

**Prospect
Education
(Technology)
Trust
Limited**

**Annual Report and Financial
Statements**

31 August 2020

Company Limited by Guarantee
Registration Number
02484729 (England and Wales)

Contents

Reports

| | |
|---|----|
| Reference and administrative information | 1 |
| Trustees' report (incorporating a strategic report) | 3 |
| Governance statement | 20 |
| Statement on regularity, propriety and compliance | 28 |
| Statement of trustees' responsibilities | 29 |
| Independent auditor's report | 30 |
| Independent accountant's report on regularity | 33 |

Financial Statements

| | |
|-----------------------------------|----|
| Statement of financial activities | 35 |
| Balance sheet | 36 |
| Statement of cash flows | 37 |
| Principal accounting policies | 39 |
| Notes to the financial statements | 44 |

Reference and administrative information

| | |
|---|---|
| Trustees | Lord Ashcroft KCMG PC A E Entwistle ^~ S A Harris ^ ~ P M R Gaze |
| Members | Lord Ashcroft KCMG PC A E Entwistle R D B Whitcutt |
| Executive Board | R D B Whitcutt^ (Chair) A E Entwistle^ ~ (Vice-Chair) D G Mitchell^ (Principal) T Bothwell^ R Branagan^ J L Calvert C Carli Nonnato A Chadda K Chamberlain^ M D Collins P Edmondson M A Gallagher P J Hall S A Harris^~ S Nash (to 14 July 2020) R J Perry^ M T Smith |
| | ~ = Members of the 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 – Principal R J Perry – Vice-Principal J L Calvert – Deputy Principal A Chadda – Assistant Principal M D Collins – Assistant Principal M A Gallagher – Deputy Principal P J Hall – Deputy Principal M T Smith – Deputy Principal |
| Registered office | 100 West Hill Wandsworth London SW15 2UT |
| Company registration number | 02484729 (England and Wales) |
| Auditor | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Bankers | National Westminster Bank plc 117 Putney High Street Putney London SW15 2LL |
| Solicitors | DMH Stallard LLP Griffin House 135 High Street Crawley West Sussex RH10 1DQ |

Trustees' report (incorporating a strategic report) Year to 31 August 2020

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 2020. 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 39 to 43 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. 02484729) 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 2020 both the EB and the FRC met on five occasions. Both the EB and FRC report directly to the trustees. During the year, one trustee served as a member of both the EB and FRC and one further trustee served as a member of the EB and as an observer on the FRC. Both were present at all five meetings of both the EB and 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 contribute 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 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 provide 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 (2019 - 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 2020 was £130 (2019: £145).

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 2020 was £131 (2019: £148).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustee training and induction

During the course of the year, there were no changes to the Board of Trustees as all 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 one member resigning during the course of the year. New members are 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 are also provided with a background introduction from the Chair of the EB and FRC as well as inputs from both the Principal and Vice-Principal, providing an overview of the workings of the EB and FRC and the Academy as a whole, before their first meeting. Aside from appropriate updates on relevant changes within the charity and education sector which have an impact on academies, the trustees were kept apprised of key areas of focus such as governance, related party transactions, the continuing use of data in monitoring the performance of the Academy and its students, changes to academic assessment, funding and staffing issues along with adjustments to how performance is now being reported on for future academic years and the implications of the National Funding Formula. Similarly, both the EB and FRC received input on many of these issues, along with a number of presentations on curriculum matters being made at each meeting of the EB.

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 A Harris FCA, a trustee and 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. Since his appointment as a trustee, the RO work undertaken by Mr Harris is undertaken without charge to the Trust.

The RO has undertaken a number of checks remotely this year and undertaken five observer 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 Leadership Team as listed on pages 1 and 2. A 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.

Trade union facility time

Relevant union officials

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

The above employee spent no paid time on trade on trade union facility time during the year.

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. Despite the period of lockdown impacting upon the annual lettings programme, in the year to 31 August 2020, the subsidiary made a profit on ordinary activities before taxation and charitable donations of £90,511 (2019: £112,252) and as a result, donated under Gift Aid £90,500 (2019: £112,500) to the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 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 via the updated risk register and they continue to re-evaluate these risks on an annual basis. This was supplemented in 2020 with a specific COVID-19 focussed risk assessment.

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 technology.

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.

OBJECTIVES AND ACTIVITIES (continued)

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.

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. The recently refurbished science laboratories have incorporated height-adjustable workstations 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 the Academy both for staff and student places.

STRATEGIC REPORT

Achievements and performance

Ashcroft Technology Academy is an all ability intake school, which operates on a fair banding basis and serves an area of Wandsworth with dense urban housing. 62% of students have a first language that is not English and 34% qualify for pupil premium, being on free school meals or have done so in the last six years. The Academy also has its own resource centre for children with autism.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

In the academic year 2019-2020, schools were closed from 23 March to stop the spread of coronavirus.

The outbreak of COVID-19 has clearly impacted on the health and well-being of all involved with the Academy, not least the necessary adjustments to the education provision provided to its students. Equally, operational arrangements within the Academy have required adjustment, not just during the initial period of lockdown but also since the return of students and staff to the Academy, in ensuring that a safe and secure place of work operates. To this effect, the Academy undertook an initial COVID-19 risk assessment in advance of the return of Year 10 and Year 12 students which was kept under continuous review and subsequently updated to accommodate the full return of students to the Academy in the new academic year.

The Academy was however able to enable refurbishment works that ran throughout May to the end of August that were completed on time and to a high standard. The project has provided the Academy with newly created teaching spaces for the Religious Studies and Social Sciences department, a new location for the Art department, whose old space has now been replaced by the Maths department. This also enabled the relocation of the Modern Foreign Languages department. The Academy SEN department now operates in the same building as the Autistic Resource Centre. One final room that had been a second food technology room, has been made into a large second conference/meeting room space, which has a multi-purpose usage for both staff and students. This refurbishment provides the Academy with sufficient teaching spaces to fully accommodate the increase in student numbers over 5 years.

The cost for the works of approximately £501,400, has been funded by London Borough of Wandsworth, with the Academy contributing an additional £26,000, for equipping the rooms. Wandsworth has sought to find a number of secondary schools with the ability to expand intake numbers to accommodate increased numbers of children making their way through the education system from the primary sector. The Academy is one of four identified secondary schools to assist with this provision and the first of these to undergo a capital works programme, largely on the basis that the works comprised refurbishment of existing facilities as opposed to new build.

Staffing on site was kept to a minimum during full lockdown, being sufficient to enable reduced operation and to meet the needs of children who were considered vulnerable as well as those with key worker parents. Restaurant provision continued so the Academy was able to feed those on site, but also provide packed lunches for those on free school meals to collect. The local authority provided free school meal vouchers during the term break periods, although the Academy itself enabled this provision over the summer holiday period.

The Academy loaned 66 laptops out to students who either had no such facility at home or who had limited access to such provision, where families were having to share during the period of lockdown. The Academy laptop loan facility for students continued through to the end of summer term. A similar number of staff were also loaned a laptop to enable them to work from home and to set work for students.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

The DfE was able to provide schools with free laptops for their more disadvantaged Year 10 students. These were to support such students to access their learning remotely during the period of lockdown. The Academy submitted an application and received 23 laptops and associated connecting devices and was able to allocate these to students in Year 10 who met the criteria. These were gifted to the Academy and having been returned post lockdown are used to support learning that continues at the end of the Academy day. The Academy also received 5 additional laptops via Wandsworth for similar purposes.

The longer term impact of COVID-19 is yet to be fully borne out and there will be future impact on examination arrangements. However, the priority remains on providing the best education experience the Academy can give to its students not only in preparation for exams but also for the future aspirations.

In 2019-20, all national exams – GCSE, A-Level and International Baccalaureate – were cancelled and an algorithm based on teacher assessment was introduced to award students a meaningful final grade in each subject. This approach was changed days after the A-Level results had been released to students and days before the GCSE results were scheduled to be released. Centre assessed grades were awarded to students without any form of national scrutiny or standardisation. As a consequence, results for 2020 cannot be used for analysis or national comparisons.

With this in mind, and for the purposes of this report, student performance in the academic year 2018 to 19 will evidence the Academy's performance. In 2018-19, the Academy's GCSE performance placed the Academy amongst the top 20% of schools and academies nationally with a progress score of +0.73 (+0.99 in 2018). Academy students, on average, achieved almost a whole grade better than they were predicted to achieve in their GCSE subjects (these predictions are based on historic school performance and Key Stage 2 data). Almost nine out of every ten students who sit GCSE English and Maths at the Academy pass both subjects. This is compared to a national pass mark of 54% for both. The numbers presented for EBACC subjects place the Academy in the top 10 of schools nationally, with only grammar schools placed above us. The Academy goes to great lengths to make sure that all of its students, regardless of background or educational need, have access to and that they achieve the government's gold standard curriculum.

The performance of the Academy's disadvantaged students is also excellent. At +0.64 in 2019 (+0.78 in 2018), students from the poorest backgrounds made excellent progress. Each year, the progress measure for all pupil premium students nationally is approximately -0.40. Academy students perform significantly better than students in the vast majority of other schools in England. Crucially, these results enable Academy students, regardless of their backgrounds, to access good university courses and apprenticeships, therefore greatly increasing their social mobility. The performance of SEN students was, once again, also very strong. Students who secure a place at the Academy with an Education, Health and Care plan (EHCP) make excellent progress: +0.70 in 2019 (+0.48 in 2018) compared to -0.20 across the Borough of Wandsworth.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

The Academy's International Baccalaureate (IB) students produced an excellent set of results in 2018-19, with the top performer achieving a score of 42. The average point score achieved by students in the year was 37, which is significantly above international averages. The results achieved by the Academy in the IB place it in direct competition with some of the top performing and highly selective independent schools. While the Academy's A-Level performance continues to be very strong and the results in 2018-19 meant that the Academy was, for the eighth year running, the best performing sixth form in the Borough. In a highly competitive sixth form market, this accolade is meaningful for student recruitment.

The Academy continues to have a very low rate of fixed-term student exclusions and had no permanent exclusions in the year, although an exclusion (fixed-term or permanent) forms a vital part of our discipline policy. The fact that very few Academy students ever reach the stage where it is necessary to exclude is key. A very clear and robust behaviour policy exists – which is applied rigorously and in a consistent manner – as does a set of rules and sanctions which form part of the scaffold of culture that promotes absolute inclusion. The Academy's mentoring team in ICAS (Inclusive Care and Support) works well with students who present behaviours that are inconsistent with our code of conduct. Time spent in ICAS, with mentors, allows students to correct their behaviour and therefore avoid more serious sanctions.

Student attendance levels were high in the academic year 2018 to 2019. Attendance levels cannot be used for the academic year 2019-20 because the disruption caused by the coronavirus pandemic prevents accurate records of attendance at a time of unprecedented interruption. However, at 96.2% the year before, we continue to be in the top 1% of state schools for attendance.

Staffing numbers have been maintained at a broadly consistent level in recent years to enable the Academy to maintain the levels of service across all aspects of the school's life. Although the Academy retains growing concerns over the numbers and quality of those entering the teaching profession, and continues to find it increasingly difficult to recruit high quality staff in virtually all subject areas despite its success and reputation.

Staff attendance is excellent. Only 28% of teachers had one or more periods of sickness absence during 2018-19, compared with a national average of 54%. In terms of numbers of days lost, 1.3 days on average were lost to teacher sickness compared with a national average of 4 days. This suggests that morale is high and the commitment demonstrated by our teachers contributes significantly towards the quality of our curriculum and our students' success in national exams. This continued in 2019-20 and during the coronavirus pandemic. Staff supported fully, both with home learning and coverage on site in the lead up to the summer for supervising and educating the children of keyworker parents and those deemed most vulnerable. They were also present for the return of Year 10 and 12 students in the final weeks of the summer term.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

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 minimising the percentage of income allocated to staffing without it impacting negatively on the quality of its curriculum. This is difficult when almost all new DfE income received is entirely to meet staffing costs. Staffing numbers between teaching and associate staff remain similar. The Academy is in a period of growth with 240 places available in Years 7 and 8 compared with 210 in previous years. Despite this growth, the Academy remains very popular in the Borough and remains more than five times over-subscribed for places in Year 7. The Academy has started the 2020-21 year with 1,310 students of which 225 students are in its sixth form.

The Academy undertook a significant level of capital investment compared to the previous year, largely funded through Wandsworth Borough Council. As reported on earlier, this involved the refurbishment and re-designation of areas within the Academy to create additional teaching spaces to help cater for the annual increase in student numbers being phased over five years. The total cost of this work amounted to £501,400 funded through Wandsworth with a separate contribution of £26,000 committed by the Academy.

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. During the year, the Academy was funded for a maximum of 1,080 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 on 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, a website that is relevant to this age group and opportunities to see the Academy in operation as part of the admissions process. The Trust increased its student intake numbers in Year 7 from 210 to 240 per year with effect from 2019-20. This will provide a total of 150 additional funded students by 2023-24 and has been made possible through the refurbishment programme referred to earlier within the report.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators (continued)

◇ *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 pastoral support team who continue to work with students who may not be achieving their full potential within a class based setting to ensure their successful reintegration to lessons. This is the predominant area to which Pupil Premium funding is attributed. The staffing cost, excluding pension scheme losses or gains, amounted to 82.6% of total income for 2019-20 and focus is placed on striking the right balance between effective staffing and its financial cost. A reduction in income levels over recent years has brought 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.

◇ *Funding*

Aside from seeking to maximise funding through maintaining full student numbers, the Academy also aims to ensure value for money in the use of available income. 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 building and equipment provision at the Academy. This flexibility is now declining 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 this year of £90,500 were gratefully received. These additional sources of income assist in the maintenance of unrestricted reserves to the equivalent of three months' expenditure as outlined within the Trust's Reserves Policy, a level that is likely to be challenged in the medium term.

◆ *Other*

◇ *Ofsted*

The Academy was last 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. The Academy continues to operate effective systems and procedures, continually seeking to enhance these in order to maintain this inspection outcome.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators (continued)

◇ *Behaviour*

Contributing to the outcome results for the Academy is a clear expectation on appropriate 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 student 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 and unfortunately cannot be reported on for 2019-20, but are essential to the overall accomplishment of the Academy. They help maintain popularity, from a parental, student and staff perspective. They also further endorse that the approaches taken by the Academy to each of its students' education are the right ones.

◇ *Student and staff levels of attendance*

Excellent attendance remains core to the success of the Academy and receives great focus as a result. Consistent attendance is emphasised to students and staff both for its importance for them as individuals and for the contribution high attendance across the Academy makes to student outcomes.

Financial review

Financial report for the year

The majority of the Academy's income is obtained from the DfE, through the Education Skills and Funding Agency (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) have been further simplified, with the government implementing a new national funding formula that aims to make school funding fairer. The Academy has seen its first minor increase in GAG funding allocation since 2014 and total GAG income increased by £41,000 in 2019-20. However, the Academy has experienced further erosion of the minimum funding guarantee, introduced eight years ago to cushion the effects of lower funding provision.. The Academy did receive additional funds through the ESFA, mainly in the form of a Teachers' pay grant to help the Academy meet the additional cost of the Teachers' pay awards from 2018 and 2019 deemed beyond that which academies could reasonable have been budgeting for and also a Teachers' pension grant to meet the significant increase in the employer contribution to the Teachers' Pension Scheme from 16.48% of teacher pay to 23.68% of teacher pay from 1 September 2019.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

The Academy continues to face 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 whilst maintaining full provision of service. However, staffing costs still absorb an increasing proportion of income. Once again, the Academy has successfully managed its budget over the past year. Further investment in its fabric has been accommodated, at slightly lower levels, which was offset to some extent, by savings on running costs brought about by lockdown.

Aside from GAG funds, the Academy receives several 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 35% 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. This has already been evidenced in the numbers identified for the Academy with a 31% drop in qualifying numbers since 2013-14. It has impacted on the amount of Pupil Premium funding the Academy receives, already lacking any uplift for inner city costs. It is worth noting that the Government continues to reduce much needed contribution in this area. Funding for the Academy in the 2019-20 year was £375,000 (2018-19 - £398,000), with a further reduction due in 2020-21. The grants received during 2019-20 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

The Academy also received a small grant from the ESFA in the form of Devolved Formula Capital for the purchase of fixed assets during the year. 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 Academy also benefitted from a refurbishment of facilities to accommodate a growth in student numbers as referred to elsewhere in the report. Costs incurred in the year in respect of this were funded by Wandsworth and are therefore included as donated fixed assets within the financial statements.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies

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 £676,000 (2018 - £1,095,000). The Trust's financial position at 31 August 2020 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 a strategic level is such that it intends to continue its current operations in full, utilising funds received in the year and drawing upon existing fund balances where required. Trustees will continue to review this position particularly in view of the impact of national funding changes. The Academy began its increase in student intake numbers by 30 per year across a 5-year period from the start of 2019-20 as previously stated, building towards a revised total student number of 1,450 by the 2023-24 academic year. This will provide the Academy with a much needed increase in funds of approximately £750,000 once the increase in numbers is fully in place.

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 £851,000 (2019: £522,000) in respect of the FPP and a pension scheme liability of £3,185,000 (2019: £1,985,000) 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 maintain a positive balance on restricted general funds in order to ensure that it is able to meet its reserves policy on unrestricted funds and to protect 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.

STRATEGIC REPORT (continued)

Financial review (continued)

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 as well as the full continuation of existing operations 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.

Financial position

The Trust held fund balances at 31 August 2020 of £21,646,000 (2019: £23,332,000) comprising £1,060,000 (2019: £1,199,000) of restricted general funds which with the pension reserve deficit of £4,036,000 (2019: £2,507,000) gives a total net deficit of £2,976,000 (2019: £1,308,000) for restricted general funds, a balance of £21,169,000 (2019: £21,334,000) of restricted fixed asset funds and £3,453,000 (2019: £3,306,000) of unrestricted general funds. The balance of unrestricted general funds at the year-end more than meets with the trustees' reserves policy that this should be held at the equivalent of three months of the total Academy revenue expenditure.

Investment policy

The trustees have expressed that the investment of reserves be restricted to short term and secure deposits. The Trust currently uses 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 seeks to invest such funds to secure guaranteed 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 identified include uncertainties in future revenue funding due to the introduction of new funding formulae, which continue to remain subject to a degree of adjustment, coupled with the continuing drop in its minimum funding protection as well as the ability to be able to recruit high calibre professionals to both teach and support provision within the Academy.

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 built upon a strong history of examination success, high quality resourcing and a reputation for ensuring that student learning is free from disruption. The Academy increased its intake numbers from the 2019-20 year to 240 per year, which once filtered through to Year 11 will mean an additional 150 students for which the Academy will receive added funding. This expansion involved some alterations to existing work spaces enabling refurbishment of these facilities and the creation of additional classroom to accommodate the increase in student numbers as detailed within the strategic report.

This has also been the case when seeking to maximise funding potential at sixth form level through all students undertaking full time courses. There remains fierce competition for recruiting at sixth form level and the Academy has placed itself well in the competitive landscape because of its outstanding results and breadth of provision. The International Baccalaureate (IB) at sixth form is now in its twelfth year of operation and the Academy is pleased with how this has been integrated as extending the curriculum offer at Key Stage 5 has become well established.

It remains a priority to seek to maximise results at all levels for its students. However 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 expected changes in curriculum and assessment in order to be as prepared as possible to absorb these into 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 examine and 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 to continue the on-going project to upgrade the lighting provision throughout the Academy such that energy efficiencies are realised.

Aside from the more substantial works reported on elsewhere, 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. This will include the eventual replacement of some of the costlier items of plant and machinery, such as boilers and lifts, although maintenance regimes are such that prolonging the life of such items is maximised. However, reductions in grant income continue and the ability to invest appropriately in both capital and maintenance measures will make this increasingly harder to achieve.

FUNDRAISING

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the Trust must include information on any fundraising practices it undertakes.

Trustees' report (incorporating a strategic report) Year to 31 August 2020

The Trust does not presently undertake any fundraising activities to supplement its income other than the hiring of its sports and other facilities to the public and the sale of Academy uniform to students through its separate trading subsidiary, Prospect Educational and Public Services Limited (see note 13 to the accounts). The subsidiary is also responsible for submitting its own annual report and financial statements.

The Academy does undertake occasional fundraising for other charitable causes for which students are asked to donate £1.00 to be able to wear their own clothes on a designated day. A biennial Fun Run also takes place on behalf of the Royal Hospital for Neuro-disability with whom there has been a long association. Run participants are asked to pay a pound to take part, but are also able to seek additional sponsorship.

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 _____ and signed on its behalf by:



A E Entwistle
Trustee

Approved by the board on: 25 January 2021

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 EB and the 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 trustees 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-appointment. The Deputy Principals who served on the Board during the year rotate on a basis when they are best to either present or comment upon reports during the year, with up to two attending at each meeting, these individuals are denoted by an asterisk (*) below. 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) | 5 | 5 |
| D G Mitchell (Principal) | 5 | 5 |
| T Bothwell | 1 | 5 |
| R Branagan | 2 | 5 |
| J Calvert * | 1 | 1 |
| C Carli Nonnato | 5 | 5 |
| A Chadda * | 3 | 3 |
| K Chamberlain | 4 | 4 |
| M Collins * | 1 | 1 |
| P Edmondson | 5 | 5 |
| P Hall * | 1 | 1 |
| S Harris | 5 | 5 |
| S Nash (to July 2020) | 5 | 5 |
| R Perry | 5 | 5 |
| L Sargeant * | 1 | 1 |
| M Smith * | 1 | 1 |

Governance statement 31 August 2020

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 five 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) | 5 | 5 |
| A E Entwistle (Trustee and Vice-Chair) | 5 | 5 |
| D G Mitchell (Principal & Accounting Officer) | 5 | 5 |
| T Bothwell | 2 | 5 |
| R Branagan | 2 | 5 |
| K Chamberlain | 4 | 5 |
| S Harris (Trustee & Observer) | 5 | 5 |

None of the members of the EB received any remuneration in respect of their duties as members of the EB during the year. No reimbursement of expenses was made to any member during the year (2019 – £126) in respect of these duties. Dr R D B Whitcutt received payment of £12,103 (2019: £13,455) from unrestricted funds for services undertaken on behalf of the trustees in relation to consultancy and administration services outside of his Executive Board Chairmanship and local governance role including advice related to the Foundation Pension Plan. The amount provided for within creditors at 31 August 2020 is £6,000 (2019: £5,559).

Governance review

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 four times in the year and the other sat twice in the year (following their appointment as trustee)). 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.

◆ ***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.

The FRC met five times through the year to 31 August 2020. 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 former 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 relating to finance and HR matters, 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, receives background information and gives its 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.

Review of value for money (continued)

◆ ***Efficient use of resources***

The Academy takes a prudent approach to expenditure. As 83% 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 its 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.

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, although many development opportunities are now provided in-house, including breakfast development sessions usually run once per week for teaching staff with a strong focus on the science of teaching. As vacancies arise, posts are reviewed to assess whether efficiencies can be achieved before a replacement is appointed. Recruitment to positions from March 2020 was more problematic in view of the coronavirus pandemic and associated lockdown. Appointments were made remotely as a result and the Academy was pleased with the appointments made despite the inability to meet appointees in person as part of the interview process.

Staff develop well and rapidly within the Academy and as much of this lends itself to the overall success of the Academy, staff are ambitious and are generally ready to progress more quickly than most and when promotion opportunities do not exist within the Academy, they do seek such opportunities elsewhere.

Under Procurement Policy Notes PPN 02/20 and PPN 04/20, academies were given authority to make payments for supplies in advance of need where satisfied that a value for money justification existed in securing continuity of supplies. The Academy continued to make payment to suppliers where an annual contract existed, yet monthly services were curtailed during lockdown and limited to emergency visits only. These providers have subsequently resumed all works since the initial lockdown was lifted. No such contracts have ended prematurely as a result of the coronavirus pandemic. The Trust does not believe that COVID-19 had adversely impacted on the value for money aspect of its operations.

Review of value for money (continued)

◆ ***Efficient use of resources*** (continued)

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 individuals, including the Accounting Officer; Vice- Principal; RO; Chair of the FRC 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.

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 as different practices will exist across academies, but such measurements assist in informing local decision making and allows the Academy to compare its operations with others.

Review of value for money (continued)

◆ ***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 2019-20 academic year proved to be more of a challenge for the subsidiary as a number of its sports lettings were curtailed towards the back end of the year because of COVID-19 and as a result turnover decreased when compared to the previous year.

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, but these also had to cease between April and July as outlined above.

◆ ***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. A separate risk assessment was undertaken and continually reviewed as required in respect of the coronavirus pandemic and the safe operation of the Academy linked to this. 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, although this remains subject to review at present due to poor returns.

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 2020 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 2020 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 A Harris FCA, a trustee and 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. In the year, the RO undertook a range of checks on internal practice and procedure where risk can exist, albeit this could only be undertaken remotely. These included month end accounts; budget setting and associated projection forecasts; related party transactions; executive pay processes; walk through processes for a major capital project and trustee oversight of arrangements surrounding the Foundation Pension Plan. The RO also observed and contributed to proceedings at all 5 of the FRC meetings in the year. The RO work undertaken in the year did not identify any key findings or weakness in internal controls or procedures and no recommendations on improvements were proposed.

Governance statement 31 August 2020

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.

Review of effectiveness (continued)

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:



A E Entwistle

Trustee

Approved on: 25 January 2021



D G Mitchell

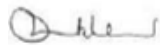
Principal and Accounting Officer

Statement on regularity, propriety and compliance 31 August 2020

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 terms and conditions of all funding received by the Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's Funding Agreement and the Academies Financial Handbook 2019.

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



D G Mitchell
Accounting Officer

Date: 25 January 2021

Statement of trustees' responsibilities Year to 31 August 2020

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 FRS102 and the Academies Accounts Direction 2019-20;
- ◆ 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 25 January 2021 and signed on its behalf by:



A E Entwistle

Trustee

Date: 25 January 2021

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

Opinion

We have audited the financial statements of Prospect Education (Technology) Trust Limited (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP FRS102) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its 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 FRS102 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

- ◆ 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 (covering the reference and administrative details, the report of the trustees and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 and returns; or

Matters on which we are required to report by exception (continued)

- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Date: 27 January 2021

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

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 23 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 Financial Handbook 2019, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Date: 27 January 2021

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year ended 31 August 2020
(Including an income and expenditure account)

| | Notes | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---|-------|--------------------------------|---|---|---------------------------------|------------------------|
| Income and expenditure | | | | | | |
| Income from: | | | | | | |
| Donations and capital grants | 2 | 93 | — | 551 | 644 | 288 |
| Other trading activities | 3 | 215 | — | — | 215 | 366 |
| Investments | 4 | 21 | — | — | 21 | 29 |
| Charitable activities | | | | | | |
| . Funding for the Academy's educational operations | 5 | — | 9,494 | — | 9,494 | 9,088 |
| Total income | | 329 | 9,494 | 551 | 10,374 | 9,771 |
| Expenditure on: | | | | | | |
| Charitable activities | | | | | | |
| . Academy's educational operations | | 182 | 10,122 | 746 | 11,050 | 10,866 |
| Total expenditure | 6 | 182 | 10,122 | 746 | 11,050 | 10,866 |
| Net income (expenditure) for the year before transfers | | | | | | |
| | | 147 | (628) | (195) | (676) | (1,095) |
| Transfers between funds | 16 | — | (30) | 30 | — | — |
| Net income (expenditure) for the year | | 147 | (658) | (165) | (676) | (1,095) |
| Other recognised gains and losses | | | | | | |
| Actuarial losses on defined benefit pension schemes | 20 | — | (1,010) | — | (1,010) | (1,135) |
| Net movement in funds | | 147 | (1,688) | (165) | (1,686) | (2,230) |
| Reconciliation of funds | | | | | | |
| Balances brought forward at 1 September 2019 | | 3,306 | (1,308) | 21,334 | 23,332 | 25,562 |
| Balances carried forward at 31 August 2020 | | 3,453 | (2,976) | 21,169 | 21,646 | 23,332 |

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

Balance sheet 31 August 2020

| | Notes | 2020 £'000 | 2020 £'000 | 2019 £'000 | 2019 £'000 |
|---|-------|---------------|----------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 21,082 | | 21,247 |
| Current assets | | | | | |
| Debtors | 14 | 731 | | 535 | |
| Short term deposits | | — | | 2,546 | |
| Cash at bank and in hand | | 4,511 | | 2,080 | |
| | | 5,242 | | 5,161 | |
| Creditors: amounts falling due within one year | 15 | (642) | | (569) | |
| Net current assets | | | 4,600 | | 4,592 |
| Total assets less current liabilities | | | 25,682 | | 25,839 |
| Pension scheme liability | 20 | | (4,036) | | (2,507) |
| Total net assets | | | 21,646 | | 23,332 |
| The funds of the Trust | | | | | |
| Restricted funds | | | | | |
| . Fixed assets fund | 16 | | 21,169 | | 21,334 |
| . General funds | 16 | | 1,060 | | 1,199 |
| . Pension reserve | 16 | | (4,036) | | (2,507) |
| Total restricted funds | 16 | | 18,193 | | 20,026 |
| Unrestricted funds | | | | | |
| . General funds | 16 | | 3,453 | | 3,306 |
| Total funds | | | 21,646 | | 23,332 |

The financial statements on pages 35 to 61 were approved by the trustees and authorised for issue on 25 January 2021 and signed on their behalf by:



A E Entwistle

Prospect Education (Technology) Trust Limited

Company Registration Number: 2484729 (England and Wales).

Statement of cash flows Year to 31 August 2020

| | | 2020 £'000 | 2019 £'000 |
|---|---|---------------|---------------|
| Net cash flows from operating activities | | | |
| Net cash used in operating activities | A | (106) | (267) |
| Cash flows from investing activities | | | |
| | B | (9) | (15) |
| Change in cash and cash equivalents in the year | | (115) | (282) |
| Cash and cash equivalents at 1 September 2019 | | 4,626 | 4,908 |
| Cash and cash equivalents at 31 August 2020 | | 4,511 | 4,626 |
| A Reconciliation of net expenditure to net cash flow from operating activities | | | |
| | | 2020 £'000 | 2019 £'000 |
| Net expenditure for the year (as per the statement of financial activities) | | | |
| | | (676) | (1,095) |
| Adjusted for: | | | |
| Depreciation (note 12) | | 746 | 668 |
| Capital grants from DfE and other capital income (note 2) | | (551) | (176) |
| Interest receivable (note 4) | | (21) | (29) |
| Defined benefit pension scheme cost less contributions payable (note 20) | | 473 | 343 |
| Defined benefit pension scheme finance cost (note 20) | | 44 | 25 |
| Defined benefit pension scheme admin cost (note 20) | | 2 | 2 |
| (Increase) decrease in debtors | | (196) | 47 |
| (Increase) decrease in creditors | | 73 | (52) |
| Net cash used in operating activities | | (106) | (267) |
| B Cash flows from investing activities | | | |
| | | 2020 £'000 | 2019 £'000 |
| Dividends, interest and rents from investments | | 21 | 29 |
| Purchase of tangible fixed assets | | (580) | (220) |
| Capital grants from DfE/ESFA/LA | | 551 | 176 |
| Net cash used in investing activities | | (9) | (15) |
| C Analysis of cash and cash equivalents | | | |
| | | 2020 £'000 | 2019 £'000 |
| Cash at bank and in hand | | 4,511 | 2,080 |
| Short term deposits (less than three months) | | — | 2,546 |
| Total cash and cash equivalents | | 4,511 | 4,626 |

Statement of cash flows Year to 31 August 2020

D Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | At 31 August 2020 £ |
|----------------------------|-----------------------------|--------------------|---------------------------|
| Cash and cash equivalents. | 4,626 | (115) | 4,511 |
| Total | 4,625 | (115) | 4,511 |

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 2019 to 2020 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. The trustees have made this assessment whilst considering the impact of the Covid-19 pandemic on the day-to-day activities of the Academy Trust.

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.

Donated fixed assets

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used.

The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

Notes to the financial statements 31 August 2020

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2020 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 2020.

2 Donations and capital grants

| | Unrestricted funds £'000 | Restricted fixed assets funds £'000 | Total 2020 £'000 |
|--|--------------------------------|--|------------------------|
| 2020 | | | |
| Prospect Educational & Public Services Limited (received under Gift Aid) (note 13) | 90 | — | 90 |
| Other donations | 3 | — | 3 |
| Capital grants from DfE/ESFA | — | 64 | 64 |
| Donated fixed assets | — | 487 | 487 |
| | 93 | 551 | 644 |

| | Unrestricted funds £'000 | Restricted fixed assets funds £'000 | Total 2019 £'000 |
|--|--------------------------------|--|------------------------|
| 2019 | | | |
| Prospect Educational & Public Services Limited (received under Gift Aid) (note 13) | 112 | — | 112 |
| Capital grants from DfE/ESFA | — | 176 | 176 |
| | 112 | 176 | 288 |

3 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|---------------------------|--------------------------------|------------------------------|------------------------|
| 2020 | | | |
| Funding for PGCE students | 9 | — | 9 |
| Academy trips | 34 | — | 34 |
| Catering income | 152 | — | 152 |
| Other | 20 | — | 20 |
| | 215 | — | 215 |

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 |
|---------------------------|--------------------------------|------------------------------|------------------------|
| 2019 | | | |
| Funding for PGCE students | 8 | — | 8 |
| Academy trips | 133 | — | 133 |
| Catering income | 193 | — | 193 |
| Other | 32 | — | 32 |
| | 366 | — | 366 |

Notes to the financial statements 31 August 2020

4 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|--------------------------|-----------------------------|---------------------------|------------------------|
| 2020 | | | |
| Bank interest receivable | 21 | — | 21 |
| | 21 | — | 21 |
| | | | |
| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
| 2019 | | | |
| Bank interest receivable | 29 | — | 29 |
| | 29 | — | 29 |

5 Funding for the Academy's educational operations

| | Restricted funds £'000 | Total 2020 £'000 |
|--|---------------------------|------------------------|
| 2020 | | |
| ESFA revenue grants | | |
| . General Annual Grant (GAG) (note 1) | 8,207 | 8,207 |
| . Pupil premium | 375 | 375 |
| . Other DfE/ESFA grants | 432 | 432 |
| | 9,014 | 9,014 |
| Other Government revenue grants | | |
| . Funding from Local Authorities | 480 | 480 |
| | 9,494 | 9,494 |
| | | |
| | Restricted funds £'000 | Total 2019 £'000 |
| 2019 | | |
| ESFA revenue grants | | |
| . General Annual Grant (GAG) (note 1) | 8,166 | 8,166 |
| . Pupil premium | 398 | 398 |
| . Other DfE/ESFA grants | 68 | 68 |
| | 8,632 | 8,632 |
| Other Government revenue grants | | |
| . Funding from Local Authorities | 456 | 456 |
| | 9,088 | 9,088 |

6 Expenditure

| | Staff costs (note 9) £'000 | Non pay expenditure | | Total 2020 £'000 |
|----------------------------------|----------------------------------|---------------------|----------------------|------------------------|
| | | Premises £'000 | Other costs £'000 | |
| 2020 | | | | |
| Academy's educational operations | | | | |
| . Direct costs | 6,844 | 531 | 379 | 7,754 |
| . Support costs (note 7) | 1,792 | 787 | 717 | 3,296 |
| | 8,636 | 1,318 | 1,096 | 11,050 |

Notes to the financial statements 31 August 2020

6 Expenditure (continued)

| 2019 | Staff costs (note 9) £'000 | Non pay expenditure | | Total 2019 £'000 |
|---|----------------------------------|---------------------|-------------------------|------------------------|
| | | Premises £'000 | Other costs £'000 | |
| <i>Academy's educational operations</i> | | | | |
| . Direct costs | 6,401 | 452 | 539 | 7,392 |
| . Support costs (note 7) | 1,711 | 1,003 | 760 | 3,474 |
| | 8,112 | 1,455 | 1,299 | 10,866 |

| Net expenditure for the year includes: | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Operating leases | 19 | 12 |
| Depreciation | 746 | 668 |
| Fees payable to auditor | | |
| . Statutory audit | 15 | 15 |
| . Other services | — | 5 |

7 Charitable activities - Academy's educational operations

| | 2020 Total funds £ | 2019 Total funds £ |
|---------------|-----------------------------|-----------------------------|
| Direct costs | 7,754 | 7,392 |
| Support costs | 3,296 | 3,474 |
| | 11,050 | 10,866 |

| Analysis of support costs | 2020 Total funds £'000 | 2019 Total funds £'000 |
|----------------------------|---------------------------------|---------------------------------|
| Support staff costs | 1,792 | 1,711 |
| Depreciation | 215 | 215 |
| Technology costs | 85 | 92 |
| Premises costs | 572 | 788 |
| Other support costs | 533 | 523 |
| Legal costs | 88 | 125 |
| Governance costs | 11 | 20 |
| Total support costs | 3,296 | 3,474 |

Notes to the financial statements 31 August 2020

8 Comparative information

| | Notes | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2019 £'000 |
|--|-------|--------------------------------|---|---|------------------------|
| <i>Income and expenditure</i> | | | | | |
| <i>Income from:</i> | | | | | |
| <i>Donations and capital grants</i> | 2 | 112 | — | 176 | 288 |
| <i>Other trading activities</i> | 3 | 366 | — | — | 366 |
| <i>Investments</i> | 4 | 29 | — | — | 29 |
| <i>Charitable activities</i> | | | | | |
| <i>. Funding for the Academy's educational operations</i> | 5 | — | 9,088 | — | 9,088 |
| <i>Total income</i> | | <u>507</u> | <u>9,088</u> | <u>176</u> | <u>9,771</u> |
| <i>Expenditure on:</i> | | | | | |
| <i>Charitable activities</i> | | | | | |
| <i>. Academy's educational operations</i> | | 333 | 9,865 | 668 | 10,866 |
| <i>Total expenditure</i> | 6 | <u>333</u> | <u>9,865</u> | <u>668</u> | <u>10,866</u> |
| <i>Net income (expenditure) for the year before transfers</i> | | | | | |
| | | 174 | (777) | (492) | (1,095) |
| <i>Transfers between funds</i> | 16 | — | (43) | 43 | — |
| <i>Net income (expenditure) for the year</i> | | <u>174</u> | <u>(820)</u> | <u>(449)</u> | <u>(1,095)</u> |
| <i>Other recognised gains and losses</i> | | | | | |
| <i>Actuarial (losses) gains on defined benefit pension schemes</i> | 20 | — | (1,135) | — | (1,135) |
| <i>Net movement in funds</i> | | <u>174</u> | <u>(1,955)</u> | <u>(449)</u> | <u>(2,230)</u> |
| <i>Reconciliation of funds</i> | | | | | |
| <i>Balances brought forward at 1 September 2018</i> | | <u>3,132</u> | <u>647</u> | <u>21,783</u> | <u>25,562</u> |
| <i>Balances carried forward at 31 August 2019</i> | | <u>3,306</u> | <u>(1,308)</u> | <u>21,334</u> | <u>23,332</u> |

9 Staff

(a) Staff costs

Staff costs during the year were as follows:

| | 2020 £'000 | 2019 £'000 |
|---------------------------|---------------|---------------|
| Wages and salaries | 6,090 | 6,150 |
| Social security costs | 638 | 620 |
| Pension costs | 1,675 | 1,260 |
| | 8,403 | 8,030 |
| Non contracted staff | 233 | 82 |
| Staff restructuring costs | — | — |
| | 8,636 | 8,112 |

(b) Staff severance payments

There were no non-statutory/non-contractual severance payments in the year (2019: £nil).

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2020 (on a headcount basis) was as follows:

| | 2020 Number | 2019 Number |
|--|----------------|----------------|
| Teachers | 85 | 84 |
| Administration, including support and premises | 110 | 111 |
| Management | 8 | 9 |
| | 203 | 204 |

| | 2020 FTE | 2019 FTE |
|--|-------------|-------------|
| Teachers | 80 | 78 |
| Administration, including support and premises | 82 | 83 |
| Management | 8 | 9 |
| | 170 | 170 |

(d) Higher paid staff

| | 2020 Number | 2019 Number |
|---------------------|----------------|----------------|
| £60,001 – £70,000 | 11 | 9 |
| £70,001 – £80,000 | 3 | 4 |
| £80,001 – £90,000 | 1 | 1 |
| £120,001 – £130,000 | 1 | 1 |
| £130,001 – £140,000 | — | 1 |
| £140,001 – £150,000 | 1 | — |

9 Staff (continued)

(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 £853,876 (2019: £982,331).

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 (2019 – £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 (2019: £2,000,000) on any one claim and the cost for 2020 was £130 (2019: £145).

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 (2019: £250,000) and the cost for 2020 was £131 (2019: £148).

12 Tangible fixed assets

| | Long leasehold buildings £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Motor vehicles £'000 | Total £'000 |
|------------------------|---|--|--------------------------------|----------------------------|------------------------|
| Cost | | | | | |
| At 1 September 2019 | 30,264 | 1,115 | 627 | 129 | 32,135 |
| Additions | 503 | — | 78 | — | 581 |
| Disposals | — | (583) | (250) | — | (833) |
| At 31 August 2020 | 30,767 | 532 | 455 | 129 | 31,883 |
| Depreciation | | | | | |
| At 1 September 2019 | 9,315 | 1,042 | 452 | 79 | 10,888 |
| Charge for year | 568 | 52 | 114 | 12 | 746 |
| Disposals | — | (583) | (250) | — | (833) |
| At 31 August 2020 | 9,883 | 511 | 316 | 91 | 10,801 |
| Net book values | | | | | |
| At 31 August 2020 | 20,884 | 21 | 139 | 38 | 21,082 |
| At 31 August 2019 | 20,949 | 73 | 175 | 50 | 21,247 |

12 Tangible fixed assets (continued)

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

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| 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:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Turnover | 162 | 202 |
| Cost of sales | (57) | (75) |
| Gross profit | 105 | 127 |
| Other expenditure | (15) | (15) |
| Donation to the Trust | (90) | (112) |
| Net profit retained in subsidiary | — | — |
| Balance at 1 September 2019 | 1 | 1 |
| Balance at 31 August 2020 | 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 2020 was unqualified.

14 Debtors

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Grants receivable | 214 | 168 |
| VAT recoverable | 48 | 80 |
| Amount due from subsidiary undertaking | 191 | 182 |
| Sundry debtors | 133 | 27 |
| Prepayments | 145 | 78 |
| | 731 | 535 |

15 Creditors: amounts falling due within one year

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Trade creditors | 212 | 33 |
| Pension control account | | 6 |
| ESFA creditor: capital grants repayable | 186 | 222 |
| Accruals and deferred income | 173 | 275 |
| Amounts owed to subsidiary undertaking | 55 | 33 |
| Other creditors | 16 | |
| | 642 | 569 |

Creditors above include the following deferred income balance:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Deferred income at 1 September 2019 | 35 | 55 |
| Resources deferred in the year | (35) | (55) |
| Amounts released from previous years | 55 | 35 |
| Deferred income at 31 August 2020 | 55 | 35 |

Deferred income represents monies collected for trips and catering for the 2020-21 financial year.

16 Funds

| | At 1 September 2019 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | At 31 August 2020 £'000 |
|--|------------------------------------|-----------------|----------------------|---|----------------------------------|
| Restricted general funds | | | | | |
| . General Annual Grant (GAG) | 288 | 8,207 | (8,299) | (30) | 166 |
| . Pupil Premium | 175 | 375 | (400) | — | 150 |
| . Other ESFA grants | 507 | 432 | (420) | — | 519 |
| . Other grants (LA) | 205 | 480 | (480) | — | 205 |
| . Donations | 24 | — | (4) | — | 20 |
| | 1,199 | 9,494 | (9,603) | (30) | 1,060 |
| . Pension reserve | (2,507) | — | (519) | (1,010) | (4,036) |
| | (1,308) | 9,494 | (10,122) | (1,040) | (2,976) |
| Restricted fixed assets funds | | | | | |
| . ESFA capital grants | 13,455 | 64 | (470) | — | 13,049 |
| . Capital expenditure from GAG | 5,650 | — | (198) | 30 | 5,482 |
| . Capital expenditure from unrestricted reserves | 425 | — | (15) | — | 410 |
| . Private sector capital sponsorship | 1,804 | 487 | (63) | — | 2,228 |
| | 21,334 | 551 | (746) | 30 | 21,169 |
| Total restricted funds | 20,026 | 10,045 | (10,868) | (1,010) | 18,193 |
| Unrestricted funds | 3,306 | 329 | (182) | — | 3,453 |
| Total funds | 23,332 | 10,374 | (11,050) | (1,010) | 21,646 |

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 2020. 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 2020.

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.

16 Funds (continued)

Comparative information

Comparative information in respect of the preceding period is as follows:

| | At 1 September 2018 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | At 31 August 2019 £'000 |
|--|------------------------------------|-----------------|----------------------|---|----------------------------------|
| <i>Restricted general funds</i> | | | | | |
| . General Annual Grant (GAG) | 682 | 8,166 | (8,517) | (43) | 288 |
| . Pupil Premium | 226 | 398 | (449) | — | 175 |
| . Other ESFA grants | 507 | 68 | (68) | — | 507 |
| . Other grants (LA) | 205 | 456 | (456) | — | 205 |
| . Donations | 29 | — | (5) | — | 24 |
| | <u>1,649</u> | <u>9,088</u> | <u>(9,495)</u> | <u>(43)</u> | <u>1,199</u> |
| . Pension reserve | (1,002) | — | (370) | (1,135) | (2,507) |
| | <u>647</u> | <u>9,088</u> | <u>(9,865)</u> | <u>(1,178)</u> | <u>(1,308)</u> |
| <i>Restricted fixed assets funds</i> | | | | | |
| . ESFA capital grants | 13,699 | 176 | (420) | — | 13,455 |
| . Capital expenditure from GAG | 5,784 | — | (177) | 43 | 5,650 |
| . Capital expenditure from unrestricted reserves | 439 | — | (14) | — | 425 |
| . Private sector capital sponsorship | 1,861 | — | (57) | — | 1,804 |
| | <u>21,783</u> | <u>176</u> | <u>(668)</u> | <u>43</u> | <u>21,334</u> |
| <i>Total restricted funds</i> | 22,430 | 9,264 | (10,533) | (1,135) | 20,026 |
| <i>Unrestricted funds</i> | 3,132 | 507 | (333) | — | 3,306 |
| <i>Total funds</i> | <u>25,562</u> | <u>9,771</u> | <u>(10,866)</u> | <u>(1,135)</u> | <u>23,332</u> |

17 Analysis of net assets between funds

Fund balances at 31 August are represented by:

| 2020 | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed assets fund £'000 | 2020 Total £'000 |
|--------------------------|-----------------------------|-----------------------------------|---------------------------------------|---------------------|
| Tangible fixed assets | — | — | 21,082 | 21,082 |
| Current assets | 3,453 | 1,702 | 87 | 5,242 |
| Current liabilities | — | (642) | — | (642) |
| Pension scheme liability | — | (4,036) | — | (4,036) |
| | 3,453 | (2,976) | 21,169 | 21,646 |

| 2019 | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed assets fund £'000 | 2019 Total £'000 |
|--------------------------|-----------------------------|-----------------------------------|---------------------------------------|---------------------|
| Tangible fixed assets | — | — | 21,247 | 21,247 |
| Current assets | 3,306 | 1,768 | 87 | 5,161 |
| Current liabilities | — | (569) | — | (569) |
| Pension scheme liability | — | (2,507) | — | (2,507) |
| | 3,306 | (1,308) | 21,334 | 23,332 |

18 Operating lease commitments

At 31 August 2020, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Amounts due within one year | 13 | 11 |
| Amounts due between two and five years inclusive | 2 | — |
| | 15 | 11 |

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:

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

| | 2020 | | | 2019 | | |
|--|--------------|----------------|----------------|--------------|----------------|----------------|
| | FPP £'000 | LGPS £'000 | Total £'000 | FPP £'000 | LGPS £'000 | Total £'000 |
| Opening value of scheme net assets (liabilities) | (522) | (1,985) | (2,507) | 194 | (1,196) | (1,002) |
| Current service costs | (19) | (808) | (827) | (103) | (488) | (591) |
| Past service costs | — | — | — | — | (91) | (91) |
| Contributions by employer | 27 | 327 | 354 | 103 | 236 | 339 |
| | 8 | (481) | (473) | — | (343) | (343) |
| Other finance income/(charge) | (9) | (35) | (44) | 4 | (29) | (25) |
| Administrative expense | — | (2) | (2) | — | (2) | (2) |
| Actuarial (losses) | (328) | (682) | (1,010) | (720) | (415) | (1,135) |
| Closing value of scheme net liabilities | (851) | (3,185) | (4,036) | (522) | (1,985) | (2,507) |

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 was 31 March 2016 and the LGPS related to the period ended 31 March 2019. For the FPP, the latest actuarial valuation related to the period ended 31 March 2017.

Pension costs comprise:

| | 2020 £'000 | 2019 £'000 |
|-----------------------|---------------|---------------|
| Contributions to TPS | 847 | 578 |
| Contribution to LGPS | 327 | 236 |
| Contribution to FPP | 27 | 103 |
| | 1,201 | 917 |
| FRS 102 pension costs | 474 | 343 |
| | 1,675 | 1,260 |

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

20 Pensions commitments (continued)

Teachers' Pension Scheme (continued)

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Academy Trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy Trust has set out above the information available on the plan and the implications for the Academy Trust in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs from the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the year amounted to £847,000 (2019: £578,000).

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 2017 and updated to 31 August 2020 by a qualified independent actuary, allowing for the actuarial method and assumptions prescribed under Financial Reporting Standard 102.

20 Pensions commitments (continued)

The Foundation Pension Plan (FPP) (continued)

Contributions to the Plan are paid by the members at a rate dependent upon earnings, in line with that for the LGPS as at 1 April 2013 prior to it becoming a career average revalued earnings (CARE) scheme. As at 31 August 2020, current employee rates are deemed to average 6.5% (2019: 6.5%) of pensionable pay with the employer's rate set at 18.7% of pensionable pay (2019 – 18.7%). With effect from 1 July 2018 the employer also makes an additional payment of £13,690 per annum in order to eliminate the funding deficit for the Plan as determined at the last valuation, over a six-year period ending 30 June 2024. With effect from 1 September 2007, the FPP has been closed to new members whilst continuing for its existing membership.

| Principal Actuarial Assumptions | 2020 | 2019 |
|--|---|--|
| Discount rate | 1.6% | 1.8% |
| CPI Inflation | 1.9% | 2.1% |
| Rate of increase in salaries | 1.9% | 2.1% |
| Post Retirement Mortality | S3PxA CMI 2019 with a long term 1.25% p.a. improvement | S3PxA CMI 2018 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:

| | 2020 years | 2019 years |
|--|-----------------------|---------------|
| Life expectancy male aged 65 now | 21.9 | 21.8 |
| Life expectancy male aged 65 in 20 years | 23.2 | 23.1 |
| Life expectancy female aged 65 now | 24.2 | 24.0 |
| Life expectancy female aged 65 in 20 years | 25.6 | 25.5 |

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

| | Fair value at 31 August 2020 £'000 | Fair value at 31 August 2019 £'000 |
|-------------------------------------|---|--|
| Equities | 3,336 | 3,126 |
| Corporate bonds | 2,044 | 2,302 |
| Insured pensioners | 111 | 109 |
| Cash and other liquid assets | 66 | 60 |
| Total market value of assets | 5,557 | 5,597 |

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 | 2020 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|
| Current service cost | 19 | 103 |
| Interest income | (101) | (143) |
| Interest cost | 110 | 139 |
| Total amount recognised in the SOFA | 28 | 99 |

| Changes in the present value of defined benefit obligations were as follows: | 2020 £'000 | 2019 £'000 |
|---|-----------------------|-----------------------|
| Scheme liabilities at 1 September 2019 | 6,119 | 4,891 |
| Current service cost | 19 | 103 |
| Interest cost | 110 | 139 |
| Employee contributions | 5 | 29 |
| Actuarial loss (gain) | 220 | 1,028 |
| Benefits paid | (65) | (71) |
| Scheme liabilities at 31 August 2020 | 6,408 | 6,119 |

| Movement in the fair value of the Trust's share of scheme assets: | 2020 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|
| Fair value of scheme assets at 1 September 2019 | 5,597 | 5,085 |
| Expected return on assets | 101 | 143 |
| Actuarial (gain) loss | (108) | 308 |
| Contributions by employer | 27 | 103 |
| Contributions by scheme participants | 5 | 29 |
| Estimated benefits paid | (65) | (71) |
| Fair value of scheme assets at 31 August 2020 | 5,557 | 5,597 |

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 2020 was £440,000 (2019: £313,000), of which employer's contributions totalled £327,000 (2019: £236,000) and employees' contributions totalled £113,000 (2019: £77,000). 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 an academy trust closure, outstanding LGPS liabilities would be met by the DfE. The guarantee came into force on 18 July 2013.

20 Pension commitments (continued)

Local Government Pension Scheme (LGPS)

| Principal actuarial assumptions | At 31 August 2020 | At 31 August 2019 |
|---------------------------------|-------------------------|-------------------------|
| Rate of increase in salaries | 3.25% | 3.7% |
| Rate of increase for pensions | 2.25% | 2.2% |
| Discount rate for liabilities | 1.65% | 1.9% |

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

| | 2020 years | 2019 years |
|---|---------------|---------------|
| Longevity at ages 65 for current pensioners | | |
| . Men | 21.8 | 23.4 |
| . Women | 24.4 | 24.8 |
| Longevity at ages 65 for future pensioners | | |
| . Men | 23.2 | 25.1 |
| . Women | 25.9 | 26.7 |

| Sensitivity analysis – net movement in obligation | At 31 August 2020 £'000 | At 31 August 2019 £'000 |
|---|----------------------------------|----------------------------------|
| Discount rate +0.1% | (223) | (182) |
| Discount rate -0.1% | 229 | 187 |
| Mortality assumption – 1 year increase | 303 | 265 |
| Mortality assumption – 1 year decrease | (292) | (255) |
| CPI rate +0.1% | 210 | 163 |
| CPI rate -0.1% | (204) | (159) |

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

| | Fair value at 31 August 2020 £'000 | Fair value at 31 August 2019 £'000 |
|-------------------------------------|--|--|
| Equities | 3,081 | 3,341 |
| Corporate bonds | 824 | 705 |
| Property | 432 | 248 |
| Cash and other liquid assets | 265 | 56 |
| Multi asset fund | 467 | 636 |
| Total market value of assets | 5,069 | 4,986 |

The actual return on the fund assets for the year to 31 August 2020 is £227,000 (2019: £499,000).

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 | 2020 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|
| Service cost | 808 | 579 |
| Net interest on defined liability/(asset) | 35 | 29 |
| Admin expenses | 2 | 2 |
| Total amount recognised in the SOFA | 845 | 610 |

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: | 2020 £'000 | 2019 £'000 |
|---|-----------------------|-----------------------|
| Scheme liabilities at 1 September 2019 | 6,971 | 5,424 |
| Current service cost | 808 | 488 |
| Past service cost | 22 | 91 |
| Interest cost | 133 | 144 |
| Contributions by scheme participants | 113 | 77 |
| Actuarial losses | 254 | 799 |
| Estimated benefits paid | (47) | (52) |
| Scheme liabilities at 31 August 2020 | 8,254 | 6,971 |

| Movement in the fair value of the Trust's share of scheme assets: | 2020 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|
| Fair value of scheme assets at 1 September 2019 | 4,986 | 4,228 |
| Expected return on Scheme assets | 98 | 115 |
| Actuarial gain/(loss) | (406) | 384 |
| Contributions by employer | 327 | 236 |
| Contributions by Scheme participants | 113 | 77 |
| Estimated benefits paid | (47) | (52) |
| Administrative expenses | (2) | (2) |
| Fair value of scheme assets at 31 August 2020 | 5,069 | 4,986 |

The estimated value of employer contributions for the year ended 31 August 2021 is £327,000.

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 2020 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 £12,103 (2019: £13,455) 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 2020 is £6,000 (2019: £5,559). This arrangement pre-dates the requirement for related party transactions to be undertaken at cost, however, the Trust has taken reasonable steps to ensure that value for money is obtained.

23 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the year ended 31 August 2020 the Trust received £33,977 (2019: £32,759) and disbursed £27,984 (2019: £28,201) from the fund. The balance of 12,577 (2019: £6,583) was carried forward at the year-end for use in future years.