional trustees as he/she thinks fit, following due consultation with the trustees.

The full board of trustees meets annually and delegates responsibilities to the Executive Board (EB) and the Finance and Resources Committee (FRC); the EB and FRC each aim to meet at least five times a year, and in the year to 31 August 2017 the EB met on five occasions and the FRC on four occasions. Both report directly to the trustees. During the year, one trustee served as a member of both the EB and FRC. During the course of the year the appointed trustee was present at three of the five meetings of the EB and three of the four meetings of the FRC.

The trustees are fully briefed on the deliberations of both the EB and FRC to whom they delegate day-to-day responsibilities. Aside from the Annual General Meeting, the trustees input to and approve the annual report and financial statements; played an active role in the original establishment of ADT City Technology College and its subsequent transition to Academy status in September 2007; and have established a Trustee Remuneration Committee comprising trustees at which they meet to sanction annual salary reviews for both the Academy's Principal and Vice Principal, whilst setting parameters within which pay decisions are approved by the FRC for all other staff. They also input to and agree an annual Pay and Pensions Policy.

None of the trustees received any remuneration in respect of their services as trustees during the year nor were any expenses reimbursed to the trustees in the year (2016 - none).

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for 2017 was £167 (2016 – £1,266).

The Trust also insures against any losses of money or goods resulting from fraud or dishonesty by employees or trustees. The insurance provides cover up to £250,000 and the cost for 2017 was £185 (2016 – £956).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustee training and induction

During the course of the year, all members of the board of trustees remained in post and as such no new induction arrangements were necessary throughout the year. There was movement in the membership of the delegated committee for the EB with two new members (other than senior staff members) appointed during the course of the year. Each was provided with copies of the relevant Instruments of Government and Scheme of Management, together with three sets of previous minutes to enable them to familiarise themselves with current matters. They were also provided with a background introduction from the Chair of the EB and FRC as well as meeting with the Principal and the Vice Principal to be provided with a thorough overview of the workings of the EB and FRC in advance of their first meetings. Aside from appropriate updates on relevant changes within the charity and education sector which have an impact on academies, the trustees were kept appraised of key areas of focus such as Pupil Premium, the increasing use of data in monitoring the performance of the Academy, changes to academic assessment, funding and staffing issues along with adjustments to how performance is now being reported on for future academic years. Similarly, both the EB and FRC received input on many of these issues, along with a number of presentations on curriculum matters.

Organisational structure

The management of the Academy is as set out in the Scheme of Management adopted by the members of the Trust.

This prescribes that the trustees will be responsible for the overall operations and strategic development of the Academy, but that they may delegate responsibilities relating to the operational affairs and development of the Academy to the EB. In ensuring that the Trust's finances are properly administered and that books of account are maintained and duly audited at least annually, the trustees have also established a separate FRC with appropriate delegated authorities.

The Principal, who is also the Academy's designated Accounting Officer, and the Vice Principal work closely on day-to-day matters of financial control. The trustees have decided not to appoint an internal auditor; however, they continue to appoint Mr S Harris FCA, a member of the EB, as Responsible Officer (RO). The RO's role is fully defined and includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

The RO has undertaken a number of checks following four specific visits in respect of the year and three attendances at FRC meetings during the year, culminating in a report to trustees. Throughout the course of his checks, the RO has not identified any material control issues.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel
The key management personnel of the Trust comprise the trustees, Executive Board and the senior management team as listed on pages 1 and 2. A Trustee Remuneration Committee comprising two trustees receives input from the Chair of the EB and FRC on the performance of the Academy's Principal and Vice Principal, as well as recommendations regarding their respective levels of pay and remuneration. The Committee meets to sanction annual salary reviews for the above whilst setting parameters within which pay decisions are approved by the FRC for all other staff, including other members of the Senior Leadership Team.

Connected organisations including related party relationships
Lord Ashcroft KCMG PC is the Chairman of the Board of Trustees for the Trust. Lord Ashcroft sponsored the development of Ashcroft Technology Academy and has maintained full involvement, interest and support through his role as Chair of Trustees ever since the founding days of ADT College to help ensure the Academy's on-going success.

Subsidiary companies
The Trust has a wholly owned subsidiary called Prospect Educational and Public Services Limited. The subsidiary's principal activities are to provide private lettings to the local community as well as the sale of uniform to the Academy's students. In the year to 31 August 2017, the subsidiary made a profit on ordinary activities before taxation and charitable donations of £97,313 (2016 – £98,076) and as a result, donated under Gift Aid £97,500 (2016 – £98,000) to the Trust.

Risk management
The trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, the provision of facilities and other operational areas of the Academy, and its finances. The trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching and learning activities, safeguarding, health and safety, bullying and Academy trips) as well as in relation to the control of finance. The Academy has introduced systems, including operational procedures (e.g. thorough vetting of all new staff and visitors, controlled access and CCTV supervision of Academy grounds and buildings) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains the trustees have ensured that adequate insurance cover is in place. The Trust has an effective system of internal financial control and this is explained in more detail in the Governance Statement.

The trustees receive a yearly report concerning risk management and continue to re-evaluate these risks on an annual basis.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The main activity of the Trust is the operation of the Academy to provide education for students with the full range of abilities between the ages of 11 and 19 with an emphasis on design technology and ICT.

To prepare young people for living, learning and working in the future, Ashcroft Technology Academy will:

- provide its students with a very well-resourced education for high quality learning;
- be characterised by a combination of high expectations and standards, innovative thinking and a broad and generous view of supporting young people;
- focus on achieving high examination results, as well as promoting the personal and communication skills required to maximise employability;
- have genuine commitment to inclusion at the core of its ethos and values;
- have a business-like ethos underpinned by a belief in values and attitude such as hard work, honesty, integrity and respect for others;
- recognise the importance of working with and supporting a wider family of schools to improve education within the community; and
- have effective and innovative systems for employing, deploying and developing teaching and associate staff.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities for the year. The trustees consider that the Academy's aims are demonstrably to the public benefit.

Equal Opportunities policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. Aside from its Equal Opportunities and Equal Opportunities in Employment policies, the Academy also has a separate Equality and Diversity Policy specifically covering equality on the grounds of race, gender and disability.

OBJECTIVES AND ACTIVITIES (continued)

Disabled persons

As part of the Academy's policies on Equal Opportunities its aim is to provide full access to its facilities by disabled persons. Electrical lift facilities and appropriate ramps serve all main areas of the Academy, making all areas accessible to disabled persons. Toilets for the disabled also exist across all areas of the Academy. A minibus with full disabled access has been purchased for transportation to and from Openview Sports Ground and the Academy has enhanced facilities within the gymnasium area for supporting people with disabilities.

Such facilities have also been incorporated into the more recently developed accommodation for Performing Arts and the Sixth Form, ensuring that full disabled access across the Academy has been maintained and the recently refurbished science laboratories have incorporated height-adjustable work stations to ensure further provision in this area. The Academy has already had a number of students as disabled users and hopes that its facilities will encourage others who are physically challenged to apply to Ashcroft Technology Academy both for staff and student places.

STRATEGIC REPORT

Achievements and performance

Ashcroft Technology Academy is an all ability intake school compiled on a fair banding basis and serves an area of Wandsworth with dense urban housing. 56% of students have a first language that is not English and over 43% qualify for free school meals or have done so in the last six years. The Academy ensures that these disadvantaged students are encouraged and enabled to perform as well as their peers and this is no better evidenced than the progress and attainment figures achieved by disadvantaged students when compared to non-disadvantaged students in the excellent 2016-17 GCSE results. The results overall and within that, for disadvantaged students, were the best ever achieved by the Academy in its history, putting the Academy in the top 3% of state-funded mainstream schools nationally on attainment and within the top 7% of mainstream state schools on progress, whilst achieving a small gap between disadvantaged and non-disadvantaged students on both measures as well.

In terms of both progress and attainment, the achievement of students was excellent. The gap in progress between disadvantaged and other students was very slight and as a result disadvantaged students progressed by almost one grade higher per subject compared to the national average. The attainment gap between disadvantaged and non-disadvantaged students was also narrow and almost only a quarter of that experienced nationally.

The Academy also matched its achievement of the previous two years with Distinction* results at BTEC for all its students who took this course of study.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

At sixth form, results continued to be excellent and as with GCSEs, the best ever achieved. 73.4% of our A-Level students achieved grades A* to B compared to a national average of 53.2%. This figure is significant: we are the highest performing Sixth Form in the local area and this makes us an attractive place of study to students from secondary schools across London. The Academy was further delighted in that one student was admitted to Oxbridge and one to an Ivy League university in the United States of America, and 60% of A Level students in total secured places at Russell Group Universities, the highest percentage achieved to date.

The sixth cohort of International Baccalaureate students also achieved outstanding results, achieving a high score of 44 points and an average score of 36 points, with the average grade standing at 5.69, compared to an "average world grade" of 4.67. These scores place the Academy well above both the UK and global average.

Underpinning the results referred to above, the Academy prides itself on its high standards of student behaviour and attendance. The former is predicated on robust internal procedures which have resulted in the lowest level of fixed term exclusions; with just 2% of 11-16 year-old students experiencing exclusion for a fixed term in 2015-16 compared to a national average in state funded secondary schools of 8.46% (2015-16 figures). The Academy had one permanent exclusion during 2016-2017 (2015-16: none). Great emphasis is also ascribed to students being present each and every day and in 2016-17 the percentage attendance was 96.9% compared to a national attendance of 94.8% in 2015-16. For state funded mainstream schools this placed the Academy within the top 3% nationally in terms of levels of attendance.

Staffing numbers, whilst lower in the year for educational support staff, have been maintained at a broadly consistent level in recent years, although the Academy retains growing concerns over the numbers and quality of those entering the teaching profession and has found it increasingly difficult to recruit high quality staff in virtually all subject areas despite its success and reputation. Employment costs remain a key focus, particularly in light of continuing tightening of budgetary allocations through the DfE and the Academy remains committed to seeking ways of reducing the percentage of income allocated to staffing without it impacting on effective provision. Staffing levels between teaching and associate staff remain similar. As can be imagined, the Academy remains popular and has again been six times oversubscribed for places in Year 7 and being also at near full capacity at sixth form. The Academy has started the 2017-18 year with 1,264 students of which 226 students are within its sixth form.

The Academy undertook a lower level of capital investment to the previous year. The main areas included ICT investment predominantly within two of its dedicated computer rooms and replacing the double-decker bus that is used to bus students, in half year groups, to and from its remote Openview sports ground. Beyond capital investment, it also continued its replacement lighting programme largely within its on site gymnasia and its focus on maintaining a clean and high quality learning environment.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Going concern

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

Key performance indicators

- ***Financial***

  - *Maximisation of funded student numbers*
    Student numbers are the key component behind the Trust's funding and the Academy may be funded for a maximum of 1,050 students from Year 7 to Year 11 and 250 at sixth form. At sixth form, despite continuing and growing competition from a range of local providers, the Academy works hard through both the results it achieves and the experiences it provides to maximise its numbers. The Trust remains abundantly aware that such popularity is based upon several key components incorporating results, course provision and reputation and continues to prioritise these as its most appropriate marketing tools in this area, including upgrading its website and providing full opportunities to see the Academy in operation as part of the admissions process.

  - *Staffing*
    Professional, appropriate and dedicated staffing remains crucial to achieving success and the Trust has a policy of appointing all staff directly including for both its catering and cleaning operations. This also includes a significant number of pastoral support staff who continue to work with students who may not be achieving to their full potential within a class based setting to ensure their successful reintegration to lessons. This is the predominant area for which Pupil Premium funding is attributed to. The staffing cost excluding pension scheme losses or gains amounted to 78.6% and focus is put on striking the right balance between effective staffing and its financial cost. Reducing income levels are putting an increased strain on resources and as such, the percentage allocated on staff costs. The Trust is further aware that recruitment, especially in teaching, is becoming far more challenging.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators *(continued)*

◊ *Funding*
Aside from seeking to maximise funding through maintaining full student numbers, the Academy also aims to ensure value for money in its expenditure of it. Through the prudent use of funds including key areas of centralised purchasing, the Academy has been able to plan ahead by carrying forward funds from one academic year to the next where possible, in order to fund identified capital works as necessary to continue to both maintain and enhance provision at the Academy. This flexibility is now reducing through the squeeze on public funds and therefore further efficiencies require consideration. The separate trading subsidiary provides for a gift aided donation each year and further donations in the year of £97,500 were gratefully received. These additional sources of income aid the maintenance of unrestricted reserves to the equivalent of three months' expenditure as outlined within the Trust's Reserves Policy.

- ***Other***

◊ *Ofsted*
The Academy was inspected in February 2015 and achieved a judgement of 'Outstanding' across all five core areas of inspection. Such external inspection provides a significant indicator as to the effectiveness of operation and the Academy continues to operate effective systems and procedures, continually seeking to enhance these in order to maintain this inspection outcome.

◊ *Behaviour*
Underpinning the successful operation of the Academy and contributory to its outcome results is a clear expectation on student behaviour. The Academy's reputation in this area is widely known with expectations communicated from as early as the Open Evenings and Open Mornings for new intake and then regularly rehearsed thereafter. Common courtesies and traditional values are basic requirements from both within and outside the classroom in order to minimise any disruption but, more importantly, to develop such qualities in students as preparation for adult life. The Academy firmly believes that good discipline actively contributes to examination success and the students' love of learning and ensures this remains a key operational priority.

◊ *Results at Key Stage 4 and Key Stage 5*
These are detailed earlier in the report, but are essential to the overall accomplishment of the Academy. They help maintain popularity, from a parental, student and staff perspective. The Academy achieved its best ever results at both Key Stages in 2016-17 and considers these outcomes as reward for the commitment made by staff and students and the resourcing available to make this happen.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators *(continued)*

- ***Other*** *(continued)*

  - *Student and staff levels of attendance*
    Excellent attendance remains core to the success of the Academy and receives great focus as a result, with emphasis made both with students and staff. Benchmarking tables show that based on the Academy's free school meal numbers, a 92.5% attendance would place the Academy within the top 25% of schools nationally. National attendance was 95.0% in 2015-16. The Academy achieved a 96.9% attendance level in 2016-17 (97.4% in 2015-16), placing it within the top 3% of state funded mainstream schools. Staff attendance levels maintain a similar high focus and are equally impressive. In 2016-17, the Academy saw 63.3% of its teaching staff and 41.3% of its associate staff achieve 100% attendance in the year and the average number of days lost to teacher sickness absence a mere 1.6 days in the year, compared to the national average of around 7.5 days per teacher. In fact 93.3% of teaching staff and 73.3% of associate staff had fewer than 6 days absence in the year.

Financial review

Financial report for the year

The majority of the Academy's revenue income is obtained from the DfE, through the ESFA in the form of General Annual Grants (GAG) and other revenue grants, the use of which is restricted to particular purposes. The funding arrangements for all schools (including academies) are due to be further simplified, with the government seeking to implement a new national funding formula that aims to make school funding fairer, although the introduction of this has been pushed back to the 2018-19 academic year. That said, there continues to be no increase in GAG funding allocations to schools for the fourth year running, while some peripheral funding streams have been cut and the Academy has also experienced further erosion of the minimum funding guarantee, introduced several years ago to cushion the effects of lower funding provision. Income dropped by over 10% in 2016-17.

As a result, the Academy faces a more difficult and uncertain future in terms of funding over the medium term and, like many other publicly funded organisations, has already experienced and continues to see further cuts in grant funding, making the current level of operation more difficult to sustain as a long term objective. In response to this, the Academy has maintained a prudent approach to its staffing provision and other running costs and once again has successfully managed its budget over the past year, whilst still enabling further investment, albeit more limited in its fabric.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year *(continued)*
Aside from GAG funds, the Academy receives a reducing number of other ESFA grants. Most notably, the grant termed Pupil Premium (which is funding ascribed to support disadvantaged children), has been of major benefit to the Academy as some 44% of the Academy's student population up to Year 11 have been identified as those entitling the Academy to receive this funding. Entitlement is based on current free school meal numbers but also includes provision for those who have been entitled to free school meals at any point over the past six years but who may not necessarily still be entitled.

Changes in credit entitlements for families in the past few years would seem to indicate that those qualifying for free school meal entitlement will reduce in number in years to come and has already been evidenced in the numbers identified for the Academy with almost a 12% drop in numbers qualifying over the past four years. This has impacted on the amount of Pupil Premium funding the Academy receives. That said, the Government continues to set aside significant provision in this area and funding for the Academy in the 2016-17 year was £457,000 (£463,000 in 2015-16), with a further reduction due in 2017-18. The grants received during 2016-17 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

The Academy also received small scale grants from the ESFA in the form of Devolved Formula Capital for the purchase of fixed assets. Together with associated expenditure, these are treated as restricted fixed asset funds within the SOFA when expended. The balance sheet restricted fixed asset fund is reduced by amounts equivalent to any depreciation charges over the expected useful life of the assets concerned.

The SOFA shows that expenditure for the year was covered by revenue grants, other income and balances brought forward and, after allowing for depreciation, the Trust had a deficit of income over expenditure of £1,137,000 (£548,000 deficit in 2015-16). The Trust's financial position at 31 August 2017 is shown in the attached balance sheet. The Trust has taken exemption from preparing consolidated financial statements under Section 402 of the Companies Act 2006 on the grounds that its subsidiary undertaking is not material for the purpose of giving a true and fair view under section 405 of the Companies Act 2006. A summary of the results of the subsidiary undertaking is given in note 13 of the financial statements.

The underlying financial position of the Trust at an operational level is such that it intends to continue current operations utilising funds received in year and drawing upon existing fund balances where required. Trustees will continue to review this position particularly in view of the national funding formula due to be introduced from 2018-19.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies

In line with previous years, as a requirement of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Trust is required to reflect actuarial gains (losses) within its financial statements. It is unable to reflect this for the Teachers' Pension Scheme as this is a national multi-employer public service pension scheme, where the assets and liabilities attributable to each employer would be impossible to calculate. The Trust is able to reflect this for both the Foundation Pension Plan (FPP), available to the associate staff of the Academy employed before 1 September 2007, and the Local Government Pension Scheme (LGPS) for those members of the associate staff joining on or after 1 September 2007 or those already in post who wish to take up the provision or transfer their accrued rights from the FPP. At the year-end, the balance sheet incorporates a pension scheme liability of £528,000 (£982,000 liability in 2016) in respect of the FPP and a pension scheme liability of £1,738,000 (£2,065,000 liability in 2016) in respect of the LGPS. Since 1 September 2007 and as part of the change to academy status, associate staff members have been able to become members of the LGPS. As a result, the FPP closed to new members with effect from that date, whilst continuing for its existing membership.

The financial objective for the Trust is to achieve a surplus on restricted general funds in order to ensure that it is able to meet its reserves policy and plans for the future.

The financial risk management objective is to ensure financial stability. The Trust's exposure to financial risks including credit, cash flow and liquidity are successfully managed by the principal financial management policies, processes and procedures adopted by the Trust.

Further detail of the risk and control framework is provided in the attached Governance Statement.

Reserves policy

The trustees review the reserves of the Trust on an annual basis. The reviews encompass the nature of income and expenditure streams, the need to match income and commitments and the nature of reserves. The trustees have determined that the appropriate level of unrestricted reserves which are not invested in tangible fixed assets should be sufficient to support the equivalent of three months' expenditure (net of depreciation). This is particularly so as the Academy considers longer term development projects for which it will also seek grant funding from the ESFA and support from sponsors. The trustees will continue to monitor reserves, mindful of the reduction in public sector funding that has ongoing implications for schools and the public sector in general.

Tangible fixed assets are all held for use by Prospect Education (Technology) Trust Limited.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial position

The Trust held fund balances at 31 August 2017 of £25,052,000 (£25,066,000 in 2016) comprising a deficit of £493,000 (£1,079,000 in 2016) of restricted general funds, a balance of £22,587,000 (£23,350,000 in 2016) of restricted fixed asset funds and £2,958,000 (£2,795,000 in 2016) of unrestricted general funds. The balance of unrestricted general funds at the year end is in keeping with the trustees' reserves policy that this should be held at the equivalent of three months of the total Academy revenue expenditure. Included within restricted general funds is a pension reserve liability of £2,266,000 (£3,047,000 in 2016).

In 2015-16, the Trustees expressed their concern at the significant increase in the recorded level of pension reserve liabilities for both the LGPS and FPP, which were based upon non-cash actuarial assumptions of the so-called discount rate largely determined through an approximate halving in yields on corporate bonds shown. They had also noted that actuarial assumptions indicated an anticipated return to former higher yield levels during 2016-17 which has assisted to some extent in reducing the 2016-17 year-end liability.

Investment policy

The trustees have expressed the wish that the investment of reserves be restricted to short term and secure deposits. The Trust currently utilises several interest bearing reserve accounts alongside current accounts for its grant and non-grant funding. Where it is felt that reserves can be invested for longer, it is current policy to invest such funds within fixed bonds, guaranteeing returns.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have assessed the major risks and uncertainties to which the Trust is exposed, in particular those relating to recruitment, provision of facilities, academy finances and other academy functions. Key risks and uncertainties identified include changes and reductions in funding for capital projects and uncertainties in funding due to plans for new funding formulae now due from 2018-19.

PLANS FOR FUTURE PERIODS

The Academy remains confident to maintain student numbers at Key Stages 3 and 4, maximising funding entitlement from the ESFA as identified within its Funding Agreement. This is predicated on a strong history of examination success, high quality resourcing and a reputation for ensuring that student learning is free from disruption. This has also been the case when looking to maximise funding potential at sixth form through all students undertaking full time courses. There is fierce competition for recruiting at sixth form and the Academy has placed itself well within this in view of its outstanding results and breadth of provision. The International Baccalaureate (IB) at sixth form is now in its eighth year of operation and the Academy is pleased with how this has been integrated as extending the curriculum offer at Key Stage 5 and has become well established.

PLANS FOR FUTURE PERIODS (continued)

It remains a priority to seek to maximise results at all levels for its students and changes within the exams system along with more recent changes to the recording of student outcomes place greater difficulty for schools in achieving this. The Academy looks to implement measures ahead of changes in curriculum and assessment where they occur in order to be as prepared as possible to absorb these in to standard operation. The Academy maintains a well known reputation for upholding and expecting high standards of student conduct and is unwavering in this. Parents and guardians know what to expect both of their children and of others and the Academy will continue to deliver on this commitment.

There are areas of development aside from the curricular that the Academy continues to look to implement for the benefit of all. Utilising funds available to meet the cost of both capital investment and minor improvement projects enables the Academy to continue to improve the ICT infrastructure and the on-going project to upgrade the lighting provision throughout the Academy such that energy efficiencies are realised. It will also be looking at upgrading its security systems where required and will be enhancing its CCTV hardware during 2017-18.

Aside from the more substantial works, the Academy continues to place high importance on the day to day appearance of the decor both within and external to the buildings and will continue its priority of allocating appropriate sums from its budget to maintain the high quality appearance of the Academy. However, reductions in grant income continue and the ability to invest appropriately in both capital and maintenance measures is becoming far harder to achieve.

FIXED ASSETS

Details of changes in fixed assets are given in note 12 to the financial statements.

TAXATION STATUS OF THE TRUST

The Trust being both an exempt charity and an educational establishment is exempt from UK taxation.

AUDITOR

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Buzzacott LLP, is willing to continue in office.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees on 7 Dec. 2017 and signed on its behalf by:

D B Hammond
Trustee

Approved by the board on:

Prospect Education (Technology) Trust Limited
Company Registration Number: 2484729 (England and Wales).

Scope of responsibility

The trustees acknowledge that they have overall responsibility for ensuring that Prospect Education (Technology) Trust Limited has effective and appropriate systems of control, both financial and otherwise, through delegated responsibility to the Executive Board (EB) and the Finance and Resources Committee (FRC). 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 trustees have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between the Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the EB and FRC 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 trustees formally met once during the year.

The EB has been established by the trustees to monitor the operational affairs and development of the Academy. Members of the EB other than the Principal, Deputy Principals and Vice Principal, serve up to a three-year term of office subject to re-election. The Deputy Principals who served on the Board during the year rotate on an annual basis with the remaining Deputy Principals although may appear to present reports during the year. The EB has formally met five times during the year. Attendance during the year at meetings of the EB was as follows:

Board members	Number of meetings attended	Out of a possible
R D B Whitcutt (Chair)	5	5
A E Entwistle (Vice Chair)	3	5
D G Mitchell (Principal) (appointed 5 April 2017)	2	2
M C J Barker (Principal) (resigned 3 April 2017)	3	3
T Bothwell	1	5
J Calvert (appointed 1 September 2016)	3	3
C Carli Nonnato	3	5
P Edmondson (appointed 1 December 2016)	4	4
M Gallagher (appointed 1 September 2016)	2	2
S Harris	4	5
R Jarvis	3	5
C J John	2	2
S Jones	—	5
D Knight (formerly Henry)	2	5
S Nash (appointed 1 December 2016)	4	4
R J Perry	5	5
K Wilson	2	5

Governance (continued)
The trustees have also established a Trustee Remuneration Committee which meets to sanction annual salary reviews for the Principal and Vice Principal and sets the financial parameters within which the Academy and the FRC work on reviewing pay levels for all other Academy staff and for agreeing the Pay and Pensions Policy through which such decisions are based.

The FRC has been established by the trustees to specifically monitor finance and staffing matters within the Academy.

The FRC has formally met four times during the year. Attendance at meetings in the year was as follows:

Committee members	Number of meetings attended	Out of a possible
Dr R D B Whitcutt (Chair)	4	4
A E Entwistle (trustee)	3	4
D G Mitchell (Principal) (appointed 5 April 2017)	2	2
M C J Barker (Principal) (resigned 3 April 2017)	3	3
T Bothwell (parent member)	3	4
R Jarvis	3	4
K Wilson	2	4
S Harris (Observer)	3	4

None of the members of the EB received any remuneration in respect of their services as members of the EB during the year nor were any expenses reimbursed to them in the year (2016 – none) in respect of their duties as members of the EB. Dr R D B Whitcutt received payment of £9,461 (2016 – £10,025) from unrestricted funds for services undertaken on behalf of the trustees in relation to consultancy and administration services including advice related to the Foundation Pension Plan. The estimated amount payable and included within creditors at 31 August 2017 is £5,000 (2016 – £nil).

S Harris is a member of the EB. The Trust pays a fixed fee of £1,500 (2016 – £1,500) for services rendered in relation to his role as Responsible Officer of the Trust.

Governance review
There were no changes to the trustee membership during the year. There were changes to the membership of the EB in the course of the year, with both Hugh Tinsley and Nick Williams-Howes confirming they would not be continuing as parent members on the Board in the 2016-17 academic year. Two parents, Pat Edmondson and Steven Nash, put themselves forward for election for the vacant positions and both were appointed as parent members with effect from the December 2016 meeting. Marcus Barker resigned as Principal of the Academy and was replaced by Douglas Mitchell in April 2017 and a rotation of Deputy Principals also took place with several also attending for presentation of agenda items when required. All new non-staff appointments received a full induction for the role(s) they were undertaking.

Governance review (continued)

The Academy is one of few single academies that operate on a two-tier management structure with the more operational overview delegated by the Board of Trustees who hold responsibility for the Academy to the EB (on which one trustee sat in the year). This structure is similar to that in place for multi-academy trusts (MATs). The Academy governance structure is still seen as highly relevant, run on business-like terms and an appropriate model to continue to follow for the foreseeable future. This was fully conveyed to and accepted by the Lead Inspector during the Academy Ofsted inspection back in February 2015. It is kept under review by Trustees.

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the Academy 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.

As such, the Academy sets out below how the Accounting Officer has ensured that the Academy's use of its resources has provided good value for money during the academic year.

- ***Supporting student attainment***
  Ashcroft Technology Academy is an 11-18 Academy committed to 21st Century technology reinforced by traditional values and high expectations. The Academy emphasises the importance of discipline, manners and respect as these qualities reinforce a healthy learning environment whilst also being so important in adult working life and has a staffing establishment that enables and encourages this to happen. Academy examination results have been consistently above both local and national averages and this has been repeated in the summer 2017, with the Academy's best ever results. The Academy remains a highly performing and popular school in being six times over-subscribed for places and has a well-earned reputation in the community for ensuring the appropriate environment exists to maximise student learning and achievement.

- ***Robust governance and oversight of Academy finances***
  The trustees and the Academy's FRC are cognisant of their responsibilities in ensuring that the Academy's resources are managed robustly and effectively, to support the objectives set out within the Academy's Strategic Plan, whilst also considering the long term development of the Academy. The Academy's trustees, EB and FRC members, Senior Leadership Team and staff aim to provide the best possible educational experience for its students and for this to be achieved in the most cost effective manner.

Review of value for money (continued)

- ***Robust governance and oversight of Academy finances*** *(continued)*
  The FRC met four times through the year to 31 August 2017. The Committee has clear Terms of Reference and operates as a direct committee of the trustees in the same way as the EB. The Committee includes trustee representation, the Principal and the Chair of the EB as well as a parent member and industry representation from the EB. The Vice Principal reports to the Committee and the Academy's RO attends the meetings in an observer capacity when able. Members are invited to join the Committee on the basis that they have the appropriate skills and experience. The FRC receives regular budget monitoring reports, provided in a consistent format and with explanatory notes, considers and ratifies policies, scrutinises the Academy budget forecast, ensures that the Academy complies with agreed policies and procedures, challenges decision makers on spending proposals and reviews tenders for capital works together with outturn expenditure for those projects against original plans and objectives.

  The FRC also undertakes a review and gives it agreement on staff salaries as part of the annual pay review process for all staff at the Academy other than for the Principal and Vice Principal. The Committee considers the annual reports and financial statements for Prospect Education (Technology) Trust, and is able to make recommendations through the trustees, who have responsibility to approve the core financial statements and documents.

  All trustees, EB members and Academy senior staff are required to complete a Register of Business Interests form annually.

- ***Efficient use of resources***
  The Academy takes a prudent approach to expenditure. As over 80% of the Academy's total annual income is spent on staffing, the staffing structure is comprehensively reviewed each year to ensure that it is fit for purpose and can adapt and respond to support the successful attainment of the Trust's objectives within the Academy's strategic plan. Staffing is seen as the most valuable asset to a student's educational development and attainment and this is reflected in the staffing structure in place at the Academy. It seeks to recruit the best available teaching staff and employs its own associate staff throughout the Academy, including its restaurant staff and its cleaning workforce and also runs its own payroll provision. The latter have all been reviewed, or experienced, against alternative outside contract provision and confirmed to be more cost effective. Flexible use of human resources demonstrates a commitment to using staffing skills effectively and staff are encouraged to use their particular areas of expertise to benefit student outcomes.

Review of value for money (continued)

- ***Efficient use of resources*** *(continued)*
  The Academy has a high proportion of skilled and experienced pastoral support staff, who work not only with those with Special Educational Needs but also with those who require time away from standard lessons such that their learning can continue in a smaller structured environment in order that the learning of others progresses unhindered. Staff are deployed to provide best value, and all employment contracts are issued with an identified induction period to ensure that both parties are right for each other. Staff are encouraged to continue their own professional development and the Academy sets aside a healthy allocation of its budget for this purpose. As vacancies arise, posts are reviewed to assess whether efficiencies can be achieved before a replacement is appointed. This has been possible in the past year where several very experienced staff have taken retirement allowing for a review of structures and reassessment of several roles to term time only positions.

  The Academy's Internal Financial Procedures Policy is strictly followed by all staff who have financial responsibilities. This manual sets out arrangements for:

  - The accounting system
  - Financial planning
  - Payroll controls
  - Purchasing
  - Income arrangements
  - Cash management
  - Fixed assets

  The manual also sets out responsibilities for staff, including the Accounting Officer; Vice Principal; RO and other Academy staff.

  All purchasing follows best value principles. A scheme of delegation is in place, as are separation of duties. Purchases of individual items over £5,000 require three written quotations, and contracts and orders over £20,000 are authorised by the FRC through formal tendering procedures. Best value may not always mean the cheapest as other factors such as workmanship, longevity of products and quality of services are taken into account. Proactive investment is also seen as best practice which may involve replacement or upgrade of fixtures, fittings and equipment as they reach the end of their natural life to maintain the high quality provision within the Academy without incurring significant and sometimes wasteful repair expenditure.

Review of value for money (continued)

- ***Efficient use of resources*** *(continued)*
  The Academy continues to operate central purchasing arrangements in a number of areas including educational consumables, books and standardised furnishings throughout its classroom and office environments. This enables the Academy to benefit from bulk purchasing and obtaining the most favourable rates with key suppliers as well as the efficiencies gained in staff time on arranging such matters. Employing its own staff across all operations is considered to also bring best value by removing the 'middle man' and allows for the Academy to tailor needs to meet its own unique requirements.

  The Academy also benchmarks costs against other schools and academies (particularly with regard to salaries for both teaching and associate staff). Such benchmarking is not undertaken on a 'must follow suit' principle but assists in informing local decision making and allows the Academy to compare its operations with others.

- ***Maximising income generation***
  The Academy has a wholly owned subsidiary – Prospect Educational and Public Services Ltd. which generates income through the letting of the Academy's sports and conference facilities. It also sells Academy uniform to students. The 2016-17 academic year proved to be another highly successful one for the subsidiary especially following the loss of the weekend hiring of much of the sixth form area for a community education programme the year before. The sports facilities at Openview Sports Ground are made particular good use of as both the grassed pitch areas and the all-weather playing surface are comprehensively used by a fixed group of community users whose own requirements fall outside of the needs of the Academy from a timing perspective. Whilst these could be let still further, they are not so as to protect playing surfaces from over use.

- ***Reviewing controls and managing/mitigating risks***
  The Academy annually reviews its Risk Register through its trustees who consider the likelihood and impact of key risk exposure and the measures taken to further minimise identified risks along with recording new risks which the Academy faces. Insurance continues through Zurich Municipal and is both comprehensive and appropriate to the Academy's needs, with premiums driven down in the past year. A Reserves Policy is in place, which sets out the wishes of the trustees in maintaining the optimum level of unrestricted reserves held by the Academy, with any surplus funds invested in safe and secure deposits.

  The trustees and management within the Academy have sought to maintain a balance within the level of revenue funding and its expenditure, such that it is able to maintain and enhance the fabric and equipping of the Academy to the highest possible levels, in addition to the capital investment that the Academy was able to benefit from on conversion and additional such investment since. All decisions regarding purchasing and service provision continue to be taken with an emphasis on obtaining value for money and improving outcomes for students.

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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The trustees have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is an effective ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is reviewed annually by the trustees.

The risk and control framework

The Academy'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 FRC and summary information reported to the EB for reference purposes;
- regular reviews by the FRC 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 trustees have considered the need for a specific internal audit function and decided not to appoint an internal auditor. However, the trustees have appointed S Harris FCA, a member of the EB, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO has specific assigned responsibilities, including reporting to the trustees on the operation of the systems of control and on the discharge of the Academy's financial responsibilities, as well as undertaking an observer role at the Academy's FRC meetings.

Review of effectiveness

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

- the work of the RO;
- the work of the external auditor;
- the work of and regular weekly meetings with the Vice Principal;
- the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer would be advised of the implications of the result of any review of the system of internal control by the FRC, RO, external auditor or other independent person and a plan to address any identified weaknesses and ensure continuous improvement of the system would be put into place.

Approved by the trustees and signed on their behalf by:

D B Hammond
Trustee

Approved on: 18.12.17

D G Mitchell
Principal and Accounting Officer

18.12.17.

Statement on regularity, propriety and compliance 31 August 2017

As Accounting Officer for Prospect Education (Technology) Trust Limited, I have considered my responsibility to notify the Trust's trustees, the Finance and Resources Committee (FRC) and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the Funding Agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Accounts Direction 2016-17.

I confirm that I and the Trust's trustees and FRC are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Accounts Direction 2016-17.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

D G Mitchell
Accounting Officer

Date: 18.12.17.

Statement of trustees' responsibilities Year to 31 August 2017

The trustees (who are also the directors of the charitable company (the Trust) for the purposes of company law and who are the formal governors of the Trust) are responsible for preparing the trustees' report and the financial statements in accordance with the Accounts Direction published by the Education and Skills Funding Agency (ESFA), 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 Trust and of 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 2016-17;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

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

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

Approved by order of the trustees on 7 Dec 2017 and signed on its behalf by:

D B Hammond
Trustee
Date: 18.12.17

Independent auditor's report on the financial statements to the members of Prospect Education (Technology) Trust Limited

Qualified opinion

We have audited the financial statements of Prospect Education (Technology) Trust Limited (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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.

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 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017, except for the matter disclosed in the paragraph below in respect of higher paid employees' salary bands.

Disclosure of higher paid employees' salary bands

The notes to the financial statements do not disclose, in note 9 to the accounts, the numbers of employees earning amounts above £80,000 in bands of £10,000. The trustees have chosen to omit this information on the grounds of both confidentiality and business sensitivity. Such an omission is not compliant with the Academies Accounts Direction 2016 to 2017 issued by the ESFA and the Statement of Recommended Practice (Accounting and Reporting by Charities).

Basis for qualified 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 including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns 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 or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Buzzacott LLP

Katharine Patel (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2017

Independent reporting accountant's assurance report on regularity to Prospect Education (Technology) Trust Limited and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Prospect Education (Technology) Trust Limited (the Trust) during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Prospect Education (Technology) Trust Limited's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Trust's funding agreement with the Secretary of State for Education dated 20 December 2006 and the Academies Accounts Direction 2016, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion
In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19 December 2017

Statement of financial activities 31 August 2017

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	**Total 2017 £'000**	Total 2016 £'000
Income and expenditure						
Income from:						
Donations and capital grants	2	98	—	9	**107**	142
Other trading activities	3	352	—	—	**352**	348
Investments	4	16	—	—	**16**	23
Charitable activities						
. Funding for the Academy's educational operations	5	—	9,356	—	**9,356**	9,913
Total income		466	9,356	9	**9,831**	10,426
Expenditure on:						
Charitable activities						
. Academy's educational operations		303	9,683	982	**10,968**	10,974
Total expenditure	6	303	9,683	982	**10,968**	10,974
Net income (expenditure) for the year before transfers		163	(327)	(973)	**(1,137)**	(548)
Transfers between funds	16	—	(210)	210	**—**	—
Net income (expenditure) for the year		163	(537)	(763)	**(1,137)**	(548)
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	20	—	1,123	—	**1,123**	(1,797)
Net movement in funds		163	586	(763)	**(14)**	(2,345)
Reconciliation of funds						
Balances brought forward at 1 September 2016		2,795	(1,079)	23,350	**25,066**	27,411
Balances carried forward at 31 August 2017		2,958	(493)	22,587	**25,052**	25,066

All of the Trust's activities derive from continuing operations during the above two financial periods.

Balance sheet 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	12		**22,499**		23,262
			22,499		23,262
Current assets					
Debtors	14	**568**		782	
Short term deposits		**2,515**		2,500	
Cash at bank and in hand		**2,206**		2,216	
			5,289		5,498
Creditors: amounts falling due within one year	15	**(470)**		(647)	
Net current assets			**4,819**		4,851
Total assets less current liabilities			**27,318**		28,113
Pension scheme liability	20		**(2,266)**		(3,047)
Total net assets			**25,052**		25,066
The funds of the Trust					
Restricted funds					
. Fixed assets fund	16		**22,587**		23,350
. General funds	16		**1,773**		1,968
. Pension reserve	16		**(2,266)**		(3,047)
Total restricted funds	16		**22,094**		22,271
Unrestricted funds					
. General funds	16		**2,958**		2,795
Total funds			**25,052**		25,066

The financial statements on pages 33 to 56 were approved by the trustees and authorised for issue on 7 Dec 2017 and signed on their behalf by:

D B Hammond
Trustee

Prospect Education (Technology) Trust Limited
Company Registration Number: 2484729 (England and Wales).

Statement of cash flows 31 August 2017

		2017 £'000	2016 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	**199**	34
Cash flows from investing activities	B	**(194)**	(442)
Change in cash and cash equivalents in the year		**5**	(408)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2016		**4,716**	5,124
Cash and cash equivalents at 31 August 2017	C	**4,721**	4,716

A Reconciliation of net expenditure to net cash flow from operating activities

	2017 £'000	2016 £'000
Net expenditure for the year (as per the statement of financial activities)	**(1,137)**	(548)
Adjusted for:		
Depreciation (note 12)	**982**	991
Capital grants from DfE and other capital income (note 2)	**(9)**	(9)
Interest receivable (note 4)	**(16)**	(23)
Defined benefit pension scheme cost less contributions payable (note 20)	**274**	103
Defined benefit pension scheme finance cost (note 20)	**65**	44
Defined benefit pension scheme admin cost (note 20)	**3**	—
Decrease (increase) in debtors	**214**	(123)
Decrease in creditors	**(177)**	(401)
Net cash provided by operating activities	**199**	34

B Cash flows from investing activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	**16**	23
Purchase of tangible fixed assets	**(219)**	(474)
Capital grants from DfE/ESFA	**9**	9
Net cash used in investing activities	**(194)**	(442)

C Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	**2,206**	2,216
Short term deposits (less than three months)	**2,515**	2,500
Total cash and cash equivalents	**4,721**	4,716

Statement of accounting policies

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

Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Prospect Education (Technology) Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Consolidation

The Trust has taken exemption from preparing consolidated financial statements under Section 402 of the Companies Act 2006 on the grounds that the subsidiary undertaking is not material for the purpose of giving a true and fair view under section 405 of the Companies Act 2006. Summary of the results of the subsidiary undertaking are given in note 13.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Income (continued)

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

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

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

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

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

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

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets
Tangible fixed assets acquired since the Trust was established are included in the financial statements at cost. Assets costing £1,000 or more are capitalised as tangible fixed assets.

Depreciation is charged on tangible fixed assets so as to write off the cost of the assets over their estimated useful lives using the following rates:

- Leasehold buildings - 2% straight line and across life of lease
- Furniture and equipment - 20% straight line
- Computer equipment and software - 25% straight line
- Motor vehicles - 25% reducing balance

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government, Local Authorities or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed assets fund (in the statement of financial activities and carried forward on the balance sheet) and are released to the income and expenditure account on a basis consistent with the depreciation policy.

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 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.

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

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

Cash at bank and short term deposits – classified as basic financial instruments and are measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

Taxation

The 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 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.

Pensions benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS'), The Foundation Pension Plan ('FPP') and the Local Government Pension Scheme ('LGPS'). These are 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 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 prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

Unrestricted funds are those monies which may be used towards meeting the objectives of the Trust at the discretion of the trustees.

Restricted general funds comprise grants from DfE/ESFA and other donors to be used for specific purposes.

Restricted fixed assets fund comprises funds received towards capital expenditure by way of grants from the Government, Local Authorities and by private donations.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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.

The present value of the Local Government Pension Scheme and Foundation Pension Plan defined benefit liabilities depend on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Trust has not exceeded these limits during the year ended 31 August 2017.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	**Total 2017 £'000**	Total 2016 £'000
Prospect Educational & Public Services Limited (received under Gift Aid) (note 13)	98	—	**98**	98
Other donations	—	9	**9**	44
	98	9	**107**	142

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	**Total 2017 £'000**	Total 2016 £'000
Funding for PGCE students	11	—	**11**	16
Academy trips	101	—	**101**	98
Catering income	200	—	**200**	197
Other	40	—	**40**	37
	352	—	**352**	348

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	**Total 2017 £'000**	Total 2016 £'000
Bank interest receivable	16	—	**16**	23
	16	—	**16**	23

5 Funding for the Academy's educational operations

	Restricted funds £'000	**Total 2017 £'000**	Total 2016 £'000
ESFA revenue grants			
. General Annual Grant (GAG) (note 1)	8,462	**8,462**	8,737
. Pupil premium	457	**457**	463
. Other ESFA grants	—	**—**	48
	8,919	**8,919**	9,248
Other Government revenue grants			
. Funding from Local Authorities	437	**437**	665
	437	**437**	665
	9,356	**9,356**	9,913

6 Expenditure

	Staff costs (note 9) £'000	Non pay expenditure: Premises £'000	Non pay expenditure: Other costs £'000	**Total 2017 £'000**	Total 2016 £'000
Academy's educational operations					
. Direct costs	6,393	698	463	**7,554**	7,669
. Support costs (note 7)	1,610	284	1,520	**3,414**	3,305
	8,003	982	1,983	**10,968**	10,974

Net income (expenditure) for the year includes:	**2017 £'000**	2016 £'000
Operating leases	**38**	42
Fees payable to auditor		
. Statutory audit	**14**	14
. Other services	**1**	1

7 Support costs

Analysis of support costs	**2017 Total funds £'000**	2016 Total funds £'000
Support staff costs	**1,610**	1,511
Depreciation	**284**	293
Technology costs	**114**	131
Premises costs	**641**	586
Other support costs	**750**	769
Governance costs	**15**	15
Total support costs	**3,414**	3,305

8 Comparative information

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	**Total 2016 £'000**
Income and expenditure				
Income from:				
Donations and capital grants	133	—	9	**142**
Other trading activities	348	—	—	**348**
Investments	23	—	—	**23**
Charitable activities				
. Funding for the Academy's educational operations	—	9,913	—	**9,913**
Total income	504	9,913	9	**10,426**
Expenditure from:				
Charitable activities				
. Academy's educational operations	307	9,676	991	**10,974**
Total expenditure	307	9,676	991	**10,974**
Net income (expenditure) for the year before transfers	197	237	(982)	**(548)**
Transfers between funds	(138)	(330)	468	**—**
Net income (expenditure) for the year	59	(93)	(514)	**(548)**
Other recognised gains and losses				
Actuarial losses on defined benefit pension schemes	—	(1,797)	—	**(1,797)**
Net movement in funds	59	(1,890)	(514)	**(2,345)**
Reconciliation of funds				
Balances brought forward at 1 September 2015	2,736	811	23,864	**27,411**
Balances carried forward at 31 August 2016	2,795	(1,079)	23,350	**25,066**

9 Staff

(a) *Staff costs*

Staff costs during the year were as follows:

	2017 £'000	2016 £'000
Wages and salaries	**5,969**	6,063
Social security costs	**613**	558
Pension costs	**1,163**	974
Apprenticeship levy	**6**	—
	7,751	7,595
Non contracted staff	**229**	192
Staff restructuring costs	**23**	—
	8,003	7,787

(b) *Staff severance payments*

There was one non-statutory/non-contractual severance payment in the year amounting to £17,568 (2016 – none).

(c) *Staff numbers*

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2017 (on a headcount basis) was as follows:

	2017 Number	2016 Number
Teachers	**87**	87
Administration, including support and premises	**105**	113
Management	**9**	8
	201	208

(d) *Higher paid staff*

Six employees earned between £60,000 – £70,000 p.a. (2016 – four). Three employees earned between £70,000 and £80,000 p.a. (2016 – four). Three employees earned in excess of £80,000 (2016 – two). For reasons of both confidentiality and business sensitivity, the trustees have determined that the actual salary band for these individuals will not be disclosed in these financial statements. Eleven (2016 – nine) of the above employees participated in the Teachers' Pension Scheme. The other employee (2016 – one) participated in the Foundation Pension Plan.

(e) *Key management personnel*

The key management personnel of the Trust comprise the trustees, the Executive Board and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £1,092,216 (2016 – £970,421).

10 Trustees' remuneration and expenses

The trustees of the Trust did not receive any payment from the Academy for the services provided in the course of their duties. Similarly, no travel and subsistence expenses were paid during the year (2016 – £nil) as no trustee claimed for such reimbursement.

Other related party transactions involving the trustees and members of the Executive Board are set out in note 22.

11 Trustee and officer insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 (2016 – £2,000,000) on any one claim and the cost for 2017 was £167 (2016 – £1,397).

The Trust also insures against any losses of money or goods resulting from fraud or dishonesty by employees or trustees. The insurance provides cover up to £250,000 (2016 – £250,000) and the cost for 2017 was £185 (2016 – £956).

12 Tangible fixed assets

	Long leasehold buildings £'000	Furniture and equipment £'000	Motor vehicles £'000	**Total £'000**
Cost				
At 1 September 2016	30,103	1,846	106	**32,055**
Additions	—	142	77	**219**
Disposals	—	(173)	(54)	**(227)**
At 31 August 2017	30,103	1,815	129	**32,047**
Depreciation				
At 1 September 2016	7,618	1,094	81	**8,793**
Charge for year	555	413	14	**982**
Disposals	—	(173)	(54)	**(227)**
At 31 August 2017	8,173	1,334	41	**9,548**
Net book values				
At 31 August 2017	21,930	481	88	**22,499**
At 31 August 2016	22,485	752	25	**23,262**

All fixed assets are used for the Trust's educational operations.

The title to the leasehold site at 100 West Hill, London SW15 2UT is registered in the name of the Trust but has not been included in these financial statements because the site is designated for educational purposes only and has no open market value. The Trust holds a long lease for Openview Sports Ground. Again this has not been included in these financial statements as the ground is deemed to be Metropolitan Open Land and its designated use is restricted to school playing fields and private sports ground only.

13 Investments

	2017 £	2016 £
Investment in subsidiary undertaking at cost . £1 ordinary shares	**2**	2

The investment is in a wholly owned subsidiary undertaking, Prospect Educational and Public Services Limited, a Company incorporated in England. The principal activities of the subsidiary are to provide private lettings to the public, as well as the sale of uniform to Academy students.

A summary of the results for the year and the position at the year end of Prospect Educational and Public Services Limited is shown below:

	2017 £'000	2016 £'000
Turnover	**175**	175
Cost of sales	**(61)**	(61)
Gross profit	**114**	114
Other expenditure	**(16)**	(16)
Donation to the Trust	**(98)**	(98)
Net profit retained in subsidiary	**—**	—
Balance at 1 September 2016	**1**	1
Balance at 31 August 2017	**1**	1
Net assets of the subsidiary	**1**	1

The auditor's report on the financial statements of Prospect Educational and Public Services Limited for the year ended 31 August 2017 was unqualified.

14 Debtors

	2017 £'000	2016 £'000
Grants receivable	**219**	227
VAT recoverable	**90**	126
Amount due from subsidiary undertaking	**145**	294
Pension control account	**—**	16
Sundry debtors	**23**	30
Prepayments	**91**	89
	568	782

15 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	**67**	206
Pension control account	**9**	—
ESFA creditor: capital grants repayable	**303**	285
Other creditors	**9**	3
Accruals and deferred income	**65**	136
Amounts owed to subsidiary undertaking	**17**	17
	470	647

Creditors above include the following deferred income balance:

	2017 £'000	2016 £'000
Deferred income at 1 September 2016	**67**	39
Resources deferred in the year	**19**	34
Amounts released from previous years	**(67)**	(6)
Deferred income at 31 August 2017	**19**	67

Deferred income represents monies collected for trips and clubs for the 2017-18 financial year.

16 Funds

	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	**At 31 August 2017 £'000**
Restricted general funds					
. General Annual Grant (GAG)	838	8,462	(8,369)	(210)	**721**
. Pupil Premium	331	457	(482)	—	**306**
. Other ESFA grants	507	—	—	—	**507**
. Other grants (LA)	253	437	(485)	—	**205**
. Donations	39	—	(5)	—	**34**
	1,968	9,356	(9,341)	(210)	**1,773**
. Pension reserve	(3,047)	—	(342)	1,123	**(2,266)**
	(1,079)	9,356	(9,683)	913	**(493)**
Restricted fixed assets funds					
. ESFA capital grants	14,935	9	(628)	—	**14,316**
. Capital expenditure from GAG	5,901	—	(248)	210	**5,863**
. Capital expenditure from unrestricted reserves	480	—	(20)	—	**460**
. Private sector capital sponsorship	2,034	—	(86)	—	**1,948**
	23,350	9	(982)	210	**22,587**
Total restricted funds	22,271	9,365	(10,665)	1,123	**22,094**
Unrestricted funds	2,795	466	(303)	—	**2,958**
Total funds	25,066	9,831	(10,968)	1,123	**25,052**

16 Funds (continued)

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. See note 1.

Pupil Premium

This relates to income received from the ESFA to support disadvantaged children from low-income families.

Other ESFA revenue grants

This primarily includes previous funding allocations for Leading Edge, Leadership Incentive Grant and Year 7 Literacy & Numeracy which will be utilised in future years.

Donations

This relates to music scholarships sponsored by Young and Co.'s Brewery.

Pension reserve

The pension reserve relates to the deficit on the Academy Trust's share of the Local Government Pension Scheme and the Foundation Pension Plan as at 31 August 2017.

Other grants (Local Authority)

These are grants receivable from the London Borough of Wandsworth for specific purposes or projects.

Restricted fixed assets funds

The restricted fixed assets funds detail the funding sources for expenditure on tangible fixed assets. Recurrent fund sourcing reflects the utilisation of revenue grant from the ESFA towards capital purchasing, while the unrestricted fund has a similar application using the Trust's own reserves.

17 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	**Total £'000**
Tangible fixed assets	—	—	22,499	**22,499**
Current assets	2,958	2,243	88	**5,289**
Current liabilities	—	(470)	—	**(470)**
Pension scheme liability	—	(2,266)	—	**(2,266)**
	2,958	(493)	22,587	**25,052**

18 Operating lease commitments

At 31 August 2017, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2017 £'000	2016 £'000
Amounts due within one year	**23**	38
Amounts due between two and five years inclusive	**25**	40
	48	78

19 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a capital grant was received, the company shall if it does not reinvest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the company serving notice, the company shall repay to the Secretary of State sums determined by reference to:

(a) The value at that time of the Academy's site and premises and other assets held for the purpose of the company; and

(b) The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20 Pensions commitments

Reconciliation of the combined opening and closing balances of the fair value of the Trust's share of the schemes' net scheme liabilities for the FPP and LGPS

	2017			2016		
	FPP £'000	**LGPS £'000**	**Total £'000**	FPP £'000	LGPS £'000	Total £'000
Opening value of scheme net (liabilities) assets	**(982)**	**(2,065)**	**(3,047)**	(170)	(933)	(1,103)
Current service costs	**(159)**	**(427)**	**(586)**	(132)	(300)	(432)
Contributions by employer	**109**	**203**	**312**	114	215	329
	(50)	**(224)**	**(274)**	(18)	(85)	(103)
Other finance charge	**(22)**	**(43)**	**(65)**	(11)	(33)	(44)
Administrative expense	**—**	**(3)**	**(3)**	—	—	—
Actuarial gains (losses)	**526**	**597**	**1,123**	(783)	(1,014)	(1,797)
Closing value of scheme net liabilities	**(528)**	**(1,738)**	**(2,266)**	(982)	(2,065)	(3,047)

The Trust's employees belong to three 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 London Borough of Wandsworth, and the Foundation Pension Plan (FPP), an old scheme which is closed to new members. All three are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016. For the FPP, the latest actuarial valuation related to the period ended 31 March 2014.

20 Pensions commitments (continued)

Pension costs comprise:

	2017 £'000	2016 £'000
Contributions to TPS	**577**	542
Contribution to LGPS	**203**	215
Contribution to FPP	**109**	114
	889	871
FRS 102 pension costs	**274**	103
	1,163	974

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates are set at 16.48% of pensionable pay (including a 0.08% employer administration charge) (previously 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and

20 Pensions commitments (continued)

Teachers' Pension Scheme *(continued)*

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Valuation of the Teachers' Pension Scheme (continued)
The employer's pension costs paid to TPS in the year amounted to £604,000 (2016 – £580,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)

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

The Foundation Pension Plan (FPP)
Prospect Education (Technology) Trust Limited as principal employer, operates a defined benefit pension plan in the UK for the employees of the Trust and one other employer. A full actuarial valuation was carried out as at 31 March 2014 and updated to 31 August 2017 by a qualified independent actuary, allowing for the actuarial method and assumptions prescribed under Financial Reporting Standard 102.

Contributions to the Plan are paid by the members at a rate dependent upon earnings, in line with that for the LGPS. As at 31 August 2017, current employee rates are deemed to average 6.5% (2016 – 6.5%) of pensionable pay with the employer's rate set at 18.3% of pensionable pay (2014 – 18.3%). With effect from 1 September 2007, the FPP has been closed to new members whilst continuing for its existing membership.

20 Pensions commitments (continued)

The Foundation Pension Plan (FPP) (continued)

Principal Actuarial Assumptions	2017	2016
Discount rate	**2.4%**	2.0%
CPI Inflation	**2.4%**	2.0%
Rate of increase in salaries	**2.4%**	2.0%
Post Retirement Mortality		
	S2PxA CMI 2016 with a long term 1.25% p.a. improvement	S2PxA CMI 2015 with a long term 1.25% p.a. improvement
Cash commutation	**80% of maximum tax free cash**	80% of maximum tax free cash

For the avoidance of doubt the above assumptions are in absolute terms.

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

	2017 years	2016 years
Life expectancy male aged 65 now	**22.1**	22.2
Life expectancy male aged 65 in 20 years	**23.5**	23.9
Life expectancy female aged 65 now	**23.9**	24.2
Life expectancy female aged 65 in 20 years	**25.4**	26.9

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	**2,992**	2,521
Corporate bonds	**1,786**	1,813
Insured pensioners	**181**	178
Cash and other liquid assets	**50**	48
Total market value of assets	**5,009**	4,560

20 Pension commitments (continued)

The Foundation Pension Plan (FPP) *(continued)*

The following figures, which relate to employees and former employees of Prospect Education (Technology) Trust Limited, the current principal employer, have been prepared in compliance Section 28 of FRS 102.

Amounts recognised in statement of financial activities	2017 £'000	2016 £'000
Current service cost	**159**	132
Interest income	**(92)**	(140)
Interest cost	**114**	151
Total amount recognised in the SOFA	**181**	143

Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
Scheme liabilities at 1 September 2016	**5,542**	3,813
Current service cost	**159**	132
Interest cost	**114**	151
Employee contributions	**35**	36
Actuarial (gain) loss	**(149)**	1,446
Benefits paid	**(164)**	(36)
Scheme liabilities at 31 August 2017	**5,537**	5,542

Movement in the fair value of the Trust's share of scheme assets:	2017 £'000	2016 £'000
Fair value of scheme assets at 1 September 2016	**4,560**	3,643
Expected return on assets	**92**	140
Actuarial gains	**377**	663
Contributions by employer	**109**	114
Contributions by scheme participants	**35**	36
Estimated benefits paid	**(164)**	(36)
Fair value of scheme assets at 31 August 2017	**5,009**	4,560

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £270,000 (2016 – £286,000), of which employer's contributions totalled £203,000 (2016 – £215,000) and employees' contributions totalled £67,000 (2016 – £71,000). The agreed contribution rates for future years are 19% for employers and between 5.5% and 12.5% for employees.

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

20 Pension commitments (continued)

Local Government Pension Scheme (LGPS)

Principal actuarial assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	**4.2%**	4.1%
Rate of increase for pensions	**2.7%**	2.3%
Discount rate for liabilities	**2.6%**	2.2%

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

	2017 years	2016 years
Longevity at ages 65 for current pensioners		
. Men	**24.4**	23.9
. Women	**26.0**	25.4
Longevity at ages 65 for future pensioners		
. Men	**26.7**	26.1
. Women	**28.3**	27.7

Sensitivity analysis – net movement in obligation	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	**(142)**	(114)
Discount rate -0.1%	**146**	117
Mortality assumption – 1 year increase	**185**	136
Mortality assumption – 1 year decrease	**(179)**	(133)
CPI rate +0.1%	**24**	14
CPI rate -0.1%	**(20)**	(14)

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	**2,699**	2,087
Corporate bonds	**549**	644
Property	**112**	2
Cash and other liquid assets	**25**	25
Multi asset fund	**326**	—
Total market value of assets	**3,711**	2,758

The actual return on the fund assets for the year to 31 August 2017 is £433,000.

20 Pension commitments (continued)

Local Government Pension Scheme (LGPS)

None of the fair values of the assets shown above include any of the Trust's own financial instruments or any property occupied by, or other assets used by, the Trust. The equity investments and bonds which are held in scheme assets are quoted and are valued at the current bid price.

Amounts recognised in statement of financial activities	2017 £'000	2016 £'000
Current service cost	**427**	300
Interest income	**(63)**	(90)
Interest cost	**106**	123
Admin expenses	**3**	—
Total amount recognised in the SOFA	**473**	333

The actuarial gains and losses for the current period are recognised in the statement of financial activities.

Movements in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
Scheme liabilities at 1 September 2016	**4,823**	3,056
Current service cost	**427**	300
Interest cost	**106**	123
Contributions by scheme participants	**67**	71
Actuarial losses	**68**	1,323
Estimated benefits paid	**(42)**	(50)
Scheme liabilities at 31 August 2017	**5,449**	4,823

Movement in the fair value of the Trust's share of scheme assets:	2017 £'000	2016 £'000
Fair value of scheme assets at 1 September 2016	**2,758**	2,123
Expected return on Scheme assets	**63**	90
Actuarial gain	**665**	309
Contributions by employer	**203**	215
Contributions by Scheme participants	**67**	71
Estimated benefits paid	**(42)**	(50)
Administrative expenses	**(3)**	—
Fair value of scheme assets at 31 August 2017	**3,711**	2,758

The estimated value of employer contributions for the year ended 31 August 2018 is £203,000.

21 Liability of members

The Trust is a company limited by guarantee and an exempt charity. The Trust does not have a share capital. Every member of the Trust undertakes to contribute to the assets of the Trust in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, by such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

22 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees and that of the Executive Board and Finance and Resources Committee being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the relevant Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The Trust has a wholly owned subsidiary undertaking, Prospect Educational and Public Services Limited. Donations from the subsidiary are outlined in note 13 of the financial statements and amounts owed from/to the subsidiary as at 31 August 2017 are disclosed in notes 14 and 15 respectively.

Dr R D B Whitcutt is a member of the Trust and a member of the Executive Board. The Trust paid £9,461 (2016 – £10,025) for services rendered by Dr R D B Whitcutt from unrestricted funds in relation to consultancy and financial administration services, including advice related to the Foundation Pension Plan. The amount payable and included within creditors at 31 August 2017 is £5,000 (2016 – £nil).

S Harris is a member of the Executive Board. The Trust paid £1,500 (2016 – £1,500) for services rendered in relation to his role as Responsible Officer of the Trust.

23 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the year ended 31 August 2017 the Trust received £30,975 and disbursed £33,888 from the fund. The balance of £530 was carried forward at the year-end for use in future years.