

OBJECTIVES AND ACTIVITIES (continued)

Achievements and Performance (continued)

- The College continues to provide learners with appropriate high quality expert support and guidance through the personal tutor system – as recognised by Ofsted. Despite funding pressures over recent years, a successful tutorial programme remains in place. In addition, a wide-ranging enrichment programme, including sport, music and performing arts, is available to all learners
- The College campus remains in excellent condition but benefits from continued investment by the Trust, including the opening of a student welfare hub and the creation of six new classrooms by re-configuring internal spaces.

Significant achievements at Tomlinscote School include:

- Tomlinscote was subject to an Ofsted inspection in November 2023. The result was not available when this Annual Report was signed, 13th December 2023.
- Results at Tomlinscote were exceptional this year. The percentage of pupils with at least five GCSE passes including English and Maths has increased to 84 per cent (from 75 per cent in 2019, the last time exams were sat).
- Value added is extremely impressive and designated 'Outstanding' under the Alps value added system which receives data from the Department for Education database and places all secondary schools in England in rank order. Under the Alps system, 18/23 (78.3 per cent) GCSE courses in Tomlinscote were in the top 25 per cent of institutions nationally (Alps grade 3 or better) and almost a third of courses were in the top 10 per cent (Alps grade 2). This is a significant improvement on the 2019 results when Tomlinscote was ranked as an Alps grade 5 and only one course out of 23 was in the top 10 per cent. Progress 8 for the School continues to increase from the pre-Trust level of 0.15 in 2018 to 0.58 in 2023, the latter designated as 'well above average' progress by the DfE.
- Teaching and learning targets for the School continued to be met in 2022/23 including: embedding the pedagogic priority of mastery learning using Rosenshine's Principles of Instruction.
- The School has maintained its recent patterns of growth in pupil numbers with 1,500 currently enrolled and a significant waiting list.
- The Trust continued with its campus improvement programme in 2022/23 with improvements to toilet facilities and general upgrades across the site.
- The Trust also remains committed to the School's Apple Distinguished School status with further additional investment in iMacs and iPads and the School remains a registered Apple Regional Training Centre.

OBJECTIVES AND ACTIVITIES (continued)

Achievements and Performance (continued)

Significant achievements at Frimley CofE Junior School include:

- Frimley Church of England Junior School was subject to a Statutory Inspection of Anglican and Methodist Schools (SIAMS) in December 2023. As at 13th December the result was pending and therefore it was not possible to include it in this report.
- In 2023, Frimley's SATs results were very strong and continued a trend of an increasing differential with the average performance of their Surrey and national peers. Percentage pass rates showed double figure positive differentials established with the national results (ranging from +11-18 per cent across all the performance measures). Positive differentials against Surrey also improved this year with a range of 8-13 per cent above the Surrey average performance. During the year, Frimley achieved positive progress in both reading (+3.2) and maths (+2.5). This progress was in the top 20 per cent of institutions nationally and likewise the attainment in all four measures of reading; grammar, punctuation, and spelling (GPS); writing; and maths.
- Frimley Church of England Junior School has seen an increase in pupil numbers despite a decrease in the local demographic for the primary school age group.
- The investment in IT (Information Technology) has continued with improvements to further improve the network, moving towards cloud storage of files for staff to enable sharing and access to teaching resources.
- Capital Investment during 2022/23 continued with significant improvements made to the reception and other shared areas.

Promoting the success of the company

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

- Reviewed and updated its vision, mission, and strategic priorities.
- Successfully applied for approval as an Academy Sponsor by the Department for Education.
- Ensured that there is robust financial management across all academies, and that there are systems in place to support this and investigated processes and options to improve financial efficiency.
- Recruited and retained outstanding teaching and support staff.
- Ensured that there are robust safeguarding policies within academies, which have been subject to rigorous external review.
- Drawn upon external expertise to support the Trust in terms of evaluating existing effectiveness in terms of governance, safeguarding and special education needs.
- Identified shared opportunities for CPD (Continuing Professional Development), curriculum and resource planning to strengthen the quality of teaching and learning and its impact on learners' progress.

OBJECTIVES AND ACTIVITIES (continued)

Promoting the success of the company (continued)

- Developed and implemented Trust-wide ICT programmes to continually improve ICT hardware and software to deliver desired outcomes.
- Investigated and sought further funding opportunities where applicable.
- Introduced a programme of staffing efficiency savings across the Trust to ensure best value is achieved across the Trust.
- Ensured the Trust has effective management capacity to deliver sustained improvement and growth including the introduction of the new Chief Executive Officer.

Public Benefit

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

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

Financial performance indicators

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

- Operational surplus to income ratio – 0.9%
- Current ratio – 2:1
- Pay to Income ratio – 78%

Going concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. This judgement is based on the following:

- Net working capital and liquidity are healthy.
- Cash reserves remain positive.
- The annual budget sets out the short-term and long-term financial forecasts including the predicted movement of cash in the forward period.

OBJECTIVES AND ACTIVITIES (continued)

Going concern (continued)

- Student recruitment remains strong across all Academies.
- Longer-term prioritised capital plans are in place and Trustees are updated of progress and for larger schemes are part of the approval process.
- Minimum (cash) reserves have been identified and adhered to.
- Financial management, including financial key performance indicators and year end predictions, provided to Trustees is timely, accurate and provides sufficient information to readily identify the financial position of the Trust.
- Governance arrangements in the Trust, while embedded and supported by the Scheme of Delegation, are continually reviewed.
- Risk registers are updated on a regular basis and include key financial risks that are monitored and managed.
- The internal control system is secure, with effective financial and non-financial controls in place, supported by a dedicated Audit & Risk Committee and both internal and external auditors who are independent of the Trust.
- Insurance arrangements are in place across the Trust.

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

Financial review

The Trust's income continues to be provided predominately by the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2023, total expenditure of £34.3m (2022: £33.7m) was met by recurrent grant funding from the ESFA together with other income. The excess of operational income over expenditure for the year (excluding both the restricted fixed asset fund and FRS102 pension adjustments) was £0.3m (2022: £0.4m).

At 31 August 2023, the net book value of fixed assets was £49.4m (2022: £49.6m). Movements in fixed assets are shown in notes 10 and 11 to the financial statements. The assets are used

OBJECTIVES AND ACTIVITIES (continued)

Financial review (continued)

exclusively for providing education, and associated support services to the learners of the Trust and the provision of resources for the benefit of the local community.

The Hampshire and Surrey County Councils' Local Government pension schemes, in which the Trust participates, showed a deficit of £1.0m at 31 August 2023 (2022: deficit of £3.0m).

The Trust held total fund balances at 31 August 2023 of £51.0m (2022: £49.4m) comprising £2.6m of unrestricted general funds (2022: £2.7m), £0.09m of restricted general funds (2022: £0.02m), £49.4m of tangible fixed assets (2022: £49.6m) and a deficit on restricted funds representing the liability of £1.0m (2022: £3.0m) arising from the pension scheme.

Financial report for the period

Total income for the year (including the restricted fixed asset fund and before transfers) was £33.6m (2022: £30.9m). The results for the year are shown on page 29.

Financial and risk management objectives and policies

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

Reserves policy

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

The Trust's unrestricted reserves as at 31 August 2023 were £2.6m (2022: £2.7m) compared to an agreed £2.0m minimum.

The Trustees policy is to carry forward a prudent level of resource that will enable the longer-term cyclical needs of Trust to be met as well as retaining a provision for any unforeseen contingencies. The level of reserves at the end of 2022/23 represented eight per cent of total income. This meets the best practice requirement of the ESFA that reserves are more than five percent of income.

It is the continued intention of the Trust to allocate reserves to help support partner academies in terms of future campus improvements and curriculum delivery. Additionally, as the demographic make-up of the local population changes, the number of learners recruited into the Trust is forecast to increase in the medium term. As such, the Trust intends to allocate reserves to support the infrastructural changes that are likely to be needed to accommodate increased capacity. During 2022/23 the Trust focused on increasing classroom space and improving shared areas. In 2023/24, the Trust will continue to improve IT accessibility.

OBJECTIVES AND ACTIVITIES (continued)

Financial review (continued)

Reserves policy (continued)

The Trust aims to support levels of reserves in the short term by securing operating surpluses in line with budget forecasts. Revenue reserves into total remain healthy in 2022/23 at £2.6m (2021/22: £2.7m) and will help finance the Trust's capital expenditure programme. Trustees believe this to be a prudent amount to enable it to invest in its development plans and to respond to current economic uncertainties.

Investment policy

During the year, the Trust increased its medium-term investment deposits to £2.0m. This is in line with the Trust's agreed Treasury Management approach which notes the requirement for Trustees to take particular care when investing funds by identifying low risk deposits, setting out minimum bank account levels and restricting investment exposure of any funds.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- ***Trust expansion and the impact of joiner academies*** - The Trust maintains its ambitions to expand and has embedded governance and managerial structures, shared systems, and reporting frameworks to support the integration of new joiner academies. This ensures that the financial, academic, and reputational strengths of the Trust are not compromised.
- ***Performance of individual academies*** - The Trust actively monitors the performance of academy partners in terms of recruitment, retention and attainment and promotes and shares best practice through collaborative working across and between academies. As part of this the Trust is reviewing how it will respond to known and future Governmental changes in academic qualifications. Additionally, the Trust continues to review its performance and processes in advance of anticipated Ofsted and SIAMs inspections in 2023/24.
- ***Financial constraint*** - as with most education establishments across the country, the Trust will be adversely affected by the current national economic pressures. To respond to this and to maintain sufficient level of reserves, the Trust continues to review its cost base across the organisation to ensure resources are allocated in line with its new corporate priorities.
- ***Resource distribution*** - The Trust ensures that campus, systems, and people infrastructures are equitable, and allocations are made based on risk and need. As such, no one academy site has an inequitable share of resources. As part of this, the Trust continues to implement its core service framework, so academy partners receive consistent and effective support services enabling them to better focus on curriculum delivery.
- ***Infrastructure*** - The Trust has continued to invest in its infrastructure across all academies including the IT network and IT security. The Trust has confirmed all sites are free of Reinforced Autoclaved Aerated Concrete (RAAC). Further investment was made to maintain and improve the estate in line with our education strategy, as well as health and safety regulations, accessibility strategy and carbon reduction strategy.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- **Governance** – The Trust operates with a small number of Trustees and Members however some recruitment has taken place and the Trust Board is aware of its regulatory duties.

Additionally, the Trust has an effective system of internal financial control, as explained in the Statement on Internal Control, and insurance arrangements are in place where significant financial risk remains. A regular inspection routine and implementation of all required policies and procedures ensures the Trust estate is safe, well maintained and complies with all relevant regulations. The Trust follows guidance under the Goods Estates Management for School (GEMS).

FUNDRAISING

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

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2022 to 31 August 2023	
Energy consumption used to calculate emissions (kWh)	5,589,080
Energy consumption break down (kWh) (optional) <ul style="list-style-type: none"> • gas, • electricity, • transport fuel 	3,096,405 2,466,740 25,935
<u>Scope 1 emissions in metric tonnes CO₂e</u> Gas consumption Owned transport <u>Total scope 1</u>	565 3 568
<u>Scope 2 emissions in metric tonnes CO₂e</u> Purchased electricity	 511
<u>Scope 3 emissions in metric tonnes CO₂e</u> Business travel in employee owned vehicles	 3
Total gross emissions in metric tonnes CO ₂ e	1,082
<u>Intensity ratio</u> Tonnes CO ₂ e per pupil	 0.19

Streamlined Energy and Carbon Reporting (continued)

Quantification and Reporting Methodology

All energy consumption figures are actual kilowatts consumed, converted into CO₂ metric tonnes by applying the 2023 electricity conversion factor.

Intensity measurement

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

Measures taken to improve energy efficiency

The Trust has on-going initiatives to improve energy efficiency, including greater use of on-line learning, use of reduced paper and also proactive management of heating and lighting. The Trust has also commissioned a Carbon Reduction Plan across the Trust.

FUNDS HELD AS CUSTODIAN TRUSTEES ON BEHALF OF OTHERS

The academy trust distributes funds for the following groups as an agent

- Enthuse Partnership Project
- Stacey & Lucy Foundation
- Staff Social Club
- Student Union
- Trips organised through travel companies or agencies

Total funds held for these purposes are £43,172, as at 31st August 2023, which are held outside of the Trust's funds.

PLANS FOR FUTURE PERIODS

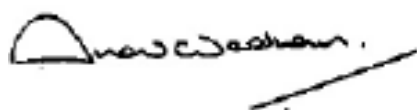
Since its formation, the Sixth Form College Farnborough, Tomlinscote School and Frimley Church of England Junior School have been successfully transferred into the Trust. No specific agreements are in place to expand further but the Trust continues to work with potential future partners.

Auditor

As far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order the Board of Trustees on 13th December 2023 and signed on its behalf by:



A Needham

Chair of Trustees

GOVERNANCE

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in the Department for Education's (DfE) Governance Handbook and Competency Framework for Governance.

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

Governance

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

Governor	Meetings attended	Out of a possible
A Needham (Chair)	6	6
W Bagnall	6	6
J Smithson (resigned 27 June)	5	6
A Majury	6	6
M Dawes	5	6
A Tear	5	6

Governance reviews

The Trust continued to review of its governance arrangements over the last twelve months. During 2022/23 the Trustees commissioned a review of Governance arrangements across the Trust. In response to this, the Board is seeking to set up both Curriculum and Finance & Resources committees that will operate separately, but in conjunction with the main Trust Board. Also, to compensate for the natural turnover (both actual and planned) of Trustees, the Trust is currently recruiting new Trustees to join the Board. Trustees have reviewed and taken account of the guidance in DfE's Governance Handbook and Competency Framework for Governance.

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

Governance statement Year ended 31 August 2023

GOVERNANCE (continued)

Governance reviews (continued)

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

Governor	Meetings attended	Out of a possible
A Majury (Chair)	4	4
J Smithson (resigned 27 June)	-	4
M Laurie	2	4
R Forster (resigned 3 May)	3	4
William Bagnall*	1	1

**William Bagnall invited to attend 14th December 2022 Audit and Risk Committee to ensure the meeting was quorate.*

Conflicts of interest and Related Party Transactions

Trustees, Members of Audit & Risk Committee and Members of the Academy Quality Councils record any pecuniary interest via Governor Hub, the software used by the Trust to manage governance records. A reminder is sent annually to ensure records remain up-to date. Registers are created from these entries which are published on the Prospect Trust website. In addition to this, at the start of each governance meeting, Trustees, Members of the Academy Quality Committee, and members of the Audit & Risk Committee are invited to declare any conflict of interest. Any declarations will be recorded in the formal minutes and in the Trustees register of pecuniary interest.

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the 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. Clear oversight ensures efficient use of funding to maintain the trust's estate and compliance with all regulations. Improvements during 2022/23 include the installation of LED lighting in accordance with the carbon reduction strategy and alterations made to the estate in line with the Trust's accessibility strategy.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved. The Accounting Officer for the Trust has delivered and improved value for money during the period by ensuring that the Trust recorded a surplus position in 2022/23 to contribute to cash reserves for capital investment.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's

GOVERNANCE (continued)

The purpose of the system of internal control (continued)

policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Prospect Trust for the period 01 September 2022 to 31

August 2023 and up to the date of the annual report and financial statements. During the year, the Trust changed its internal auditor, but this did not compromise the internal control framework.

Capacity to handle risk

The Trustees continue to review the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the risks that has been in place for the year ended 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and employed Validera (previously known as HWCA) as its new internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

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

- the Sixth Form College Farnborough student recruitment, admissions and attendance recording and reporting processes;
- Schools census data;

Governance statement Year ended 31 August 2023

GOVERNANCE (continued)

The risk and control framework (continued)

- key financial controls; and,
- follow up of previous audit recommendations.

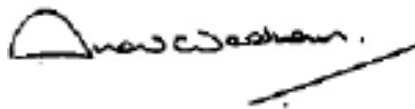
Review of effectiveness

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

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

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

Approved by order of the Board of Trustees on 13th December 2023 and signed on their behalf by:



(Chair of Trustees)

A Needham



(Accounting Officer)

A Yarrow

Statement on regularity, propriety and compliance 31 August 2023

As accounting officer of The Prospect 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, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2022.

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.



Accounting Officer - A Yarrow

Date: 13th December 2023

Statement of Trustees' Responsibilities

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

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

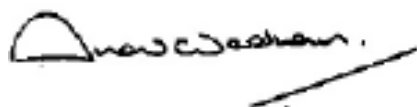
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2022 to 2023;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

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

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

Approved by order of the Board of Trustees on 13th December 2023 and signed on its behalf by:



A Needham

Chair of Trustees

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

Opinion

We have audited the financial statements of The Prospect Trust (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP (FRS 102)) and the Academies Accounts Direction 2022 to 2023.

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 2023 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP (FRS 102) and Academies Accounts Direction 2022 to 2023.

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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees' with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2022 to 2023, the Academy Trust Handbook 2022, and the Trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of directors' meetings and papers provided to the directors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

Auditor's responsibilities for the audit of the financial statements (continued)

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

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- ◆ To address the risk of fraud through management bias and override of controls, we:
- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

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

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

Independent auditor's report on the financial statements 31 August 2023

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.

Hugh Swainson (Senior Statutory Auditor)

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

Date

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

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Prospect Trust during the period from 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Prospect Trust's funding agreement with the Secretary of State for Education dated 31 August 2018 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2022 to 2023 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account)

Year ended 31 August 2023

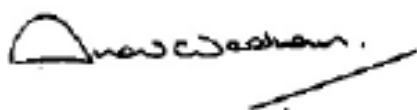
		Restricted funds				
	Notes	Unrestricted general fund £000	General £000	Fixed assets fund £000	2023 Total funds £000	2022 Total funds £000
Income from:						
Donations and capital grants	1	2	23	1,158	1,183	565
Charitable activities						
Funding for educational operations	2	181	31,415	-	31,596	29,543
Other trading activities	3	581	192	-	773	753
Investments	4	22	-	-	22	1
Total income		786	31,630	1,158	33,574	30,862
Expenditure on:						
Raising funds		110	-	6	116	-
Charitable activities						
educational operations	6	153	32,247	1,812	34,212	33,716
Total expenditure	5	263	32,247	1,818	34,328	33,716
Net income (expenditure)		523	(617)	(660)	(754)	(2,854)
Transfers between funds	16	(680)	286	394	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension scheme	20	-	2,402	-	2,402	14,368
Net movement in funds		(157)	2,071	(266)	1,648	11,514
Reconciliation of funds						
Total funds brought forward		2,740	(3,014)	49,643	49,369	37,855
Total fund balances carried forward		2,583	(943)	49,377	51,017	49,369

All activities are derived from continuing operations.

Balance sheet 31 August 2023

	Notes	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible assets	10		-		-
Tangible assets	11		49,377		49,643
Current assets					
Stock	12	43		37	
Debtors	13	970		1,282	
Cash at bank and in hand		2,537		4,097	
Cash on deposit		2,029		1,007	
		5,579		6,423	
Current liabilities					
Creditors: amounts falling due within one year	14	(2,813)		(3,595)	
Net current assets			2,766		2,828
Total assets less current liabilities			52,143		52,471
Net assets excluding pension scheme liability and other provisions					
			52,143		52,471
Defined benefit pension scheme liability	20		(1,035)		(3,032)
Other provisions	15		(91)		(70)
Net assets			51,017		49,369
Funds of the Trust					
Restricted funds:					
. Fixed assets fund	16		49,377		49,643
. Restricted income fund	16		92		18
. LGPS Pension reserve	16		(1,035)		(3,032)
			48,434		46,629
Unrestricted funds:					
. General fund			2,583		2,740
Total funds			51,017		49,369

The financial statements were approved by the Trustees, and authorised for issue on 13th December 2023, and are signed on their behalf by:



Chair

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

Principal Accounting Policies Year ended 31 August 2023

	Note	2023 £000	2022 £000
Net cash flows from operating activities			
Net cash used in operating activities	A	(166)	1,366
Cash flows from investing activities			
	B	(372)	(1,753)
Change in cash and cash equivalents in the period			
		(538)	(387)
Cash and cash equivalents at 1 September 2022		5,104	5,491
Cash and cash equivalents at 31 August 2023	C	4,566	5,104
A Reconciliation of net expenditure to net cash provided by operating activities			
		2023 £000	2022 £000
Net income expenditure for the period (as per the statement of financial activities)			
		(754)	(2,854)
Adjusted for:			
Depreciation charges		1,818	1,707
Capital grants from DfE and other capital income		(1,158)	(562)
Interest receivable		(22)	(1)
Defined benefit pension scheme cost less contributions payable		405	2,096
Decrease/(increase) in debtors		312	(682)
(Increase) in stock		(6)	-
Increase in provisions		21	-
(Decrease)/increase in creditors		(782)	1,662
Net cash (used in)/provided by Operating Activities		(166)	1,366
B Cash flows from investing activities			
		2023 £000	2022 £000
Interest received		22	1
Purchase of tangible fixed assets		(1,552)	(2,316)
Capital grants		1,158	562
Net cash used in investing activities		(372)	(1,753)
C Analysis of cash and cash equivalents			
		2023 £000	2022 £000
Cash at bank and in hand		2,537	4,097
Cash on deposit		2,029	1,007
Total cash and cash equivalents		4,566	5,104
D Analysis of changes in net debt			
	At 1 September 2022 £000	Cash flows £000	At 31 August 2023 £000
Cash and cash equivalents	5,104	(538)	4,566

Statement of accounting policies

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

Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going concern

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

Income

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

Grants

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

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

Grants (continued)

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

Donations

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

Other income

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

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

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

Tangible fixed assets (continued)

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

- Freehold buildings 50 years
- Furniture and equipment 10 years
- IT equipment 4 years
- Motor vehicles 5 years

Depreciation is charged from the month of acquisition.

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

Liabilities

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

Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre—tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Financial Instruments

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

Financial Instruments (continued)

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

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

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

Taxation

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

Pensions benefits

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

Pensions benefits (continued)

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

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Critical accounting estimates and assumptions (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

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

1. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed assets funds £'000	2023 Total funds £000
Capital grants	-	-	1,158	1,158
Other Donations	2	23	-	25
2023 Total	2	23	1,158	1,183

	Restricted funds £000	2022 Total funds £000
Capital grants	562	562
Other Donations	3	3
2022 Total	565	565

2. Funding for the Trust's educational operations

	Unrestricted funds £000	Restricted funds £000	2023 Total funds £000
DfE / ESFA revenue grants			
. General Annual Grant (GAG)	-	28,826	28,826
. Other DfE/ESFA grants			
. FSM	-	36	36
. Pupil premium	-	273	273
. Others	-	1,533	1,533
Other government grants			
. Local authority grants	-	562	562
. Other central government grant	-	41	41
	-	603	603
Coronavirus additional funding (DfE/ESFA)			
. Covid catch up & recovery funding	-	19	19
. Other Covid Funding	-	90	90
	-	109	109
Other income from the Trust's educational operations	181	35	216
2023 Total	181	31,415	31,596

The Trust utilised £19,000 of Covid recovery premium during the financial year and £90,000 of other Covid funding. £17,000 of the 2022-23 Covid tuition fund was unspent and therefore disclosed to the ESFA. This balance is reflected as a year-end creditor in the balance sheet. Whilst all prior year pupil premium funding has been spent (previously held as deferred income), £90,000 of the 2022-23 pupil premium at Tomlinscote School was unspent. As at 31 August 2023 this is held in restricted reserves.

2. Funding for the Trust's educational operations (continued)

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>2022 Total funds £000</i>
<i>DfE / ESFA revenue grants</i>			
. General Annual Grant (GAG)	-	27,190	27,190
. Other DfE/ESFA grants	-	1,445	1,445
. FSM	-	62	62
. Pupil premium	-	160	160
. Others	-	-	-
<i>Other government grants</i>			
. Local authority grants	-	363	363
	-	<u>29,220</u>	<u>29,220</u>
<i>Coronavirus additional funding (DfE/ESFA)</i>			
. Covid catch up & recovery funding	-	115	115
. Other Covid Funding	-	137	137
	-	<u>252</u>	<u>252</u>
<i>Other income from the Trust's educational operations</i>	71	-	71
2022 Total	<u>71</u>	<u>29,472</u>	<u>29,543</u>

3. Other trading activities

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	2023 Total funds £000
Hire of facilities	311	-	311
Income from other charitable activities	212	-	212
Income from ancillary trading activities	58	192	250
2023 Total	<u>581</u>	<u>192</u>	<u>773</u>

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>2022 Total funds £000</i>
<i>Hire of facilities</i>	312	-	312
<i>Income from other charitable activities</i>	276	-	276
<i>Income from ancillary trading activities</i>	-	165	165
2022 Total	<u>588</u>	<u>165</u>	<u>753</u>

4. Investment Income

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	2023 Total funds £000
2023 Total: Interest receivable	<u>22</u>	<u>-</u>	<u>22</u>

Notes to the Financial Statements Year ended 31 August 2023

4. Investment Income (continued)

	<i>Unrestricted funds £000</i>	<i>Restricted funds £000</i>	<i>2022 Total funds £000</i>
<i>2022 Total: Interest receivable</i>	<i>1</i>	<i>—</i>	<i>1</i>

5. Expenditure

	<i>Staff costs £000</i>	<i>Non pay expenditure</i>		2023 Total funds £000
		<i>Premises £000</i>	<i>Other costs £000</i>	
Raising funds				
.. Direct costs	-	33	52	85
.. Allocated support costs	12	16	3	31
Academy's educational operations:				
.. Direct costs	21,986	29	2,881	24,896
.. Allocated support costs	3,623	4,831	862	9,316
2023 Total	25,621	4,909	3,798	34,328

	<i>Staff costs £000</i>	<i>Non pay expenditure</i>		<i>As restated 2022 Total funds £000</i>
		<i>Premises £000</i>	<i>Other costs £000</i>	
<i>Charitable activities</i>				
<i>. educational operations</i>				
.. Direct costs	21,552	-	2,633	24,185
.. Allocated support costs	4,181	4,484	866	9,531
<i>2022 Total</i>	<i>25,733</i>	<i>4,484</i>	<i>3,499</i>	<i>33,716</i>

Prior year costs have been reclassified so that education support staff are recognised as direct costs.

Net income (expenditure) for the year includes:

	2023 £000	2022 £000
Net income (expenditure) for the year includes:		
Operating leases	145	145
Depreciation	1,818	1,703
Amortisation	-	3
Fees payable to auditor		
. Statutory audit	19	18
. Non statutory audit	9	7
. Other services	2	2

6. Charitable activities —educational operations

	2023 Total funds £000	As restated 2022 Total funds £000
Direct costs	24,896	24,185
Support costs	9,316	9,531
	34,212	33,716

Analysis of support costs	2023 Total funds £000	As restated 2022 Total funds £000
Support staff costs	3,623	4,181
Depreciation and amortisation	1,812	1,707
Technology costs	758	692
Premises costs	3,019	2,777
Legal costs - other	3	-
Other Support Costs	71	130
Governance costs	30	44
Total support costs	9,316	9,531

7. Staff

(a) Staff costs

Staff costs during the period were:

	2023 Total funds £000	2022 Total funds £000
Wages and salaries	19,124	17,837
Social security costs	1,920	1,765
Pension costs	4,408	5,776
	25,452	25,378
Agency staff costs	169	209
Staff restructuring costs	-	147
	25,621	25,734

Staff restructuring costs comprise	2023 £000	2022 £000
Redundancy payments	-	7
Severance payments	-	62
Other restructuring costs	-	78
	-	147

7. Staff (continued)

(b) Severance payments

The Trust paid £0 severance payments in the year (2022: £61,666), disclosed in the following bands:

	2023	2022
	No.	No.
£0 - £25,000	-	2
£25,001 - £50,000	-	1

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Trust during the period expressed as average headcount was as follows:

Charitable activities	2023	2022
	No.	No.
Teachers	318	286
Administration and support	255	227
Management	16	35
	589	548

(d) Higher paid staff

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

	2023	2022
	No.	No.
£60,001 - £70,000	11	11
£70,001 - £80,000	5	3
£80,001 - £90,000	2	2
£90,001 - £100,000	1	2
£100,001 - £110,000	2	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£150,000 - £160,000	1	-
	23	19

(e) Key management personnel

The key management personnel of the Trust, comprise the Executive Management Team and the Principals of the Sixth Form College Farnborough and Tomlinscote School and the Head of Frimley CoE Junior School, as noted in the Trustee's report. The total amount of employee benefits (including employee pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £1.13m (2022: £0.93m).

8. Trustees' remuneration and expenses

In the year ending 31st August 2022, the Chief Executive Officer, S. Jarvis (until 31 August 2022), only received remuneration in respect of services he provided undertaking the role of Chief Executive Officer and not in respect of his services as Trustee. In the year ending 31 August 2023, the new Chief Executive Officer, A. Yarrow, elected not to join the Board of Trustees, to ensure there is clear separation in duty between Trustees holding the Chief Executive Officer and Executive Team to account.

Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2023 £000s	2022 £000s
S Jarvis, Chief Executive and Trustee		
. Remuneration	-	80 – 90
. Employer's pension contributions	-	—

During the year ended 31 August 2023, the Chair claimed expenses totalling £386.21 (2022: £1,224.90). These expenses were associated with marketing and hospitality.

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

9. Trustees' and Officers' insurance

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

10. Intangible fixed assets

	Computer software £000	Total £000
Cost		
At 1 September 2022 and 31 August 2023	10	10
Amortisation		
At 1 September 2022	10	10
Charge in year	-	-
At 31 August 2023	10	10
Net book value		
At 31 August 2023	-	-
At 31 August 2022	-	-

11. Tangible fixed assets

	Freehold land and buildings £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost					
At 1 September 2022	50,593	1,404	3,775	1,340	57,112
Additions	47	1,161	282	62	1,552
Transfers	26	(411)	385	-	-
Disposals	-	-	(34)	-	(34)
At 31 August 2023	<u>50,666</u>	<u>2,154</u>	<u>4,408</u>	<u>1,402</u>	<u>58,630</u>
Depreciation					
At 1 September 2022	4,984	-	2,276	209	7,469
Charge in period	1,213	-	554	51	1,818
Disposals	-	-	(34)	-	(34)
At 31 August 2023	<u>6,197</u>	<u>-</u>	<u>2,796</u>	<u>260</u>	<u>9,253</u>
Net book value					
At 31 August 2023	<u>44,469</u>	<u>2,154</u>	<u>1,612</u>	<u>1,142</u>	<u>49,377</u>
At 31 August 2022	<u>45,609</u>	<u>1,404</u>	<u>1,499</u>	<u>1,131</u>	<u>49,643</u>

An asset that has a net book value of £940k is restricted to the provision of football at Tomlinscote School and funding provided to develop the pitch will be clawed back if the grant condition is breached.

12. Stock

	2023 £000	2022 £000
Educational supplies	43	36
Computer	-	1
	<u>43</u>	<u>37</u>

13. Debtors

	2023 £000	2022 £000
Trade debtors	9	76
Prepayments and accrued income	677	566
VAT debtor	283	571
Other debtors	1	69
	<u>970</u>	<u>1,282</u>

14. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	747	1,954
Taxation and social security	467	437
Other creditors	601	742
Accruals and deferred income	998	462
	2,813	3,595
Deferred income		
Resources deferred in the period	279	-
Released during the year	341	370
Resources deferred in the year	400	-
Deferred Income at 31 August 2022	338	370

Deferred income of £0.34m (2022: £0.37m) mainly relates to income received in the period for school trips and activities that are taking place in the year ending 31 August 2023.

15. Provisions

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

Movements on provisions in the year were:

	At 1 September 2022 £'000	Charge for the period £000	At 31 August 2023 £'000
Enhanced pension	22	(4)	18
3G Pitch	48	25	73
	70	21	91
	<i>At 1</i> <i>September</i> <i>2021</i> <i>£'000</i>	<i>Charge for</i> <i>the period</i> <i>£000</i>	<i>At 31</i> <i>August</i> <i>2022</i> <i>£'000</i>
<i>Enhanced pension</i>	<i>26</i>	<i>(4)</i>	<i>22</i>
<i>3G Pitch</i>	<i>48</i>	<i>0</i>	<i>48</i>
	<i>74</i>	<i>(4)</i>	<i>70</i>

16. Funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2023 £000
Restricted general funds					
General Annual Grant (GAG)	40	28,826	(29,147)	286	5
Free school meals	-	36	(36)	-	-
Pupil premium	-	273	(182)	-	91
Catch up Premium	-	19	(19)	-	-
Local authority grants	-	562	(562)	-	-
Pension reserve	(3,032)	-	(405)	2,402	(1,035)
Other provisions	(22)	-	4	-	(18)
	<u>(3,014)</u>	<u>29,716</u>	<u>(30,347)</u>	<u>2,688</u>	<u>(957)</u>
Other restricted funds					
Student Activities (incl DofE)	-	122	(108)	-	14
Student trips (internally run)	-	82	(82)	-	-
Sports Teams	-	11	(11)	-	-
Low Carbon Skills Fund	-	41	(41)	-	-
Other DfE/ESFA Coronavirus	-	90	(90)	-	-
Other grants (incl £5k donations)	-	1,533	(1,533)	-	-
Other restricted funds	-	35	(35)	-	-
	<u>-</u>	<u>1,914</u>	<u>(1,900)</u>	<u>-</u>	<u>14</u>
Restricted fixed asset funds					
Transfer on conversion/acquisitions	40,422	-	(1,099)	-	40,422
DfE/ESFA capital grants	1,162	1,158	(290)	-	502
Capital expenditure from GAG	1,641	-	(192)	-	1,641
Capital expenditure from general funds	6,418	-	(237)	394	6,812
	<u>49,643</u>	<u>1,158</u>	<u>(1,818)</u>	<u>394</u>	<u>49,377</u>
Total restricted funds	<u>46,629</u>	<u>32,788</u>	<u>(34,065)</u>	<u>3,082</u>	<u>48,434</u>
Unrestricted funds					
General funds	2,740	786	(263)	(680)	2,583
	<u>2,740</u>	<u>786</u>	<u>(263)</u>	<u>(680)</u>	<u>2,583</u>
Total funds	<u>49,369</u>	<u>33,574</u>	<u>(34,328)</u>	<u>2,402</u>	<u>51,017</u>

16. Funds (continued)

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

- Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023. The Trust operates on a GAG pooling basis whereby ESFA funding allocations are received and retained centrally.
- The pension reserve has been created to separately identify the Local Government Pension Scheme deficit.
- The restricted fixed asset fund recognises funding for capital expenditure less amounts expended in the period and includes depreciation charges.

	<i>Balance at 1 September 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains, losses and transfers £000</i>	<i>Balance at 31 August 2022 £000</i>
<i>Restricted general funds</i>					
<i>General Annual Grant (GAG)</i>	40	27,190	(27,082)	(108)	40
<i>Free School Meals</i>	-	62	(62)	-	-
<i>Pupil premium</i>	-	160	(160)	-	-
<i>Catch up Premium</i>	-	73	(73)	-	-
<i>Other grants</i>	-	1,627	(1,627)	-	-
<i>Local authority grants</i>	-	363	(363)	-	-
<i>Other restricted funds</i>	-	165	(165)	-	-
<i>Pension reserve</i>	(15,304)	-	(2,096)	14,368	(3,032)
<i>Other provisions</i>	(26)	-	4	-	(22)
	<u>(15,290)</u>	<u>29,640</u>	<u>(31,624)</u>	<u>14,260</u>	<u>(3,014)</u>
<i>Restricted fixed asset funds</i>					
<i>Transfer on conversion/acquisitions</i>	41,863	-	(1,441)	-	40,422
<i>DfE/ESFA capital grants</i>	635	562	(35)	-	1,162
<i>Capital expenditure from GAG</i>	1,690	-	(49)	-	1,641
<i>Capital expenditure from general funds</i>	4,846	-	(182)	1,754	6,418
	<u>49,034</u>	<u>562</u>	<u>(1,707)</u>	<u>1,754</u>	<u>49,643</u>
<i>Total restricted funds</i>	<u>33,744</u>	<u>30,202</u>	<u>(33,331)</u>	<u>16,014</u>	<u>46,629</u>
<i>Unrestricted funds</i>					
<i>General funds</i>	4,111	660	(385)	(1,646)	2,740
	<u>4,111</u>	<u>660</u>	<u>(385)</u>	<u>(1,646)</u>	<u>2,740</u>
<i>Total funds</i>	<u>37,855</u>	<u>30,862</u>	<u>(33,716)</u>	<u>14,368</u>	<u>49,369</u>

16. Funds (continued)

Analysis of fund balance

	2023	2022
	£000	£000
Central trust	2,675	2,758
Restricted fixed asset fund	49,377	49,643
Pension reserve	(1,035)	(3,032)
	51,017	49,369

Analysis of net assets between funds

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset fund £000	Total 2023 £000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	-	-	49,377	49,377
Current assets	2,583	2,996	-	5,579
Current liabilities	-	(2,813)	-	(2,813)
Non-current liabilities	-	(91)	-	(91)
Pension scheme liabilities	-	(1,035)	-	(1,035)
Total net assets	2,583	(943)	49,377	51,017

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset fund £000	Total 2022 £000
<i>Fund balances at 31 August 2022 are represented by:</i>				
<i>Tangible fixed assets</i>	-	-	49,643	49,643
<i>Current assets</i>	2,740	3,683	-	6,423
<i>Current liabilities</i>	-	(3,595)	-	(3,595)
<i>Non-current liabilities</i>	-	(70)	-	(70)
<i>Pension scheme liabilities</i>	-	(3,032)	-	(3,032)
<i>Total net assets</i>	2,740	(3,014)	49,643	49,369

16. Funds (continued)

Analysis of costs by academy (excluding depreciation)

	Teaching & educational support cost £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2023 £000
The Sixth Form College Farnborough	12,926	1,201	1,715	1,531	17,373
Tomlinscote School	6,819	519	1,114	1,109	9,561
Frimley CofE Junior School	1,456	107	221	404	2,188
Central Services	789	1,812	353	434	3,388
Total	21,990	3,639	3,403	3,478	32,510

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

	Teaching & educational support cost £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2022 £000
<i>The Sixth Form College Farnborough</i>	<i>10,821</i>	<i>3,033</i>	<i>1,350</i>	<i>1,687</i>	<i>16,891</i>
<i>Tomlinscote School</i>	<i>5,210</i>	<i>1,630</i>	<i>860</i>	<i>974</i>	<i>8,674</i>
<i>Frimley CofE Junior School</i>	<i>897</i>	<i>547</i>	<i>190</i>	<i>287</i>	<i>1,921</i>
<i>Central Services</i>	<i>151</i>	<i>1,618</i>	<i>506</i>	<i>153</i>	<i>2,428</i>
<i>Total</i>	<i>17,079</i>	<i>6,828</i>	<i>2,906</i>	<i>3,101</i>	<i>29,914</i>

17. Capital commitments

At 31 August 2023, the total of the Trust's future minimum payments under other contractual commitments was:

	2023 £000	2022 £000
Contracted for, but not provided in the financial statements	202	186

18. Commitments under operating leases

Operating leases

At 31 August 2023, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2023 £000	2022 £000
Amounts due within one year	101	121
Amounts due between two and five years inclusive	59	88
	160	209

19. Members' Liability

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

20. Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council and Surrey County Council. Both are multi-employer defined benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022.

Contributions were payable to all the schemes at 31 August 2023 of £4.1m (2022: £3.9m).

Teachers' Pension Scheme

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

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

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

20. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education in April 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68 per cent of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45 per cent.

The employer's pension costs paid to TPS in the period amounted to £3.0m (2022: £2.9m).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee administered funds. The total contribution made for the period ended 31 August 2023 was £1.5m (2022: £1.3m), of which employer's contributions totalled £1.1m (2022: £1.0m) and employees' contributions totalled £0.36m (2022: £0.31m). The agreed employer contribution rates for future years are 18.9% for Hampshire members and 23.7% for Surrey members. The Surrey employer's contribution decreased from 25.2% to 23.7% effective from April 2022. Employee rates are on a scale based on salary levels and range from 5.5% to 12.5%.

20. Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on the GOV.UK website.

Principal Actuarial Assumptions	At 31 August 2023	At 31 August 2022
Rate of increase in salaries	4.0%	3.9%
Rate of increase for pensions in payment / inflation	3.0%	2.7%
Discount rate for scheme liabilities	5.2%	4.2%
Inflation assumption (CPI)	3.0%	3.0%

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

	At 31 August 2023	At 31 August 2021
<i>Retiring today</i>		
Males	21.9	22.4
Females	24.7	24.8
<i>Retiring in 20 years</i>		
Males	22.4	23.6
Females	25.9	26.5

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

	Fair value at 31 August 2023 £000	Fair value at 31 August 2022 £000
Equities	12,528	11,829
Corporate bonds	4,902	2,726
Property	1,291	1,451
Cash and other liquid assets	646	236
Other	-	2,196
Total market value of assets	19,367	18,438
Present value of scheme liabilities		
— Funded	(20,402)	(21,470)
Deficit in the scheme	(1,035)	(3,032)

20. Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Sensitivity analysis	2023 £000	2022 £000
Discount rate +0.1%	(430)	(348)
Discount rate -0.1%	430	348
Mortality assumption - 1 year increase	816	361
Mortality assumption - 1 year decrease	(816)	(361)
CPI rate +0.1%	409	27
CPI rate -0.1%	(409)	(27)
Amounts recognised in statement of financial activities	2023 £000	2022 £000
Current service cost	1,412	2,867
Past service cost	-	37
Interest cost	132	256
Total operating charge	1,544	3,160
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(785)	(324)
Interest on pension liabilities	917	580
Pension finance costs	132	256
Total amount recognised in the SOFA	405	2,096
Changes in the present value of defined benefit obligations were as follows:	2023 £000	2022 £000
At 1 September 2022	21,470	34,018
Current service cost	1,412	2,867
Past service cost	-	37
Interest cost	917	580
Employee contributions	364	314
Actuarial Gain	(3,226)	(15,949)
Benefits paid	(535)	(397)
At 31 August 2023	20,402	21,470
Changes in the fair value of the Trust's share of scheme assets:	2023 £000	2022 £000
At 1 September 2022	18,438	18,714
Interest income	785	324
Actuarial gain (loss)	-	(1,151)
Expected return on assets	(824)	(430)
Employer contributions	1,139	1,064
Employee contributions	364	314
Benefits paid	(535)	(397)
At 31 August 2023	19,367	18,438

21. Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The following expenditure related party transactions took place in the financial period:

Community Matters Partnership Project - an organisation in which P Edwards, COO, is the Chair of Trustees

- The trust paid £5,000 for annual membership for participation in community project volunteering (2022: £6,446 for educational activities e.g. Speaker for Schools).
- There was £Nil outstanding at 31 August 2023 (2022: £66).

The trust made these purchases at arm's length, in accordance with its financial regulations, which P Edwards neither participated in, nor influenced.

In June 2022, the ESFA were formally notified of the Trust's the arrangements with CMPP, where accommodation space was provided in lieu of membership. Since then, CMPP have left Trust accommodation and therefore the Trust became a full-paying member.

Copyright Licensing Agency - a company in which A Freeman, Academy Quality Councillor, is a non-executive director

- The academy trust purchased £1,333 in copyright licenses from the CLA (2022: £1,218)
- There was £1,599.60 outstanding at 31 August 2023 (2022: £1,461.60).

As with prior years, the academy trust made these purchases at arm's length, in accordance with its financial regulations, which A Freeman neither participated in, nor influenced and is not reportable to the ESFA.

Farnborough Air Sciences Trust - an organisation in which A Lloyd, Member, is an employee.

- The academy trust purchased £350 in educational services from Farnborough Air Science Trust (2022: £150)
- There was £Nil outstanding at 31 August 2023 (2022: £Nil).

The academy trust made these purchases at arm's length, in accordance with its financial regulations, which A Lloyd neither participated in, nor influenced and is not reportable to the ESFA.

21. Related party transactions (continued)

Guildford Diocesan Services Ltd - an organisation within the Diocese of Guildford, in which A Tear, trustee, is an executive director, and G Foster, is a rector.

- The academy trust purchased £286 in educational services from the Diocese of Guildford (2022: £125)
- There was £Nil outstanding at 31 August 2023 (2022: £Nil).

As with prior years, the academy trust made these purchases at arms-length, in accordance with its financial regulations, which A Tear and G Foster neither participated in, nor influenced and is not reportable to the ESFA.

Pearson Edexcel Ltd - a company in which A Freeman, academy quality councillor, is an employee.

- The academy trust purchased £314,742.97 in exam services from Pearson (2022: £190,001.98)
- There was -£531.38 outstanding at 31 August 2023 (2022: -£273.60).

As with prior years, the academy trust made these purchases at arm's length, in accordance with its financial regulations, which A Freeman neither participated in, nor influenced and is not reportable to the ESFA.

Schools Alliance for Excellence (SAfE) - a company in which M Dawes, trustee, is the Chief Executive Officer and A Tear, trustee, is a company director.

- The academy trust purchased £4,215 in educational services from SAfE (2022: £3,164)
- There was £3,600 outstanding at 31 August 2023 (2022: £Nil).

As with prior years, the academy trust made these purchases at arms-length, in accordance with its financial regulations, which M Dawes and A Tear neither participated in, nor influenced.

21. Agency arrangements

The Trust distributes the ESFA discretionary 16-19 bursary to students, as agent for the ESFA. Funding received for the period amounted to £0.06m (2022: £0.08m) of which £0.06m (2022: £0.08m) was distributed. After a transfer from Free School Meals surpluses from 2021-22 and 2022-23 of £24k and after an administration fee charge, there remained £0.085m undistributed at 31 August 2023 (2022: £0.071m).

The academy trust also distributes funds for the following groups as an agent

- Enthuse Partnership Project
- Stacey & Lucy Foundation
- Staff Social Club
- Student Union
- Trips organised through travel companies or agencies

Total funds held for these purposes are £43,172, which are held outside of the Trust's funds.

22. Statement of financial activities (including income and expenditure account) — Period to 31 August 2022

	Notes	Restricted funds		2022 Total funds £000	
		Unrestricted general fund £000	General £000		Fixed assets fund £000
Income from:					
Donations and capital grants	2	-	3	562	565
. Transfer from local authority	1	-	-	-	-
Charitable activities					
. Funding for educational operations	3	71	29,472	-	29543
Other trading activities	4	588	165	-	753
Investments	5	1	-	-	1
Total income		660	29,640	562	30,862
Expenditure on:					
Charitable activities					
. educational operations	6	385	31,624	1,707	33,716
Total expenditure		385	31,624	1,707	33,716
Net income (expenditure)		275	(1,984)	(1,145)	(2,854)
Transfers between funds	16	(1,646)	(108)	1,754	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	20	-	14,368	-	14,368
Net movement in funds		(1,371)	12,276	609	11,514
Reconciliation of funds					
Total funds brought forward		4,111	(15,290)	49,034	37,855
Total fund balances carried forward		2,740	(3,014)	49,643	49,369