

Company Registration No. 10872612 (England and Wales)

PROSPERE LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

PROSPERE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Liam Cowell
Aneez Esmail
Isobel Freeman (resigned 31 July 2018)
Helen Jones (appointed 10 May 2018)

Trustees

Mark Brookfield (Appointed 18 July 2017)
Jennifer Collinson (Chair) (Appointed 18 July 2017)
Amanda Edwards (Appointed 18 July 2017)
Helen Jones (Appointed 18 July 2017)
Beverley Ridyard (Appointed 18 July 2017)
Isobel Freeman (Appointed 18 July 2017 and resigned 20 April 2018)
Linda Jones (non-statutory) (Accounting officer)
Ben Ramm (Appointed 1 September 2018)

Senior management team

- Executive Headteacher Mainstream Cluster	Andrew Park
- CEO / Executive Headteacher Special Schools Cluster/Accounting Officer	Linda Jones
- Business Manager - Special Schools Cluster	Mary Beer
Chorlton High School	
- Headteacher	Zoe Morris
- Deputy Headteacher	Christian Harris
- Deputy Headteacher	Geraldine Wilson
- Deputy Headteacher	Perminder Banger
- Deputy Headteacher	Laura Roberts (resigned 31/08/2018)
- Deputy Headteacher	James Dawson (appointed 01/09/2018)
- Deputy Headteacher Headteacher Designate- CHS South	David Prophet
- Director of Finance and Operations / Business Manager	Katherine Moulder
Newall Green High School	
- Headteacher	Kyra Jones
- Deputy Headteacher	Katharine Donovan (resigned 31/08/2018)
- Deputy Headteacher	Jennifer Hopwood
- Business Manager	Sheila Hamer
Pioneer House High School	
- Headteacher	Wendy Godfrey
- Deputy Headteacher	Caroline Pauls
Piper Hill High School	
- Headteacher	Louise Lynn
- Deputy Headteacher	Rachael Clifford
- Deputy Headteacher	Adele Cox
- Deputy Headteacher	Tracey Gallier
- Deputy Headteacher	Sian Hughes
- Deputy Headteacher	Rachel Hughes

PROSPERE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Company registration number	10872612 (England and Wales)	
Principal and registered office	Piper Hill High School Firbank Road Manchester M23 2YS United Kingdom	
Academies operated	Location	Headteacher
CHS South	Lowry House, 550 Mauldeth Road West, Chorlton, Manchester, M21 7AA	David Prophet
Newall Green High School	Greenbrow Road, Wythenshawe, Manchester, M23 2SX	Kyra Jones
Chorlton High School	Nell Lane, Chorlton, Manchester, M21 7SL	Zoe Morris
Piper Hill High School	Firbank Road, Newall Green, Wythenshawe, Manchester, M23 2YS	Louise Lynn
Pioneer House High School	200 Yew Tree Lane, Northern Moor, Manchester, M23 0FF	Wendy Godfrey
Independent auditor	RSM UK Audit LLP 3 Hardman Street Manchester M3 3HF	
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN	
Solicitors	Slater Heelis LLP 2nd Floor Suite 2 Oaklands House 34 Washway Road Sale M33 6FS	

PROSPERE LEARNING TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 18 July 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates 3 secondary mainstream, of which one opened post year end, CHS South, and 2 secondary special academies in Manchester. Its mainstream academies have a combined pupil capacity of 2400 and had a roll of 2102 in the school census on 18th January 2018. Its specialist academies have a combined pupil capacity of 340 and had a roll of 228 in the school census on 18th January 2018. The detail by school is shown below:

Academy	LA	11-16 NoR	11-16 Capacity	Post 16 NoR	Post 16 Capacity
Chorlton High School	Manchester	1,486	1,500	N/A	N/A
Newall Green High School	Manchester	616	900	N/A	N/A
CHS South (free school opening 01/09/2018)	Manchester	N/A	1200 (180 in 2018/19)	N/A	N/A
Piper Hill High School	Manchester	134	170-PAN increased Sept 18	N/A	50 PAN increased Sept 18
Pioneer House High School (free school opened in 01/09/2017)	Manchester	33	95 PAN increased Sept 18	N/A	25 PAN increased Sept 18

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Members' liability

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

Trustees' indemnities

The Academy Trust through its articles has indemnified its governors to the fullest extent permissible by law. During the year the academy also purchased and maintained liability insurance for its Trustees.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Method of recruitment and appointment or election of Trustees

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

The total number of Trustees including the Chief Executive officer if he or she so chooses to act as a Trustee who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

The Local Governing Body (LGB) Chairs may elect, through such process as they may determine, two of their number to be Trustees.

Various recruitment methods are used by the Academy Trust dependent on the skills gaps on the current Board. For example, during the period we have appointed a new Trustee and a number of members of Local Governing Bodies. The trustee was recruited through the organisation Academy Ambassadors which is a not for profit organisation working to support multi academy trusts to recruit high calibre business candidates to positions on their Trust Board.

We are also working with 'Governors for Schools' (Previously known as SGOSS – School Governors One Stop Shop). Governors for Schools is a national charity working to support schools recruit high quality professionals to governor vacancies all across England.

Policies and procedures adopted for the induction and training of Trustees

Training is tailored for individual trustees, and local school governors, based on their previous experience. All newly appointed Trustees receive an induction pack and spend time with appropriate senior staff to build their knowledge of different areas of the trust work and our Schools. All new Trustees are encouraged to attend a new Trustee/governor induction training provided by One Education Governor Support.

All Trustees receive a copy of relevant agendas, minutes, policies and procedures and any other key documents that they need in order to fulfil their role.

A training program is then implemented as part of the annual meeting cycle throughout the year to build knowledge in key areas and in addition trustees and governors are encouraged to attend training courses offered by external providers. Internally provided training completed during 2017/18 included:

- General Data Protection Regulation training
- New school accountability system and curriculum reform

The School has a Service Level Agreement in place with One Education Governor Support to provide training and support throughout the year.

The Academy Trust is a member of the National Governors' Association and also has a subscription to 'The Key' national information and support service for Trustees, governors and school leaders. All Trustees have individual access to the services provided by these organisations.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

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

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

The Trust Board have agreed to retain responsibility for audit functions within the trust, including reviewing the annual accounts for approval by the trust and direction of the internal audit resource commissioned by the trust. This is being developed further in 2018/19 with the development of a separate Audit Committee.

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

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

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

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

The roles and responsibilities of Trustees, governors, Senior Leaders and wider leadership posts are clearly defined in the Trust Scheme of Delegation. Financial control is clearly defined and delegated to trustees, governors and identified school leaders through the same Scheme of Delegation and associated Financial Scheme of Delegation.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees, the CEO and the Senior Management Team as comprising the key management personnel of the Academy Trust in charge of directing and controlling the Academy and running and operating the Academy on a day to day basis.

All Trustees give of their time freely and no remuneration was paid in the year for their role as Trustees. Details of related party transactions are disclosed in note 25 to the accounts.

Trustees are required to disclose all relevant interests on an annual basis and as a standing agenda item at all board meetings, then in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

Currently two pay policies are in operation (CHS Trust and Piper Hill Trust), these policies are broadly similar but require some development and alignment. A Prosperere Learning Trust policy covering all staff will be presented at the Trust Board meeting on 15 February 2019. The Trust Pay Committee agreed key items which will be detailed in the policy.

The pay and remuneration of key management personnel is reviewed annually by a sub-committee of the Trust Board (the Trust Pay Committee). Any increase in pay is dependent on successful achievement of Performance Management objectives within the year. External advice and guidance is sought from an appropriate external Performance Management advisor.

Before any decision is made on a pay award the Trust Board seek advice from the Trust's HR providers and undertake a benchmarking exercise using available national data on executive leaders pay. The Trust Pay Committee agreed that other than in exceptional circumstances, the Executive Pay Range will follow a 10:1 ratio from the lowest paid staff member to the highest, Grade 1 of the School Support Staff pay scale being the lowest.

The Trust Pay Committee approved a proposal for the creation of a 5-point scale for each of the following roles; CEO, Executive Headteacher and Director of Finance and Operations.

The ISR for the CEO (CEO 1 – 5) includes the pay range £136,185 - £145,140 and the agreed pay point effective 1 September 2018 is CEO 1 (£136,185).

The ISR for the Executive Headteacher (EHT 1 – 5) includes the pay range £125,000 – 133,948 and the agreed pay point effective 1 September 2018 is EHT 4 (£131,711).

The ISR for the Director of Finance and Operations (DFO 1 – 5) includes the pay range £65,702 - £70,102. Benchmarking information was provided to the Trust Pay Committee detailing the salaries for comparative roles in other Academies, consideration was given to the size of the Trust in drafting the ISR for the DFO. The agreed pay point effective 1 September 2018 is DFO 1 (£65,702).

The pay and remuneration of the school Headteachers is reviewed annually by a subcommittee of the Trust Board comprising of a minimum of Chair of Local Governing Body, Executive Headteacher and an external Performance Management Advisor. Any increase in pay is dependent on successful achievement of objectives within the year and is constrained to the pay scale allocated to the post, approved by the Trust Board.

The ISR for Newall Green High School is currently L25 to L31.

The ISR for Chorlton High School is currently L33 to L39.

The ISR for CHS South is currently L31 to L37.

The ISR for Piper Hill High School is currently L27-33.

The ISR for Pioneer House High School is currently L24-30

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Arrangements for setting pay and remuneration of key management personnel (continued)

The pay and remuneration of the school Deputy Head's is reviewed annually by the Pay Committee established by the school Local Governing Body. Any increase in pay is dependent on successful achievement of objectives within the year and is constrained to the pay scale allocated to the post, approved by the Local Governing Body or Trust Board, as appropriate.

The pay and remuneration of the Senior School Business Managers within the Trust is according to the LGPS pay scale. Job descriptions are evaluated against the LGPS pay scale and both Business Managers are placed at Grade 12 (points 54-57). As with all support staff within the trust, the School Business Managers progress up a point on the scale annually until the maximum point on the scale is reached.

Trade union facility time

The Academy Trust has opted to make payments into the Local Authority Trade Union which means the Academy Trust staff being seconded to operate as Union officials, who can support the Academy Trust staff as and when needed. The total costs paid to the Local Authority Trade Union during the period was £12k. Pioneer House High School started paying for a Trade Union representative from 18/19.

In addition we seconded a member of staff from Chorlton High School into that Local Authority Trade Union during the period and received £11k of income back into the Academy Trust.

Related parties and co-operation with other organisations

Trust Academies are members of the Manchester School's Alliance, a wider network of schools and academies across the city which works collaboratively to improve the outcomes of children across Manchester.

Trust Academies are members of the Manchester Secondary Collaborative which is a partnership of secondary schools and academies across the city working together to develop secondary provision across the city. Senior Leaders from both academies maintain active relationships with their peers in other schools and academies through this collaborative as well as being actively involved in a range of working parties and development groups across the city involving other partner organisations. Senior Leaders engage actively across the Local Authority through the Secondary Business Leaders Forum and the School's Funding Forum and the Secondary Behaviour Partnerships.

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

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

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

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

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

The Academy Trust's charitable objects are:

- a. To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and
- b. To promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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

The main objectives of the Trust during the period ending 31 August 2018 are summarised below:

- To develop a range of centralised services and joint procurement exercises to support all schools within the Trust which provides value for money for the funds expended across the Trust.
- To further develop and grow the Multi-Academy Trust via both the free school route and mergers with other Multi and/or Single Academy Trusts.
- To ensure that every child enjoys the same high quality education through the development of a clear accountability system across the Trust which develops a collective responsibility for standards across all schools in the Trust.
- To continue to raise the standard of educational achievement of all students so that outcomes for young people in terms of progress they are making from KS2 to KS4 are in line with or better than national averages in more than half the schools in the Trust.
- To ensure that there is a clear strategic vision for the Trust which develops consistency in every area, recognising the strengths of every school in the Trust so that all schools can make a positive contribution to school and Trust improvement priorities.
- To improve the effectiveness of our academies by developing a range of shared quality assurance processes, high quality peer review alongside robust external challenge and support.
- To develop a Trust wide school improvement strategy which is clearly focused on improving outcomes and uses measurable impact to effectively hold other leaders in the Trust to account.
- To further develop the current succession plans within individual schools to create an effective talent management plan for emerging and senior leaders across the organisation so that the trust can deploy its most talented staff to work across more than one school.
- To continue to play a key role in wider system leadership through leadership of our Teaching School Alliances, effective school to school support and developing local and regional partnerships with other Multi Academy Trusts to develop and share expertise.
- To conduct Trust and Academy business in accordance with the highest standards of integrity, probity and openness.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Vision and Values:

The Prospere Learning Trust: Our Vision

- To provide exceptional education for children from any background so that they become happy, confident adults with excellent academic knowledge and qualifications.
- The Prospere Trust is committed to fully comprehensive education and working in and around Greater Manchester to provide inspiring, memorable schooling for all its students.

The Prospere Learning Trust: Our Values

- High quality educational provision is an entitlement of all young people.
- Our schools and academies will deliver high standards of academic achievement and personal development.
- We will recruit, train and retain the very best staff driven by a strong culture of professional development and mutual support in the pursuit of highly effective teaching and the highest levels of student progress.
- We will be forward thinking and highly aspirational grounding our strategy and development in the latest educational research.
- Our academies will be truly comprehensive and inclusive and rooted within their local community.
- We will enable all of our students to succeed promoting and providing equal opportunities and equity of provision.
- We will champion the Cooperative values of Self-help, Self-responsibility, Democracy, Equality, Equity and Solidarity.
- We will operate our organisation with the ethical values of Openness, Honesty, Social Responsibility and Caring for others.

The Prospere Learning Trust: Our Purpose

- Enable the academies in our Trust to deliver educational excellence to all our students.
- Maintain and develop good and outstanding academies for the local community.
- Ensure the rapid improvement of schools and academies which need support now (and in the future).
- Act as lead sponsor for schools and academies that require our support.
- Enable effective collaboration and the sharing of best practice across our academies.
- Deliver efficient and effective operational procedures so that economies of scale can benefit our group of academies.

The Prospere Learning Trust: Our Principles

- Openness to build trust, be transparent, sharpen accountability and drive improvement.
- Commitment to excellence in all that we deliver.
- Operation of a simple, efficient, low cost organisation.
- Delivery of an effective and robust governance framework.
- Tight control of resources to achieve economies, efficiencies and effectiveness across our operations.
- Develop highly effective professional relationships so our staff can excel and consistently deliver high quality educational outcomes.
- Invest in the development of strong, insightful and resilient leaders.

Trust academies have a clear School Development Plan in place which is developed by the Academy Headteacher in conjunction with the Senior Leadership Team and the Executive Headteacher. The plan drives the key strategic development of the academy and informs the individual objectives and work plans of staff members throughout the academy. The implementation of the School Development Plan is monitored by the Local Governing Body of each academy on behalf of the Academy Trust Board.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Public benefit

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

Admission to our mainstream academies:

Students gain admission to the Trust Mainstream Academies through the Manchester Local Authority admissions process. In the event of schools being over-subscribed during the Year 6 to Year 7 transition round the following oversubscription criteria will be applied to all applications. All applicants will be placed in a priority order determined by the oversubscription criteria. Places will be offered to the applicants with the highest priority until all places at the school have been offered.

Secondary Admissions Round – Oversubscription Criteria

Category 1 - children who are looked after by a local authority and children who were previously looked after by a local authority. Previously looked after children are children who were looked after, but ceased to be so because they were adopted (or became subject to a residence order or special guardianship order);

Category 2 - children with exceptional medical/social needs;

Category 3 - children with a sibling at the school;

Category 4 - all other children

Within each category, applicants will be prioritised according to the distance between the child's permanent address and the school. Distance will be measured in a straight line from the centre point of the child's permanent home address to the centre point of the school as defined by Local Land and Property Gazetteer (LLPG), and using the Local Authority's computerised measuring system, with those living closer to the school receiving higher priority.

Chorlton High School has an annual Planned Admission Number of 300 students (Years 7 to 11).

Newall Green High School has an annual Planned Admission Number of 180 students (Years 7 to 11).

Admission to our Specialist Provision academies:

Students gain admission to the Trust Specialist Provision Academies through the Manchester Local Authority admissions process. All pupils for Specialist Provision Academies have an Education, Health and Care Plan naming the school.

Admissions for the schools takes place in September, when pupils coming to the end of Year 6 transfer from their primary schools. Pupils with an EHC plan come from other specialist provision and from mainstream schools. Admissions are controlled by the Local Education Authority. In the process of considering naming either Piper Hill or Pioneer House in a plan the LA must consult with the school and the school will consider the appropriateness of the placement for an individual and would also ensure that naming a child for the school would be in the best interests of the children and whether the school could meet their needs. The final decision on the school to be named rests with the local authority responsible for maintaining the statement.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

- Successful merger of the Piper Hill Learning Trust with CHS Learning Trust creating the new entity Prospere Learning Trust on 1st September 2017.
- Successful bid outcome for new Specialist Provision School (Prospect House) to open in 2021.
- Pioneer House successfully led into its 2nd year of operation and on track to receive a positive Ofsted grading during inspection in 18/19.
- CHS South (Free School) effectively project managed through to a successful opening in September 2018 with 170 students on roll in year 1, in our new temporary site.
- Highly effective school to school support being provided to Grange School and progress being made on the Sponsorship / Academisation process.
- Outcomes for young people across the Trust, in terms of progress they are making from KS2 to KS4, are in line with or better than national averages in more than half the schools in the Trust.
- A range of shared quality assurance processes, high quality peer review alongside robust external challenge and support are successfully driving improvements across Trust schools, particularly at Newall Green High School.
- The effective development of a talent management plan for emerging and senior leaders across the organisation has enabled the Trust to deploy additional leadership capacity across Newall Green High School and Grange School whilst also supporting effective 'back-fill' at the home schools.
- Our effective talent management plan has also enabled us to effectively deploy high quality staff to all levels of leadership, including Head of School, at CHS South to allow us to successfully open our new Free School.
- The collaborative working across Trust Schools is enabling us to use the strengths in existing schools to develop an effective School Improvement Strategy particularly focusing around developing literacy and oracy skills, highly effective SEN strategies and high quality teaching. This is having a positive impact in Newall Green High School and at Grange School and will be refined to provide support at other Trust Schools.
- An effective performance management process and the development of a collaborative approach to accountability has ensured that key leaders across schools in the Trust are taking a shared responsibility for standards across all schools within the Trust.
- We have successfully appointed a Trust Finance and Operations Director as well as developing our first fully centralised team (ICT support). We have moved forward with the appointment of other central posts including a Trust Head of HR and provision of centralised services.
- Joint procurement exercises across the Trust continue to reduce the costs of existing Service Level Agreements and evidence good value for money for Trust Schools.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

The Trust became operational from 1 September 2017 continuing the work of the two predecessor trusts. Reviewing the year in question through the management accounts, the trust ended the year in a small in year deficit position of £23k including capital income and expenditure and excluding depreciation, however this has been funded by brought forward reserves across all schools. Including brought forward reserves, Newall Green High School is in deficit at the end of 2017/18 which is being addressed in conjunction with the ESFA. The total surplus for the Trust at the end of the year, including brought forward reserves and excluding Fixed Asset Funds and pension deficit is £2.2m.

The funding from the Education and Skills Funding Agency, including the pupil premium, is the main source of income (97% of restricted funds). The balance of restricted funds virtually all relates to funding to support our students with Special Education Needs. Unrestricted income is generated from a variety of sources including the hire of academy facilities to the local community (£127k) and income from parents in relation to trips, music lessons etc.

Expenditure continues to be prioritised towards the benefit of the students at all times. 68% of the total expenditure is on teaching or direct educational support for the students. The Trust completes a robust tendering exercise for large purchases and obtains 3 quotes for any purchases over £2,000 to ensure value for money is obtained on expenditure at all times.

Newall Green High School continues to face financial challenges due to the current reduction in student numbers. The impact of this will be felt for some considerable time as we have not yet reached a situation where the numbers of students in the incoming Year 7 is greater than or equal to the outgoing Year 11. Until this is secured the student population will not begin to rise. A staffing restructure was completed during 17/18 which resulted in one off redundancy costs in 17/18, but a significantly reduced staffing cost going forward. The financial forecast for the school continues to present a significant challenge.

The Trust continues to benefit financially from a relatively young teaching workforce, particularly at Chorlton High School. The academy has a strong tradition of providing highly effective training and development for newly qualified teachers and is therefore able to recruit high quality teaching staff into the profession. This investment in quality developmental opportunities allows the academy to ensure that it is constantly securing the highest quality teaching provision. Due to this approach the academy does experience a relatively high turnover as staff progress to more senior roles both within the school and elsewhere. The academy is actively monitoring the turnover of staff to ensure that any financial implications do not negatively impact on the academy in the future.

The deficit on the pension liability has decreased from £5,375 to £4,310k in the period, as a result of actuarial gains. Whilst this large deficit is a concern, the trustees are confident that future contributions are budgeted for and that the deficit is to be reduced over a long time period.

Reserves policy

The total level of reserves at the end of the period is £68.9m of which £70.8m can only be realised by disposing of fixed assets offset by a pension deficit of £4.3m. As a result there is £2.4m of free cash reserves. Of these free cash reserves, £1.2m is in restricted general funds and £0.2m in restricted fixed asset funds and is therefore not available for general purposes of the academy trust.

In determining a reserves policy, the trustees have agreed that it is prudent to hold a certain level of reserves to support the academies following any sudden decreases in income or sudden increases in expenditure. All schools within the Trust apart from Newall Green High School currently hold a sufficient level of reserves.

£1.2m remains as a designated fund to cover the depreciated costs of capital expenditure already incurred out of the unrestricted reserves.

A second designated fund was created following the end of the Building Schools for the Future IT project which the Chorlton High School was a participant in. The project has closed but the school has chosen to designate its remaining funds that would have contributed to this project, specifically to be spent on IT developments in the future. The fund currently stands at £198k which is made up of capital expenditure already purchased out of the fund (£40k) plus a further balance to spend (£158k).

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Investment policy

The Trustees have adopted a low risk investment policy and have chosen to use deposit accounts of reputable high street banks. The Trustees decided to split the current high cash balances between 2 different banks (Lloyds and Virgin Money) to minimise the risk of lost deposits should any of the banks collapse.

Key performance indicators

School	Ofsted Grading	KS4 Outcomes BASICS 5+	KS4 Outcomes Progress 8	Whole School Attendance	Whole School Persistent Absence	% students on roll / capacity	17/18 Financial carry forward
Piper Hill High School	Outstanding (Jan 2018)	N/A	N/A	92.25%	21.32%	100%	£700,000 includes £151,000 one off grants and £117,000 capital income
Pioneer House High School	Not yet inspected	N/A	N/A	95.6%	10.81%	100% 75/75	£280,000
Chorlton High School	Good (July 2016)	43%	0.0	94.6%	10.6%	99.1%	£1,269,000
Newall Green High School	Special Measures (March 2018)	15%	-1.01	94.2%	12.98%	68.4%	(£55,000)
CHS South High School	Not yet inspected	N/A	N/A	N/A	N/A	N/A	£75,000

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trustee's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

Chorlton High School continues to attract a high number of students and the September 2018 Year 7 cohort was significantly oversubscribed (300 on roll with a PAN of 300) with a waiting list in excess of 157 students. In conjunction with Manchester Local Authority the school confidently projects that the school will continue to be oversubscribed for entry into Year 7 over the next four academic years (limit of LA forecasting).

CHS South, a new mainstream free school opened by the trust in September 2018, has met its minimum viable number in September 2018 and all indications for September 2019 are that it will be a popular choice in the local community and we anticipate meeting our student recruitment targets.

Newall Green High School is currently under-subscribed as a result of strong competition from neighbouring schools, some of which were expanded for the September 2016 intake. The future student number projections for the school remain uncertain, which is therefore accompanied by significant financial challenge due to the link between student numbers and funding. The senior leadership of the trust are working proactively with both the ESFA and the Regional Schools Commissioner on the issue, in particular to ensure that the future financial projections don't impact on the financial stability of the Trust as a whole. We are therefore confident that the situation at Newall Green will not have a significant detrimental impact on the trust as a whole going forward.

Within the Special Schools Cluster, demand for these places across the city, and from surrounding areas, remains extremely high so we are confident that the schools will meet their student number targets for the foreseeable future. Demand is increasing year on year in line with historic projections and future trends so we are confident that the schools will meet their student number targets for the foreseeable future. Piper Hill High school has been able to increase capacity by using an additional Trust site as their post 16 provision. Pioneer House has capacity for 100 pupils but dependent on the needs of pupils it is likely that this figure could increase up to 120.

The General Annual Grant (GAG) funding is currently directly linked to pupil numbers and therefore the trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. In addition, current funding allocates a significant amount of additional funding through the Pupil Premium for students who have been registered for free school meals at any point in the last six years (known as 'Ever 6 FSM'). Schools also receive funding for children who have been looked after continuously for more than six months, and children of service personnel. Within all schools, but significantly in the Special Schools Cluster we receive top up funding from Local Authorities which significantly supplements our income to support our children with special educational needs.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Plans for future periods

The Trust's main objectives for the next year are:

Growth and Expansion – Secondary Provision

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

Growth and Expansion – Specialist Provision

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

Innovation

- Development of a unique Wythenshawe Offer including primary school links and leisure offer
- Develop of bid to develop Alternative Provision Free School application in Spring 19 round

Research and Training

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

Governance

- Develop structured induction and training process for Governors and Trustees

Central Team

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

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

Principal risks and uncertainties

The Trust continues to regularly review its risks through its strategic level risk register which is reviewed termly by Trust Board. Each of the Trust Academies establishes its own risk register which is reviewed termly by the Local Governing Body and at Senior Leadership level. These risk registers are then reviewed by the Executive Headteacher and help to formulate the Trust wide risk register which is presented to the Trust Board.

Key risks currently facing the organisation are:

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

The Trust has a number of key controls to mitigate these risks, including:

- Ongoing dialogue with ESFA and Regional Schools Commissioner regarding the future of Newall Green High School, included review of all cost saving measures
- The Trust has invested considerable additional leadership support at NGHS to help address the issues identified in the Ofsted Report. Improvement in the Quality of Teaching has been given the highest priority and whole school development of student literacy and oracy skills are key strategies to help improve student outcomes. Support is being provided to NGHS from a number of schools across the Trust and the impact of our actions are being evaluated by termly external quality assurance processes.
- Strong QA processes in existence across Trust. Implementation of shared Self Evaluation Framework/ Departmental Development Plan provision. Underperformance tackled through challenge and support. Good practice sharing evident across Trust. The Trust employs external QA consultants across all trust schools to review and evaluate the impact of school improvement processes.
- All current policies across predecessor Trusts are adopted and implemented consistently. "Every" compliance system implemented to support process of standardising policies. Also Head of HR appointed with a focus initially on standardising HR policies and practice across the Trust
- Consistent financial reporting being implemented across the Trust. New centralised Finance system implemented. Opportunities for operational savings sought proactively now, including using free school growth.
- The Trust has completed refresher training for all staff as part of the September induction and the new compliance system has been used to track mandatory review by all staff of the new September 2018 version of the Keeping Children Safe in Education policy

Regarding financial risks, the trust has a good cash flow due in part to the funds received on conversion at Chorlton High School. In addition to this, a large proportion of income is received on a monthly basis through the GAG from the Education and Skills Funding Agency and this regular monthly cash income supports the healthy cash flow. The Trust has minimal debtors and a robust debt management approach reduces the level of risk. The Trust adopts a low risk approach in relation to its cash balances and these are held within high street bank accounts but split across 3 different accounts to minimise risk. Interest rates are maximised where possible.

The Trust has inherited a deficit on its support staff pension scheme but this is of relatively low value compared to other academy schools and the Trust is currently able to meet its future commitments in respect of employer pension contributions in order to reduce this deficit balance.

PROSPERE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Academy Trust fully understands the principles of the Act and the work needed to ensure that those with protected characteristics are not discriminated against and are given equal opportunities.

A protected characteristic, under the Act, is as follows:

- Age
- Disability
- Race, colour, nationality, ethnic or national origin
- Sex (including transgender people)
- Gender reassignment
- Maternity and pregnancy
- Religion and belief
- Sexual orientation
- Marriage and civil partnership (for employees).

Information relevant to employees is available via:

- Equality Policy
- Recruitment and Selection Policy
- Staff Code of Conduct
- Application forms for prospective employees

AUDITOR

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

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 14.12.18 and signed on its behalf by:


.....
Jennifer Collinson
Chair

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Prospere Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Board of Trustees has formally met 13 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mark Brookfield (Appointed 18 July 2017)	12	13
Jennifer Collinson (Chair) (Appointed 18 July 2017)	13	13
Amanda Edwards (Appointed 18 July 2017)	10	13
Helen Jones (Appointed 18 July 2017)	11	13
Beverley Ridyard (Appointed 18 July 2017)	10	13
Isobel Freeman (Appointed 18 July 2017 and resigned 20 April 2018)	8	9
Linda Jones (non-statutory) (Accounting officer)	12	13
Ben Ramm (Appointed 1 September 2018)		

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

As the first year as the newly formed Prospere Learning Trust, the Trust Board has been very active during the period and as a result has met at a higher frequency than it will do ongoing to ensure the required business was completed.

The initial Board was formed from the members of the predecessor Trust boards. During the year, the Trust was sad to say goodbye to Trustee Isobel Freeman, who passed away at the end of July. Isobel had been a highly valued member of the Board since its inception and also previously as part of CHS Learning Trust.

Ben Ramm was appointed as a new Trustee towards the end of the academic year, joining the Board at the start of September 2018, bringing experience of the education sector through his role at the Department for Education.

Key areas of work completed by the Board during the period were:

- Appointment of Chief Executive, Director of Finance and Operations and Head of HR (all Trust appointments)
- Approval of a new trust wide HR system
- Review and approval of the new Trust Delegation of Authority, including Terms of Reference for all governor committees
- Appointment of new external auditors
- Approval of IT restructure, resulting in the creation of a new Trust wide IT team
- Strategic oversight of Trust developments, specifically support of The Grange and the development of the CHS South.

The Local Governing Bodies and also the Trust Board will annually self review in the Summer term against an agreed matrix and will incorporate the finding into action plans for the forthcoming year.

The Board robustly ensures that all data is of high quality and is factually correct. This is managed by a range of methods including;

- Regular detailed external financial audits
- External high quality assurance and moderation for pupil performance data
- A series of external moderation activities of pupil performance data
- External quality assurance of performance management information for Heads, EHTs and CEO
- A range of externally commissioned audits against agreed performance standards for Health and Safety, Safeguarding, Attendance and behaviour, Pupil premium spend and impact.

Governance reviews

In September 2018, auditors were appointed to complete an agreed upon procedures review including a review of governance across the trust. Overall, the review showed that some key elements of governance were in place, including:

- A documented governance structure
- A documented Scheme of Delegation
- A planned and documented meeting cycle with all meetings having taken place
- A clear process for collecting and recording pecuniary interests
- Monitoring of attendance at Trustee/Governor meetings

Areas of development were noted as:

- Risk and Audit Committee and Board level Resources Committee had not been constituted during 17/18 despite being on the governance structure. The Trust level Audit Committee will be constituted in November 2018 and the Resources Committee will continue to be incorporated into Trust Board business for the 2018/19 academic year.
- Terms of Reference for Local Governing Bodies should be reviewed and approved every year
- Calendars of business to be developed for Trust Board and Cluster Resources (they are in place for Local Governing Body meetings)
- Clearer appointment and induction processes for Governors and Trustees
- Process to be implemented for addressing poor attendance at meetings

These areas for development will be reviewed through the Audit Committee to ensure action is taken to address them.

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Creation of a larger multi academy trust through the merger to form Prospere Learning Trust, bringing opportunities for economies of scale and collaboration.
- Use of the Integrated Curriculum Planning tool to assess and challenge capacity within the Mainstream schools
- Continually reviewing provision of services within the trust and those procured externally to maximise potential savings and drive efficiency

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of these risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Prospere Learning Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 18 July 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and appointed RSM Risk Advisory team to complete a specific programme of agreed upon procedures for the 2017/18 financial year. A full internal audit tender will be completed in 2018/19.

PROSPERE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

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

- Financial procedure review (Trust)
- Disaster recovery / business continuity review (Trust)
- Risk register review (Trust)
- Coordinating the planning and budgeting process (Trust)
- Banking, debt management and cashflow (Newall Green and Pioneer House)
- Budget monitoring (Trust and Chorlton High)
- Delegated financial authorities (Trust)
- Capital Projects (Newall Green and Chorlton High)
- Payroll and expenses (Newall Green and Pioneer House)
- Value for money (Trust)
- Reducing the risk of fraud and theft (Trust)

Following the internal audit review, a full report was provided to the Board. Key actions were noted as:

- Internal Financial Procedures document needs finalising
- Overarching disaster recovery / business continuity policy needs implementing for the Trust
- Some strengthening of the risk register required to be in line with best practice
- Review stronger links between Trust Strategic Plan and the annual budgeting process
- Ensure all bank mandates are maintained up to date
- Confirm sign off for bank reconciliations and ensure it is completed as per documented procedures
- Ensure cash flow reporting is reporting to governor level
- Provide financial updates to Trust Senior Management Team (currently given to Headteachers, Cluster Resources, Local Governing Body and Trust Board).
- Develop clear business case process for new capital projects
- Develop stand HR forms for employee change requests
- Implement ongoing training refresher in relation to fraud and theft

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

Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trust Board (Audit Committee during 2018/19) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 14.12.18 and signed on its behalf by:

J. Collinson

Jennifer Collinson
Chair

PROSPERE LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Prospere Learning Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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

Linda Jones (non-statutory)
Accounting Officer



14.12.18

PROSPERE LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 14.12.18 and signed on its behalf by:



Jennifer Collinson
Chair

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

Opinion

We have audited the financial statements of Prospere Learning Trust (the "charitable company") for the period ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 23, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

Anna Spencer-Gray (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
19 December 2018

PROSPERE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2018 £'000
Income and endowments from:					
Donations and capital grants	3	7	-	8,022	8,029
Donations - Gift of net assets	29	2,607	(4,462)	63,102	61,247
Charitable activities:					
- Funding for educational operations	4	183	19,491	-	19,674
- Funding for teaching school	28	-	122	-	122
Other trading activities	5	345	-	-	345
Investments	6	5	-	-	5
Total		3,147	15,151	71,124	89,422
Expenditure on:					
Charitable activities:					
- Educational operations	8	840	20,107	1,558	22,505
- Teaching school	28	-	78	-	78
Total	7	840	20,185	1,558	22,583
Net income/(expenditure)		2,307	(5,034)	69,566	66,839
Transfers between funds	18	-	(124)	124	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	24	-	2,033	-	2,033
Net movement in funds		2,307	(3,125)	69,690	68,872
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		2,307	(3,125)	69,690	68,872

PROSPERE LEARNING TRUST**BALANCE SHEET****AS AT 31 AUGUST 2018**

	Notes	2018	
		£'000	£'000
Fixed assets			
Tangible assets	13		70,785
Current assets			
Debtors	14	1,314	
Cash at bank and in hand		2,093	
		<u>3,407</u>	
Current liabilities			
Creditors: amounts falling due within one year	15	(1,010)	
Net current assets			<u>2,397</u>
Net assets excluding pension liability			73,182
Defined benefit pension scheme liability	24		(4,310)
Net assets			<u>68,872</u>
Funds of the Academy Trust:			
Restricted funds	18		
- Restricted fixed asset funds			69,690
- Restricted income funds			1,185
- Pension reserve			(4,310)
Total restricted funds			<u>66,565</u>
Unrestricted income funds	18		<u>2,307</u>
Total funds			<u><u>68,872</u></u>

The financial statements on pages 26 to 53 were approved by the Board of Trustees and authorised for issue on 19.12.18 and are signed on their behalf by:



Jennifer Collinson
Chair

PROSPERE LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2018

		2018	
	Notes	£'000	£'000
Cash flows from operating activities			
Net cash provided by operating activities	22		307
Cash flows from investing activities			
Dividends, interest and rents from investments		5	
Cash funds transferred on conversion		2,349	
Purchase of tangible fixed assets		(568)	
Net cash provided by/(used in) investing activities			<u>1,786</u>
Net increase in cash and cash equivalents in the reporting period			2,093
Cash and cash equivalents at beginning of the year			<u>-</u>
Cash and cash equivalents at end of the year			<u><u>2,093</u></u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

General information

Prosperre Learning Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report. The Company was incorporated on 18th July 2017, but there were no trading activities until within the Academy Trust until 1 September 2017.

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

Basis of preparation

The financial statements of the Academy Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Going concern

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

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

Chorlton High School continues to attract a high number of students and the September 2018 Year 7 cohort was significantly oversubscribed (300 on roll with a PAN of 300) with a waiting list in excess of 157 students. In conjunction with Manchester Local Authority the school confidently projects that the school will continue to be oversubscribed for entry into Year 7 over the next four academic years (limit of LA forecasting).

CHS South, a new mainstream free school opened by the trust in September 2018, has met its minimum viable number in September 2018 and all indications for September 2019 are that it will be a popular choice in the local community and we anticipate meeting our student recruitment targets.

Newall Green High School is currently under-subscribed as a result of a population dip in the local area and strong competition from neighbouring schools, some of which were expanded for the September 2016 intake. The future student number projections for the school remain uncertain, which is therefore accompanied by financial challenge due to the link between student numbers and funding. The senior leadership of the trust are working proactively with both the ESFA and the Regional Schools Commissioner on the issue, in particular to ensure that the future financial projections don't impact on the financial stability of the Trust as a whole. We are therefore confident that the situation at Newall Green will not have a significant detrimental impact on the trust as a whole going forward.

Within the Special Schools Cluster, demand for these places across the city, and from surrounding areas, remains extremely high so we are confident that the schools will meet their student number targets for the foreseeable future. Demand is increasing year on year in line with historic projections and future trends so we are confident that the schools will meet their student number targets for the foreseeable future. Piper Hill High school has been able to increase capacity by using an additional Trust site as their post 16 provision. Pioneer House has capacity for 100 pupils but dependent on the needs of pupils it is likely that this figure could increase up to 120.

The General Annual Grant (GAG) funding is currently directly linked to pupil numbers and therefore the trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. In addition, current funding allocates a significant amount of additional funding through the Pupil Premium for students who have been registered for free school meals at any point in the last six years (known as 'Ever 6 FSM'). Schools also receive funding for children who have been looked after continuously for more than six months, and children of service personnel. Within all schools, but significantly in the Special Schools Cluster we receive top up funding from Local Authorities which significantly supplements our income to support our children with special educational needs.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Formation of a new academy trust

The combination of two separate Multi Academy Trusts (MAT) into a single MAT involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred from Piper Hill Learning Trust and Chorlton High School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Income

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

Grants

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

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

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

Donations

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

Other income

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

Donated goods, facilities and services

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Donated fixed assets

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

Transfer of assets on conversion

Where assets are received by the Trust on transfer to the academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

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

- Chorlton High School was valued at £29,245,000 split £1,965,000 land and £27,280,000 on 1 January 2013 by FHP Property Consultants
- Newall Green High School was valued at £23,910,000 split land £3,410,000 and buildings £20,500,000 on 1 April 2015 by FHP Property Consultants
- Piper Hill Specialist High School was valued at £12,812,000 split £244,000 land and £12,568,000 buildings on 1 March 2015 by Mouchel on behalf of the ESFA
- Pioneer House Specialist High School was valued on 1 September 2017 by FHP Property Consultants - please see narrative in note 13 for analysis of this land and buildings.

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

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

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

Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Charitable activities

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

Tangible fixed assets and depreciation

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

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

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

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

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

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

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets and liabilities

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

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

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

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

Derecognition of financial assets and liabilities

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

Taxation

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

Pensions benefits

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but 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 are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Fund accounting

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

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

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

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

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

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

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Donated fixed assets	-	27	27
Capital grants	-	605	605
Other donations	7	7,390	7,397
	<hr/>	<hr/>	<hr/>
	7	8,022	8,029
	<hr/>	<hr/>	<hr/>

Included within capital grants above is income receivable from Manchester City Council of £224k

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
DfE / ESFA grants			
General annual grant (GAG)	-	14,567	14,567
Start up grants	-	64	64
Other DfE group grants	-	1,925	1,925
	<u>-</u>	<u>16,556</u>	<u>16,556</u>
Other government grants			
Local authority grants	-	2,934	2,934
	<u>-</u>	<u>2,934</u>	<u>2,934</u>
Teaching school income (excluding DfE grants)	-	53	53
Other incoming resources	183	70	253
	<u>183</u>	<u>123</u>	<u>306</u>
	<u>183</u>	<u>19,613</u>	<u>19,796</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Hire of facilities	127	-	127
Catering income	58	-	58
Other income	160	-	160
	<u>345</u>	<u>-</u>	<u>345</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Other investment income	5	-	5
	<u>5</u>	<u>-</u>	<u>5</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000
Academy's educational operations				
- Direct costs	13,621	-	1,657	15,278
- Allocated support costs	2,849	2,935	1,443	7,227
Teaching school				
- Direct costs	27	-	5	32
- Allocated support costs	45	-	1	46
Total support costs	16,542	2,935	3,106	22,583

Net expenditure/(income) for the period includes:

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

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Direct costs			
Educational operations	175	15,103	15,278
Teaching school	-	32	32
Support costs			
Educational operations	665	6,562	7,227
Teaching school	-	46	46
	840	21,743	22,583

The expenditure on teaching school was £78,000 (: £-) of which £78,000 was restricted (: £-).

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

8 Charitable activities (Continued)

	Teaching School £'000	Educational operations £'000	Total 2018 £'000
Analysis of support costs			
Support staff costs	45	2,849	2,894
Depreciation	-	1,631	1,631
Technology costs	1	76	77
Premises costs	-	1,575	1,575
Other support costs	-	1,050	1,050
Governance costs	-	46	46
	46	7,227	7,273
	46	7,227	7,273

9 Staff

Staff costs

Staff costs during the period were:

	2018 £'000
Wages and salaries	12,039
Social security costs	1,158
Pension costs	2,776
Staff costs	15,973
Agency staff costs	261
Staff restructuring costs	248
Staff development and other staff costs	60
Total staff expenditure	16,542

Staff restructuring costs comprise:

Redundancy payments	248
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Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,360 for one individual.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

9 Staff (Continued)

Staff numbers

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

	2018 Number
Teachers	176
Administration and support	241
Management	33
	<hr/>
	450
	<hr/>

Higher paid staff

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

	2018 Number
£60,001 - £70,000	5
£70,001 - £80,000	3
£90,000 - £100,000	1
£120,001 - £130,000	1
£130,001 - £140,000	1
	<hr/>

Key management personnel

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

10 Central services

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

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

The Academy Trust charges for these services on the following basis:
3.4% of core income (GAG, Pupil Premium and SEN funding)

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

10 Central services (Continued)

The amounts charged during the period were as follows:

	2018
	£'000
Newall Green High School	166
Chorlton High School	307
Piper Hill High School	117
Pioneer House High School	35
	<hr/>
	625
	<hr/> <hr/>

11 Trustees' remuneration and expenses

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

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

Chief Executive Officer:
Remuneration £128,573
Employer's pension contributions paid £21,189

During the period ended 31 August 2018, travel and subsistence expenses totaling £700 were reimbursed to one Trustees of the AcademyTrust.

12 Trustees and officers insurance

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Fixtures, fittings and computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 18 July 2017	-	-	-	-	-	-
Gift to MAT	22,919	20	40,158	1,068	42	64,207
Additions	-	419	7,390	335	65	8,209
At 31 August 2018	22,919	439	47,548	1,403	107	72,416
Depreciation						
At 18 July 2017	-	-	-	-	-	-
Charge for the period	410	-	949	261	11	1,631
At 31 August 2018	410	-	949	261	11	1,631
Net book value						
At 31 August 2018	22,509	439	46,599	1,142	96	70,785

Transactions relating to land and buildings during the period include:

- the gifting of leasehold land and buildings to Pioneer House High School for £nil consideration. This leasehold land and buildings is on a 125 year lease and was valued by FHP Property Consultants on 1 September 2017 at £7,390,000. This is split £1,120,000 land and £6,270,000 buildings,
- For the other schools please refer to the Transfer of assets on conversion accounting policy on page 32

14 Debtors	2018
	£'000
Trade debtors	49
VAT recoverable	365
Other debtors	9
Prepayments and accrued income	891
	<u>1,314</u>
15 Creditors: amounts falling due within one year	2018
	£'000
Trade creditors	442
Other creditors	67
Accruals and deferred income (see note 16)	501
	<u>1,010</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

16	Deferred income	2018
		£'000
	Deferred income is included within:	
	Creditors due within one year	50
		<u> </u>
	Resources deferred in the period	50
		<u> </u>
	Deferred income at 31 August 2018	50
		<u> </u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to rates relief from ESFA of £49,440, Student lockers £75 and Music lessons of £235.

The year end balance of £49,750 is expected to be released in the 2018/19 year.

17	Financial instruments	2018
		£'000
	Carrying amount of financial assets	
	Debt instruments measured at amortised cost	658
		<u> </u>
	Carrying amount of financial liabilities	
	Measured at amortised cost	960
		<u> </u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

18 Funds

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

18 Funds (Continued)

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

a) Restricted General Fund

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

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

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

b) Restricted Fixed Asset Fund

This includes fixed assets transferred on Academy conversion, together with capital grants. This fund also includes £224k from Manchester City Council, this grant has been provided by Manchester City Council for the purpose of extending Piper Hill Specialist High School's Sixth Form provision.

c) Unrestricted Fund

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

Total funds analysis by academy

	2018
	£'000
Fund balances at 31 August 2018 were allocated as follows:	
Newall Green High School	(55)
Chorlton High School	1,287
Piper Hill High School	582
Pioneer House High School	280
Central services	116
Total before fixed assets fund and pension reserve	2,210
Restricted fixed asset fund	69,690
Designated fund - capital	1,282
Pension reserve	(4,310)
Total funds	<u>68,872</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

18 Funds (Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£'000	£'000	£'000	£'000	£'000
Newall Green High School	3,398	754	537	936	5,625
Chorlton High School	6,415	831	855	1,715	9,816
Piper Hill High School	2,434	490	102	508	3,534
Pioneer House High School	610	159	42	189	1,000
Central services	487	82	-	66	635
	<u>13,344</u>	<u>2,316</u>	<u>1,536</u>	<u>3,414</u>	<u>20,610</u>

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	1,282	-	69,503	70,785
Current assets	1,024	2,196	187	3,407
Creditors falling due within one year	-	(1,010)	-	(1,010)
Defined benefit pension liability	-	(4,310)	-	(4,310)
Total net assets	<u>2,306</u>	<u>(3,124)</u>	<u>69,690</u>	<u>68,872</u>
Balance to allocate	1	(1)	-	-
Per balance sheet	2,307	(3,125)	69,690	68,872

20 Capital commitments

	2018
	£'000
Expenditure contracted for but not provided in the financial statements	<u>92</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

21 Commitments under operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000
Amounts due within one year	343
Amounts due between one and five years	1,249
	<u>1,592</u>

The property known Lowry House was signed on 6 July 2018 and is a 5 year lease ending 5 July 2023.

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

	2018 £'000
Net income for the reporting period (as per the statement of financial activities)	66,839
Adjusted for:	
Net assets transferred on combination of the MATs	(61,247)
Capital grants from DfE/ESFA and other capital income	(7,641)
Interest receivable	(5)
Defined benefit pension scheme cost less contributions payable	823
Defined benefit pension scheme finance	145
Depreciation of tangible fixed assets	1,631
Movements in working capital:	
(Increase) in debtors	(1,314)
Increase in creditors	1,077
Stocks, debtors and creditors transferred on conversion	(1)
Net cash provided by Operating Activities	<u>307</u>

23 Members' liability

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

24 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

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.

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,209,900.

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Local Government Pension Scheme

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

The LGPS obligation relates to the employees of the Academy Trust who were employees transferred as part of the transfer/ formation from the separate Multi Academy Trusts (as described in note 29) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on combination represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Total contributions made	2018
	£'000
Employer's contributions	762
Employees' contributions	245
Total contributions	<u>1,007</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

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

The assumed life expectations on retirement age 65 are:

	2018
	Years
Retiring today	
- Males	21.5
- Females	24.1
Retiring in 20 years	
- Males	23.7
- Females	<u>26.2</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

The Academy Trust's share of the assets in the scheme	2018 Fair value £'000
Equities	8,508
Bonds	2,002
Cash	1,126
Property	876
Total fair value of assets	<u>12,512</u>

The actual return on scheme assets was £624,000

Amount recognised in the Statement of Financial Activities	2018 £'000
Current service cost	1,584
Net interest cost	145
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	1
Total operating charge	<u>1,730</u>

Changes in the present value of defined benefit obligations	2018 £'000
Obligations acquired on conversion	16,347
Current service cost	1,584
Interest cost	430
Employee contributions	245
Actuarial gain	(1,694)
Benefits paid	(91)
Past service cost	1
At 31 August 2018	<u>16,822</u>

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

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

	2018 £'000
Assets acquired on conversion	10,972
Interest income	285
Return on plan assets (excluding net interest on the net defined pension liability)	339
Employer contributions	762
Employee contributions	245
Benefits paid	(91)
	<hr/>
At 31 August 2018	12,512
	<hr/> <hr/>

25 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 11.

26 Post balance sheet events

After the period end, CHS South, a new free school, was opened by Prospere Learning Trust on 1 September 2018.

27 Agency arrangements

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

28 Teaching school trading account	2018	
	£'000	£'000
Direct income		
Government grants		69
Other external funding		49
Other income		4
		<hr/>
Total income		122
		<hr/>
Direct costs		
Direct staff costs	27	
Educational consultancy	5	
	<hr/>	
	32	
	<hr/>	
Other costs		
Support staff costs	45	
Technology costs	1	
	<hr/>	
	46	
	<hr/>	
Total expenditure		(78)
		<hr/>
Surplus/(deficit) from all sources		44
		<hr/>
Teaching school balances at 18 July 2017		-
		<hr/>
Teaching school balances at 31 August 2018		44
		<hr/>

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

PROSPERE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

29 Formation of the Multi Academy Trust

On 18 July 2017 the Prospere Learning Trust was incorporated. On 1 September 2017 two Multi Academy Trusts, being Piper Hill Learning Trust and CHS Learning Trust, were transferred into Prospere Learning Trust under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Prospere Learning Trust from the Piper Hill Learning Trust and CHS Learning Trust for £nil consideration.

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

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

Academy	Location	Date of transfer		
Newall Green High School	Greenbrow Road, Wythenshawe, Manchester, M23 2SX	1 September 2017		
Chorlton High School	Nell Lane, Chorlton, Manchester, M21 7SL	1 September 2017		
Piper Hill High School	Firbank Road, Newall Green, Wythenshawe, Manchester, M23 2YS	1 September 2017		
Pioneer House High School	200 Yew Tree Lane, Northern Moor, Manchester, M23 0FF	1 September 2017		
Net assets transferred:			2018	£'000
Cash			2,349	
LGPS pension surplus/(deficit)			(5,375)	
Fixed assets			64,206	
Current assets			988	
Current liabilities			(920)	
			<u>61,248</u>	
			<u>2018</u>	<u>£'000</u>
	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2018
Funds surplus/(deficit) transferred:	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	63,102	63,102
LGPS pension funds	-	(5,375)	-	(5,375)
Other funds	2,607	913	-	3,520
	<u>2,607</u>	<u>(4,462)</u>	<u>63,102</u>	<u>61,247</u>

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PROSPERE LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 16 March 2018 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Prospere Learning Trust during the period 18 July 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 18 July 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Prospere Learning Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Prospere Learning Trust's accounting officer and Trustees

The accounting officer is responsible, under the requirements of Prospere Learning Trust's funding agreement with the Secretary of State for Education dated 25 August 2017 and the Academies Financial Handbook, extant from 1 September 2017, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Prospere Learning Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 2017 to 2018.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 18 July 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO PROSPERE LEARNING TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY (CONTINUED)**

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Prospere Learning Trust and the ESFA in accordance with the terms of our engagement letter dated 16 March 2018. Our work has been undertaken so that we might state to the Prospere Learning 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 Prospere Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Chartered accountants
3 Hardman Street
Manchester
M3 3HF

Dated: *19 December 2018*
