

PROSPECT SCHOOL, READING
(A company limited by guarantee)

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

PROSPECT SCHOOL, READING
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mr Philip Davies (Head Teacher)
Mr Paul Barker
Mrs Marjorie Caballero
Mrs Carol Thomas

Trustees

Mrs Carol Thomas, Chairman
Mrs Helen Hathaway
Mrs Ann Giubertoni
Mr Paul Reilly
Mrs Lisa Akister
Ms Alexa Holt
Mrs Shona Parker (resigned 12 December 2017)
Mr Callum Purvis
Mrs Joanne Lannon
Mrs Margaret Sampson

Company registered number

07660159

Company name

Prospect School, Reading

Principal and registered office

Cockney Hill, Tilehurst, Reading, Berkshire, RG30 4EX

Company secretary

Mrs H Willingale

Senior management team

Mr Philip Davies, Head Teacher
Mr David Littlemore, Deputy Head (Acting Headteacher from October 2018)
Ms Mary Morris, Deputy Head
Mr Matthew Priddey, Assistant Head
Mr Nicholas Beard, Assistant Head
Mrs Sarah Gibbs, Assistant Head
Mrs Sue McCavish, Assistant Head
Mr Gareth Edwards, Assistant Head
Mrs Claire Brown, Business Manager

Independent auditor

James Cowper Kreston, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS

Bankers

Natwest Plc, 13 Market Place, Reading, RG1 2EP

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors

Stone King LLP, 16 St John's Lane, London, EC1M 4BS

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

Principal Activities

The principal activity of Prospect School, Reading is to provide education for pupils of different abilities between the ages of 11 and 19.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Governors, as noted on page 1, act as the Trustees for the charitable activities of Prospect School, Reading and, are also the directors of the Charitable Company for the purposes of company law. The charitable company is known as Prospect School, Reading.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

In accordance with normal commercial practice the Academy has insurance in place to protect Governors and officers from claims arising against negligent acts, errors or omissions occurring whilst on Academy business.

Method of Recruitment and Appointment or Election of Governors

New Governors to the Governing Body are recruited through the following means:

Parent Governors – a selection and election process is used with all parents of children attending the Academy entitled to put themselves forward to be considered for any vacant roles. In the case where there are more candidates than vacancies a ballot is used which entitles each parent one vote each.

Community Governors – the selection of Community Governors is predominantly carried out by the Chair of the Governing Body. Many of the Community Governors are previously known to the Academy as they have been Parent Governors. However, in some cases the Academy is approached by people who are interested in becoming Community Governors. The Academy has been focusing the recruitment of Community Governors to look at the skills needed within the Governing Body with selection aimed at people from a Business background or those with a specific skill set that will be used to help the Governing Board fulfil its responsibilities.

Policies and Procedures Adopted for the Induction and Training of Governors

All new Governors are encouraged to attend the "New Governor Training" which is offered by Reading Borough Council. Any new Governors are supplied with a folder of information relating to their responsibilities of being a Governor and helpful documents including previous minutes from the Governing Body, Terms of Reference, Code of Conduct for Governors, Register of Business Interests and the School Development Plan. The Governing Body encourages new Governors to attend all of the Committee meetings to enhance their

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

understanding of the work that is carried out by the Board. This past year has seen the introduction of a "Governors Day in School" whereby Governors spent time in School meeting with students, middle leaders again with the aim of improving their knowledge about the School.

Organisational Structure

The management structure consists of three levels: the Governors, the Leadership Team and the various Departments. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Leadership Team is comprised of the Head Teacher, Deputy Head Teachers, Assistant Heads, Business Manager and other senior management. The Leadership Team control the Academy at a day to day level, implementing the policies laid down by the Governors and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The remuneration of key management personnel is set by the Governing Body, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the School's success. The appropriateness and relevance of the remuneration policy is reviewed annually. We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of the School's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
2	1.67

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0%
1-50%	
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours? x 100	£0
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Related Parties and other Connected Charities and Organisations

Prospect School, Reading holds 100% of the issued ordinary share capital in Prospect Enterprises (Reading) Limited. Prospect Enterprises (Reading) Limited provides IT support services to local primary schools and makes gift aid payment of its profits to its parent undertaking.

There are no related party relationships other than those noted in note 27 to the financial statements.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors are satisfied that systems and procedures are in place to mitigate the exposure to major risks.

A risk register has been developed covering financial and non-financial aspects across the Academy and the Governors review this on a regular basis.

Objectives and Activities

Objects and Aims

The Academy Trust's object ("the Objects") is specifically restricted to the following:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").
- b) to promote for the benefit of the inhabitants of Reading and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities.

In accordance with the Funding Agreement made under section 482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Children, Schools and Families and the Academy Trust, the Academy is Governed by a Governing Body which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the school. The Funding Agreement specifies the admission arrangements, amongst other things, and that the curriculum, in substance, complies with statutory requirements.

Objectives, Strategies and Activities

We provide each student with the opportunity to succeed. We are committed to high standards: hard work, good behaviour and positive relationships enable our students to achieve excellence. We work hard to ensure that our school is a lively, purposeful and supportive community, meeting the needs of each and every person.

- Aspire to high standards and to giving every student the opportunity to succeed in a dynamic learning environment.
- Ensure that our school is a lively and purposeful community, where everyone has a positive contribution to make and success is always celebrated.
- Understand the local and global arena in which we live and work, whilst developing shared tolerance, respect and partnerships.
- Promote the health and well-being of our students through what is taught in school and via the wider school environment.
- Provide our students with the information and skills to make informed life choices and keep themselves safe.

We believe that successful learners are those who are encouraged to have high aspirations and believe they can achieve their best. Our broad curriculum has been developed to provide for the diverse interests and needs of our students allowing everyone to achieve success.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

We also believe that the key to effective learning is Teaching Excellence. We are committed to delivering a high quality education in a dynamic learning environment. Our professional and dedicated staff ensure that their lessons are interesting and challenging, individuals are valued and their success celebrated. Regular training is undertaken to ensure that everyone is up to speed with new developments and there are many opportunities to share "best practice".

Before a child starts at Prospect, you can be sure that we have liaised closely with their Primary school in order to give each child the best possible start to their career at Prospect School, Reading. Our induction programme begins in the summer term of Year 6 and is continued at the beginning of Year 7, so that our youngest students quickly become confident and relaxed in their new surroundings.

We aim to provide an inclusive environment, a supportive atmosphere and a curriculum to cater for students of all abilities. Gifted and talented students are identified through the Teaching and Learning Policy and a variety of strategies are in place to ensure that the most able are capable of fulfilling their potential. If a child has special needs, it is likely that in some subjects they will receive extra support. We also offer short-term intensive courses in both Year 7 and 8 for those with limited literacy skills. Further difficulties can be addressed by regular sessions with a specialist literacy teacher. Numeracy support is given via a combination of in-class support and small group work. Other educational needs are supported in a variety of ways depending on the individual circumstances. When necessary, bilingual students are given extra support to raise their achievement in core subjects.

Public Benefit

In setting our objectives and planning our activities the Governors and Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Children are admitted from a wide range of backgrounds. The School has a rich curriculum which aims to deliver good academic progress with a range of activities and experiences, offering pupils a chance to demonstrate their abilities and potential.

Strategic Report

Achievements and Performance

Exam Results for the academic year 2017/18

KS4	Actual Result 2018
Average Total Attainment 8	34.6
Average Attainment 8 Grade	3.5
Average Total Progress 8	-0.6
Students Achieving 9-5 in English and Maths	25.6%
Students Achieving 9-5 in English	31.6%
Students Achieving 9-5 in Maths	34.9%
Students Achieving 9-4 in English and Maths	45.1%
Students Achieving 9-4 in English	51.2%
Students Achieving 9-4 in Maths	55.8%
Ebacc	
Students in cohort achieving the EBacc (Standard Pass)	18.1%
Students in cohort achieving the EBacc (Strong Pass)	11.6%
Students entered and achieving the 2xSciences Element (Standard Pass)	42.0%
Students entered and achieving the 2xSciences (Strong Pass)	23.2%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

KS5

A Level Avg Grade per Entry	D+
A Level Students Retained	100.0%
A Level 3+A* - B	6.5%
A Level 3+A* - C	17.7%
A Level 3+A* - E	48.4%
Best 3 A Level Avg Total Pts	69.3
Best 3 A Level Avg Avg Pts	23.1
Best 3 A Level Avg Grade	D+
Students included in AAB measure	58.3%
Academic APS Per Entry	23.5
Academic Avg Grade Per Entry	D+
Academic Students Retained	100.0%
Academic 3+ A* - B	6.3%
Academic 3+ A* - C	17.2%
Academic 3+ A* - E	46.9%
Applied General APS Per Entry	22.5
Applied General Avg Grade Per Entry	M-
Applied General Students Retained	100%
Applied General 3+ Substantial Qualifications (equiv. A* - B)	0.0%
Applied General 3+ Substantial Qualifications (equiv A* - C)	0.0%
Applied General 3+ Substantial Qualifications (equiv A* - E)	13.3%

Key Financial Performance Indicators

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance.

As part of the process the Academy is continually reviewing Key Financial Performance Indicators and currently has the following measures in place:

Performance Indicator	Measurement	Target/Milestone
Management of total costs	Total costs: Total Income	Total costs should not exceed income (excluding capital) to ensure no deficit is seen or carried forward into subsequent years.
Management of staff costs	Staff costs: GAG Income	Staff costs not to exceed GAG income – minimum 75% with the maximum being 80% to ensure sufficient funds are available for other expenditure.
Management of staff costs	Staff costs: Educational operations expenditure	Staff costs not to exceed a maximum of 81% of educational operations expenditure to ensure sufficient funds are available for other expenditure.
Strategy	Capital investment plan	The priority for capital is to invest the majority of funds into buildings refurbishment.

Going Concern

The Governors have given due consideration to the funding challenge facing all schools together with the local pressures caused by a local free school and have sufficient plans in place to ensure we have adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial Review

Reserves Policy

The Governors review the reserve levels of the Academy annually. The objective is to maximise the amount available to continue with the Academy's buildings refurbishment programme.

Restricted Funds

In the period, the Academy has received General Annual Grant (GAG) income totalling £6,991,757 (2017: £7,471,124) of which £5,307,006 (2017: £7,449,172) of this was spent on GAG activities. The Academy carries forward a surplus of £1,299,434 (2017: £237,399 deficit) into the next accounting period. £147,933 (2017: £66,627) was transferred to the fixed asset funds to support the capital purchase for the improvement of the Academy's buildings. At the period end the Academy holds consolidated restricted funds of £16,241,466 (2017: £16,486,180). Within restricted funds is a fixed asset fund of £17,878,032 (2017: £18,637,589), general restricted funds of £1,299,434 (2017: £1,090,841) and pension in deficit of £2,936,000 (2017: £3,242,000).

Unrestricted Funds

At the period end the Academy holds consolidated unrestricted funds of £704,749 (2017: £538,989).

Investment Policy

Taking into account the resources needed for working capital to cope with fluctuations in cash-flow, the requirement for investment for the future, and an assessment of the major risks to which the Academy is exposed, the Governors have determined that the short term policy is to re-invest reserves into the School's buildings. There is a program to replace windows, roofing and make good other building works across the site.

Should the School reach the position whereby there are funds available for investment the Governors may exercise the following powers:-

- To deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification);
- To delegate the management of investments to a financial expert, but only on terms that:
 - The investment policy is set down in writing for the financial expert by the Governors;
 - Every transaction is reported promptly to the Governors;
 - The performance of the investments is reviewed regularly with the Governors;
 - The Governors are entitled to cancel the delegation arrangement at any time;
 - The investment policy and the delegation arrangement are reviewed at least once a year;
 - All payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt; and
 - The financial expert must not do anything outside the powers of the Governors.

Principal Risks and Uncertainties

The majority of income is generated on an annual basis from the Department for Education (DfE) via a General Annual Grant and is dependent on levels of government funding and education policies. Reductions in government spending on education could impact on staffing levels and our ability to meet our objectives.

Some of our buildings present a risk in that some were built in the 1950s and 1970s and as such need attention to improve the working environment for staff and pupils. This started with the replacement of roofing in windows in A & B Blocks in the summer of 2012, C Block in the summer of 2013 and the D Block in the summer of 2015. However, the infrastructure of the older buildings remains a risk in terms of heating, lighting and so forth, with a programme of repairs and replacement continuing in 2018.

The Academy Trust management continues to plan and implement strategies to reduce risk.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The Academy Trust only held small fundraising events during the year including non-uniform days and cake sales. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

Our aim at Prospect School, Reading is to:

- Strive for excellence in all aspects of our work
- Raise expectations and aspirations for all pupils
- Ensure that each pupil is as successful as he/she can be in all areas of school life
- Drive up standards so that we as a school exceed local and national norms.

To this end we will:

- Develop a shared sense of purpose that focuses on learning and learners
- Focus on work in classrooms so that pupils consistently receive outstanding teaching and learning experiences
- Adopt an inclusive approach informed by the principle that a stimulating and personalised education is an entitlement for every pupil
- Provide guidance and encouragement to meet individual needs by providing the right level of challenge and support to ensure each pupil can grow and achieve personal, academic and social success
- Provide enrichment opportunities that add to pupils' experience and development
- Nurture confident, active and socially responsible citizens.

What will this look like?

- Teaching and learning of a consistently high standard
- A curriculum which offers all pupils the opportunity to succeed both in and out of the classroom
- Pupils consistently exhibiting high standards of behaviour and motivation
- High levels of accountability across the School
- Effective systems of communication that enable high levels of engagement from pupils, parents, staff, governors and community stakeholders.

Exams

KS4

	Target for 2019
Average Total Attainment 8	36.9
Average Attainment 8 Grade	3.69
Average Total Progress 8	-0.3
Students Achieving 9-5 in English and Maths	32.4%
Students Achieving 9-5 in English	41.6%
Students Achieving 9-5 in Maths	36.6%
Students Achieving 9-4 in English and Maths	54.2%
Students Achieving 9-4 in English	63.9%
Students Achieving 9-4 in Maths	56.7%
Students in cohort achieving the EBacc (Standard Pass)	34.9%
Students in cohort achieving the EBacc (Strong Pass)	12.6%
Students entered and achieving the 2xSciences Element (Standard Pass)	54.0%
Students entered and achieving the 2xSciences (Strong Pass)	35.7%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

KS5	
A Level APS Per Entry	24.9
A Level Avg Grade per Entry	D+
A Level Students Retained	98.6%
A Level 3+A* - B	2.7%
A Level 3+A* - C	32.9%
A Level 3+A* - E	68.5%
Best 3 A Level Total Pts	72.2
Best 3 A Levels Avg Pts	24.1
Best 3 A Levels Avg Grade	D+
Students included in AAB measure	58
Students included in AAB Measure	78.4%
Academic APS Per Entry	24.1
Academic Avg Grade Per Entry	D+
Academic Students Retained	98.6%
Academic 3+ A* - B	2.7%
Academic 3+ A* - C	32.9%
Academic 3+ A* - E	68.5%
Applied General APS Per Entry	33.3
Applied General Avg Grade Per Entry	D-

Funds held as Custodian Trustee on behalf of others

The Academy does not act as a Custodian Trustee on behalf of other entities.

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the Group's and Charitable Company's auditor is unaware;
- and
- the Governors 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.

Approved by order of the members of the Governing Body on 18 December 2018 and signed on its behalf by:


.....
Mrs Carol Thomas
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Head Teacher, 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 Prospect School, Reading and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governing Body has formally met 4 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mrs Carol Thomas, Chairman	4	4
Mrs Helen Hathaway	2	4
Mrs Ann Giubertoni	4	4
Mr Paul Reilly	3	4
Mrs Lisa Akister	4	4
Ms Alexa Holt	4	4
Mrs Shona Parker	1	1
Mr Callum Purvis	2	4
Mrs Joanne Lannon	3	4
Mrs Margaret Sampson	3	4
Mr Paul Barker (Community Governor)	4	4
Mr Philip Davis (Headteacher)	3	4
Mrs Marjorie Caballero (Community Governor)	4	4

There have been no major changes to the composition of the Governing Body during the 2017-18 Academic Year. There was one resignation from the Governing Board during the academic year from a Parent Governor, Mrs Shona Parker. The Board currently has five vacancies in all categories of Governors. Recruitment of Governors to these vacant roles remains a focus for the Board, but due to the ever-increasing demands on Governors, these continue to be difficult roles to fill.

The Governors review their skill sets and assess training needs on a regular basis and where appropriate attend training sessions run by the Local Authority. The Board has a good working relationship with the Governor Services team within the LA and have, once again, used them for external help and advice during the year. The Governors will be continuing to review training and skill set needs over the coming year.

This year has seen increased demand on both Governors and Leadership time owing to the number of external reviews held on the School by various Government bodies during the Academic year. During the final term of the year, this included three external visits including a visit from the Regional Schools Commission, a visit from the Head of Education at the LA and an OFSTED Monitoring visit. The improvement of the School from one graded "Requires Improvement" to a School that would like to be graded as "Good" remains a firm focus for the Governors and Leadership team. The Board continues to be focussed on being well trained, well-informed and committed Governors who provide good challenge to the Academy whilst still being supportive.

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to (but not exclusive to) the following:

- To advise on the application of the Main School Budget Allocation in accordance with the Regulations
- To advise on Financial Strategy and Policy within the resources available – seeking appropriate external advice as required

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GOVERNANCE STATEMENT (continued)

- To receive regular reports on the School's income and expenditure against the annual budget
- To review the financial procedures within the School taking into account any recommendations made by the auditors
- To establish a Charging and Remissions Policy
- To make recommendations to the Governing Body concerning the general condition, usage and development of the School buildings and their fabric and sites; the provision of resources and services; any proposal for the acquisition or disposal of building, site and equipment
- To review the health and safety policy on an annual basis, monitor health and safety matters by receiving a regular report from the Health and Safety officer, or such other appointed person
- To review staffing issues, and in particular:
 - o Reviewing and approving the Pay Policy.
 - o Appointing staff, including checking applicants and induction of new teachers.
 - o Capability, complaints, discipline and grievances.
 - o Dismissal, retirement and redundancy.
 - o Employment Law.
 - o Equal opportunities.
 - o Performance Management.
 - o Pay and Conditions, including workforce reform.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Carol Thomas, Chairman	4	4
Mrs Helen Hathaway	4	4
Mrs Lisa Akister	3	4
Mrs Marjorie Caballero	2	4
Mr Paul Barker	4	4
Mr Philip Davis	4	4

In addition, Mrs Claire Brown, the School Business Manager also attended all the above meetings.

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Conducting a full tender exercise to appoint new Auditors to act from 1st September 2017.
- Using the public procurement framework for the replacement of the teachers desktops Summer 2018.

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 academy 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 Prospect School, Reading for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of

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GOVERNANCE STATEMENT (continued)

approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

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

The Governing Body has considered the need for a specific internal audit function and has decided to appoint as internal auditor. We utilise the option of a Peer Review by the Chief Financial Officer from a local Academy Trust to review our system of financial control.

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

- review of operation of systems and controls
- testing of payroll systems
- testing of purchases systems
- review of fixed asset registers.

On a regular basis, the auditor reports to the Governing Body through the audit committee on the operation of the systems of control and on the discharge of the Governing Body' financial responsibilities.

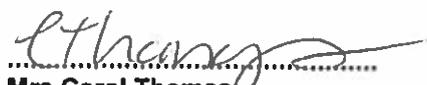
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on ~~18th~~ Dec 2018 and signed on their behalf, by:


.....
Mrs Carol Thomas
Chair of Trustees


.....
Mr David Littlemore
Accounting Officer

PROSPECT SCHOOL, READING
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



.....
Mr David Littlemore
Accounting Officer

18-12-18

PROSPECT SCHOOL, READING
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company and the group 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on *18th Dec 2018* and signed on its behalf by:


.....
Mrs Carol Thomas
Chair of Trustees

PROSPECT SCHOOL, READING
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PROSPECT SCHOOL, READING**

OPINION

We have audited the financial statements of Prospect School, Reading (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent academy's affairs as at 31 August 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

PROSPECT SCHOOL, READING
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PROSPECT SCHOOL, READING**

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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Group Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group 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 our knowledge and understanding of the group and the parent academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Group 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:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy 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 group's and the parent academy'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 group or the parent academy or to cease operations, or have no realistic alternative but to do so.

PROSPECT SCHOOL, READING
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PROSPECT SCHOOL**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the academy'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 academy'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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.


Alexander Peal BSc (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 19 December 2013

PROSPECT SCHOOL, READING
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PROSPECT SCHOOL, READING AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Prospect School, Reading during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Prospect School, Reading and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Prospect School, Reading 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 Prospect School, Reading and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF PROSPECT SCHOOL, READING'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Prospect School, Reading's funding agreement with the Secretary of State for Education dated 1 July 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 year 1 September 2017 to 31 August 2018 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 2017 to 2018 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.

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the governors to assess the internal controls throughout the year.

Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Governors and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;

PROSPECT SCHOOL, READING
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PROSPECT SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 19 December 2018

PROSPECT SCHOOL, READING
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

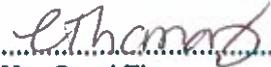
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	26,574	26,574	27,973
Charitable activities	3	-	7,611,201	-	7,611,201	8,058,413
Other trading activities	4	189,010	89,280	-	278,290	305,253
Investments	5	4,228	-	-	4,228	4,109
TOTAL INCOME		193,238	7,700,481	26,574	7,920,293	8,395,748
EXPENDITURE ON:						
Raising funds		-	63,602	-	63,602	117,725
Charitable activities		27,478	7,639,118	934,064	8,600,660	9,002,400
TOTAL EXPENDITURE	6	27,478	7,702,720	934,064	8,664,262	9,120,125
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		165,760	(2,239)	(907,490)	(743,969)	(724,377)
Transfers between Funds	17	-	(147,933)	147,933	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		165,760	(150,172)	(759,557)	(743,969)	(724,377)
Actuarial gains on defined benefit pension schemes	21	-	665,000	-	665,000	279,000
NET MOVEMENT IN FUNDS		165,760	514,828	(759,557)	(78,969)	(445,377)
RECONCILIATION OF FUNDS:						
Total funds brought forward		538,989	(2,151,394)	18,637,589	17,025,184	17,470,561
TOTAL FUNDS CARRIED FORWARD		704,749	(1,636,566)	17,878,032	16,946,215	17,025,184

PROSPECT SCHOOL, READING
(A company limited by guarantee)
REGISTERED NUMBER: 07660159

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		17,878,032		18,637,589
CURRENT ASSETS					
Debtors	14	302,612		269,845	
Cash at bank and in hand		2,439,105		2,004,011	
		<u>2,741,717</u>		<u>2,273,856</u>	
CREDITORS: amounts falling due within one year	15	(683,534)		(559,437)	
NET CURRENT ASSETS			2,058,183		1,714,419
TOTAL ASSETS LESS CURRENT LIABILITIES			19,936,215		20,352,008
CREDITORS: amounts falling due after more than one year	16		(54,000)		(84,824)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			19,882,215		20,267,184
Defined benefit pension scheme liability	21		(2,936,000)		(3,242,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			16,946,215		17,025,184
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	1,299,434		1,090,606	
Restricted fixed asset funds	17	17,878,032		18,637,589	
Restricted income funds excluding pension liability		<u>19,177,466</u>		<u>19,728,195</u>	
Pension reserve		<u>(2,936,000)</u>		<u>(3,242,000)</u>	
Total restricted income funds			16,241,466		16,486,195
Unrestricted income funds	17		704,749		538,989
TOTAL FUNDS			16,946,215		17,025,184

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue, on 18-12-18 and are signed on their behalf, by:



Mrs Carol Thomas
Chair of Trustees

PROSPECT SCHOOL, READING
(A company limited by guarantee)
REGISTERED NUMBER: 07660159

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		17,878,032		18,637,589
Investments	13		1		1
			17,878,033		18,637,590
CURRENT ASSETS					
Debtors	14	298,149		212,228	
Cash at bank		2,413,202		1,969,927	
			2,711,351	2,182,155	
CREDITORS: amounts falling due within one year	15	(653,702)		(468,271)	
NET CURRENT ASSETS			2,057,649	1,713,884	
TOTAL ASSETS LESS CURRENT LIABILITIES			19,935,682	20,351,474	
CREDITORS: amounts falling due after more than one year	16		(54,000)	(84,824)	
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			19,881,682	20,266,650	
Defined benefit pension scheme liability	21		(2,936,000)	(3,242,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			16,945,682	17,024,650	
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds		1,341,309		1,090,606	
Restricted funds - analysed	17	-		-	
Restricted fixed asset funds		17,878,032		18,637,589	
Restricted funds excluding pension asset		19,219,341		19,728,195	
Pension reserve		(2,936,000)		(3,242,000)	
Total restricted funds			16,283,341	16,486,195	
Unrestricted funds			662,341	538,455	
TOTAL FUNDS			16,945,682	17,024,650	

The financial statements were approved by the Trustees, and authorised for issue, on 18th Dec 2018 and are signed on their behalf, by:


 Mrs Carol Thomas
 Chair of Trustees

PROSPECT SCHOOL, READING
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	609,624	273,862
Cash flows from investing activities:			
Interest from investments		4,228	4,109
Purchase of tangible fixed assets		(174,507)	(94,374)
Capital grants from DfE Group		26,574	27,749
Net cash used in investing activities		(143,705)	(62,516)
Cash flows from financing activities:			
Repayments of Salix loans		(30,825)	(30,825)
Net cash used in financing activities		(30,825)	(30,825)
Change in cash and cash equivalents in the year		435,094	180,521
Cash and cash equivalents brought forward		2,004,011	1,823,490
Cash and cash equivalents carried forward	20	2,439,105	2,004,011

PROSPECT SCHOOL, READING
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Prospect School, Reading constitutes a public benefit entity as defined by FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

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

PROSPECT SCHOOL, READING
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 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.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

PROSPECT SCHOOL, READING
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Basis of consolidation

The financial statements consolidate the accounts of Prospect School, Reading and all of its subsidiary undertakings ('subsidiaries').

The academy has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the academy was a deficit of £78,969 (2017 - £445,377).

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	the shorter of 50 years or the expected life of the asset
Fixtures, fittings and equipment	-	8 years
Plant and machinery	-	8 years
Motor vehicles	-	5 years
Computer equipment	-	3 years

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.

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

PROSPECT SCHOOL, READING
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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 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.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy'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 costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy 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.

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 academy 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each 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.

1.14 Fund accounting

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	-	-	-	224
Capital Grants	-	-	26,574	26,574	27,749
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	26,574	26,574	27,973
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	224	-	27,749	27,973	
	<hr/>	<hr/>	<hr/>	<hr/>	

PROSPECT SCHOOL, READING
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Educational operations (see below)	-	7,481,114	7,481,114	7,942,126
Local Authority grants	-	130,087	130,087	116,287
	<u>-</u>	<u>7,611,201</u>	<u>7,611,201</u>	<u>8,058,413</u>
Total 2017	<u>-</u>	<u>8,058,413</u>	<u>8,058,413</u>	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,991,757	6,991,757	7,471,139
Other DfE / EFA grants	-	489,357	489,357	470,987
Total 2018	<u>-</u>	<u>7,481,114</u>	<u>7,481,114</u>	<u>7,942,126</u>
Total 2017	<u>-</u>	<u>7,942,126</u>	<u>7,942,126</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	108,781	-	108,781	114,348
Other income	3,960	-	3,960	2,620
Clubs and trips	-	89,280	89,280	36,210
Trading income	76,269	-	76,269	152,075
Total 2018	<u>189,010</u>	<u>89,280</u>	<u>278,290</u>	<u>305,253</u>
Total 2017	<u>269,043</u>	<u>36,210</u>	<u>305,253</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	4,228	-	4,228	4,109
Total 2017	4,109	-	4,109	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	27,408	-	36,194	63,602	117,725
Activities:					
Direct costs	5,585,676	-	373,335	5,959,011	5,840,902
Support costs	792,954	1,352,467	496,228	2,641,649	3,161,498
	6,406,038	1,352,467	905,757	8,664,262	9,120,125
Total 2017	6,627,668	1,431,938	1,060,519	9,120,125	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Expenditure	5,959,011	2,641,649	8,600,660	9,002,400
Total 2017	5,840,902	3,161,498	9,002,400	

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

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Total 2018 £	Total 2017 £
Staff costs	792,954	1,248,038
Depreciation	934,064	967,069
Premises costs	418,404	458,415
Other support costs	320,392	318,707
Technology costs	95,441	84,151
Governance costs	80,394	85,118
	<u>2,641,649</u>	<u>3,161,498</u>
At 31 August 2017	<u>3,161,498</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	934,064	967,069
Auditor's remuneration - audit	12,000	11,900
Auditor's remuneration - other services	2,200	6,395
Operating lease rentals	15,833	15,210
	<u>964,097</u>	<u>1000,574</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	4,718,185	4,894,488
Social security costs	422,755	421,085
Operating costs of defined benefit pension schemes	1,091,272	934,856
	6,232,212	6,250,429
Agency staff costs	157,438	334,892
Staff restructuring costs	16,388	42,347
	6,406,038	6,627,668

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	91	100
Administration and support	76	84
Management	9	13
	176	197

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	1

3 (2017: 3) of the above employees participated in the Teachers' Pension scheme. During the period ended 31 August 2018, pension contributions for these staff amounted to £30,552 (2017: £39,080)

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £829,874 (2017: £827,816).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
P Davies (Head Teacher)	Remuneration	110,000-115,000	110,000-115,000
	Pension contributions paid	15,000-20,000	15,000-20,000
N Beard (Other staff Governor)	Remuneration	65,000-70,000	65,000-70,000
	Pension contributions paid	5,000-10,000	5,000-10,000
A Holt (Other staff Governor)	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
L Akister (Other staff Governor)	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was £750 (2017 - £750).

12. TANGIBLE FIXED ASSETS

Group and Academy	Freehold property £	Furniture and fixtures £	Plant and equipment £	Motor vehicles £	Computer equipment £
Cost					
At 1 September 2017	21,945,733	787,747	374,842	28,813	636,693
Additions	14,524	93,278	12,994	-	53,711
At 31 August 2018	<u>21,960,257</u>	<u>881,025</u>	<u>387,836</u>	<u>28,813</u>	<u>690,404</u>
Depreciation					
At 1 September 2017	3,964,032	369,150	243,911	23,545	535,601
Charge for the year	684,617	105,422	49,089	3,327	91,609
At 31 August 2018	<u>4,648,649</u>	<u>474,572</u>	<u>293,000</u>	<u>26,872</u>	<u>627,210</u>
Net book value					
At 31 August 2018	<u>17,311,608</u>	<u>406,453</u>	<u>94,836</u>	<u>1,941</u>	<u>63,194</u>
At 31 August 2017	<u>17,981,701</u>	<u>418,597</u>	<u>130,931</u>	<u>5,268</u>	<u>101,092</u>

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

12. TANGIBLE FIXED ASSETS (continued)

Group and Academy	Total £
Cost	
At 1 September 2017	23,773,828
Additions	174,507
	23,948,335
At 31 August 2018	23,948,335
Depreciation	
At 1 September 2017	5,136,239
Charge for the year	934,064
	6,070,303
At 31 August 2018	6,070,303
Net book value	
At 31 August 2018	17,878,032
At 31 August 2017	18,637,589

On 1 July 2011 land was professionally valued at £6,750,000 and buildings were valued at £12,718,180. The total amount of £19,468,180, which the governors have deemed to be equivalent to the fair value of land and buildings on conversion from Prospect School to Prospect School, Reading on 1 July 2011 and were adopted by them for the purposes of the financial statements for the period ended on 31 August 2012. The Governors believe that these valuations are still appropriate for the year ended 31 August 2018.

The valuation was obtained from a "full valuation" carried out by the valuers "DVS" and the Governors have considered this valuation sufficient for the purposes of the financial statements.

At the balance sheet date there was no capital commitments recorded (2017: £nil).

13. FIXED ASSET INVESTMENTS

Academy	Shares in group undertakings £
Market value	
At 1 September 2017 and 31 August 2018	1

PROSPECT SCHOOL, READING
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. DEBTORS

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	43,917	109,326	28,247	18,459
Amounts owed by group undertakings	-	-	15,494	31,706
Other debtors	1,084	2,882	905	2,882
Prepayments and accrued income	217,412	145,460	213,202	140,782
Tax recoverable	40,199	12,177	40,301	18,399
	<u>302,612</u>	<u>269,845</u>	<u>298,149</u>	<u>212,228</u>

15. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Other loans	30,825	30,825	30,825	30,825
Trade creditors	292,317	174,937	289,253	115,279
Other taxation and social security	117,302	112,101	117,302	112,101
Other creditors	11,180	6,222	11,180	6,222
Accruals and deferred income	231,910	235,352	205,142	203,844
	<u>683,534</u>	<u>559,437</u>	<u>653,702</u>	<u>468,271</u>

	<u>Group</u>		<u>Academy</u>	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	95,466	52,738	67,457	28,198
Resources deferred during the year	70,591	95,466	47,623	67,457
Amounts released from previous years	(95,466)	(52,738)	(67,457)	(28,198)
Deferred income at 31 August 2018	<u>70,591</u>	<u>95,466</u>	<u>47,623</u>	<u>67,457</u>

At 31 August 2018, Prospect School was holding funds received in advance for the 2018/19 year, including trips, IT support and rates.

16. CREDITORS: Amounts falling due after more than one year

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Salix loans	54,000	84,824	54,000	84,824

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. CREDITORS: Amounts falling due after more than one year (continued)

Included within creditors are two Salix loans. One is for £96,000 which is repayable in 16 biannual instalments of £6,000 commencing in March 2016 and ending in September 2023. The amount repayable after 5 years totals £nil (2017: £6,000). The second is for £94,123 and is repayable in 10 biannual instalments of £9,412. Both loans are interest free and were advanced for capital projects.

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	538,989	193,238	(27,478)	-	-	704,749
Restricted funds						
General Annual Grant (GAG)	(237,384)	6,991,757	(5,307,006)	(147,933)	-	1,299,434
Other income	179,146	89,280	(268,426)	-	-	-
Other local authority grants	240,730	130,087	(370,817)	-	-	-
Other DfE/ESFA grants	908,114	489,357	(1,397,471)	-	-	-
Pension reserve	(3,242,000)	-	(359,000)	-	665,000	(2,936,000)
	<u>(2,151,394)</u>	<u>7,700,481</u>	<u>(7,702,720)</u>	<u>(147,933)</u>	<u>665,000</u>	<u>(1,636,566)</u>
Restricted fixed asset funds						
Transfer on conversion	15,087,038	-	(863,053)	-	-	14,223,985
DfE/ ESFA Capital grants	2,307,342	26,574	(46,147)	147,933	-	2,435,702
Capital expenditure from GAG	1,243,209	-	(24,864)	-	-	1,218,345
	<u>18,637,589</u>	<u>26,574</u>	<u>(934,064)</u>	<u>147,933</u>	<u>-</u>	<u>17,878,032</u>
Total restricted funds	<u>16,486,195</u>	<u>7,727,055</u>	<u>(8,636,784)</u>	<u>-</u>	<u>665,000</u>	<u>16,241,466</u>
Total of funds	<u><u>17,025,184</u></u>	<u><u>7,920,293</u></u>	<u><u>(8,664,262)</u></u>	<u><u>-</u></u>	<u><u>665,000</u></u>	<u><u>16,946,215</u></u>

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

The General Annual Grant (GAG) relates to the recurrent income and expenditure for the establishment, conduct and administration and maintenance of the Academy, where such expenditure does not fall under any other grant. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of General Annual Grant that it could carry forward at 31 August 2018.

Other local authority grants relate to funding received directly from the local authority, most notably Reading Borough Council, for the provision of specific services such as education for special education

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

needs students.

Other DfE/ESFA grants received are for specific services such as bursary funding for 6th form students and 'golden hellos' or incentive payments to teachers in subjects of scarce resource.

The pension reserve relates to the provision of pension costs for non – teaching staff. The fund includes the transfer of a pension deficit from the local authority to Prospect School, Reading upon conversion to an Academy.

Fixed asset funds include the transfer of land and buildings from the local authority upon conversion to an Academy. Where tangible fixed assets are acquired through the aid of a specific grant they are credited to the restricted fixed asset fund within the Statement of Financial Activities and also included in the balance sheet within fixed assets. Funds will be transferred on an annual basis into the fixed assets fund, where required, from available revenue reserves at the behest of the Governors.

Capital grants received as part of the GAG are treated in the same way as the fixed asset fund.

Unrestricted funds are generated from income and expenditure that is incidental and supplementary to the educational activities of the Academy such as from sales in the canteen and the letting of the buildings to other organisations.

The transfer between funds primarily relates to the financing of capital projects from unrestricted funds.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
Unrestricted funds	498,436	273,376	(232,823)	-	-	538,989
Restricted funds						
General Annual Grant (GAG)	(192,724)	7,471,139	(7,449,172)	(66,627)	-	(237,384)
Other income	142,936	36,210	-	-	-	179,146
Other local authority grants	168,571	116,287	(44,128)	-	-	240,730
Other DfE/ESFA grants	684,058	470,987	(246,931)	-	-	908,114
Pension reserve	(3,341,000)	-	(180,000)	-	279,000	(3,242,000)
	<u>(2,538,159)</u>	<u>8,094,623</u>	<u>(7,920,231)</u>	<u>(66,627)</u>	<u>279,000</u>	<u>(2,151,394)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Transfer on conversion	15,983,575	-	(896,537)	-	-	15,087,038
DfE/ESFA capital grants	2,258,129	27,749	(45,163)	66,627	-	2,307,342
Capital expenditure from GAG	1,268,580	-	(25,371)	-	-	1,243,209
	<u>19,510,284</u>	<u>27,749</u>	<u>(967,071)</u>	<u>66,627</u>	<u>-</u>	<u>18,637,589</u>
Total restricted funds	<u>16,972,125</u>	<u>8,122,372</u>	<u>(8,887,302)</u>	<u>-</u>	<u>279,000</u>	<u>16,486,195</u>
Total of funds	<u>17,470,561</u>	<u>8,395,748</u>	<u>(9,120,125)</u>	<u>-</u>	<u>279,000</u>	<u>17,025,184</u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	498,436	466,614	(260,301)	-	-	704,749
Restricted funds						
General Annual Grant (GAG)	(192,724)	14,462,896	(12,756,178)	(214,560)	-	1,299,434
Other income	142,936	125,490	(268,426)	-	-	-
Other local authority grants	168,571	246,374	(414,945)	-	-	-
Other DfE/ESFA grants	684,058	960,344	(1,644,402)	-	-	-
Pension reserve	(3,341,000)	-	(539,000)	-	944,000	(2,936,000)
	<u>(2,538,159)</u>	<u>15,795,104</u>	<u>(15,622,951)</u>	<u>(214,560)</u>	<u>944,000</u>	<u>(1,636,566)</u>
Restricted fixed asset funds						
Transfer on conversion	15,983,575	-	(896,537)	-	-	15,087,038
	-	-	(863,053)	-	-	(863,053)
DfE/ESFA capital grants	2,258,129	54,323	(91,310)	214,560	-	2,435,702
Capital expenditure from GAG	1,268,580	-	(50,235)	-	-	1,218,345
	<u>19,510,284</u>	<u>54,323</u>	<u>(1,901,135)</u>	<u>214,560</u>	<u>-</u>	<u>17,878,032</u>
	<u>16,972,125</u>	<u>15,849,427</u>	<u>(17,524,086)</u>	<u>-</u>	<u>944,000</u>	<u>16,241,466</u>
Total of funds	<u>17,470,561</u>	<u>16,316,041</u>	<u>(17,784,387)</u>	<u>-</u>	<u>944,000</u>	<u>16,946,215</u>

PROSPECT SCHOOL, READING
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	17,878,032	17,878,032
Current assets	704,749	2,036,968	-	2,741,717
Creditors due within one year	-	(683,534)	-	(683,534)
Creditors due in more than one year	-	(54,000)	-	(54,000)
Provisions for liabilities and charges	-	(2,936,000)	-	(2,936,000)
	<u>704,749</u>	<u>(1,636,566)</u>	<u>17,878,032</u>	<u>16,946,215</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	18,637,589	18,637,589
Current assets	538,989	1,734,867	-	2,273,856
Creditors due within one year	-	(559,437)	-	(559,437)
Creditors due in more than one year	-	(84,824)	-	(84,824)
Provisions for liabilities and charges	-	(3,242,000)	-	(3,242,000)
	<u>538,989</u>	<u>(2,151,394)</u>	<u>18,637,589</u>	<u>17,025,184</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<u>2018</u> £	<u>2017</u> £
Net expenditure for the year (as per Statement of Financial Activities)	(743,969)	(724,377)
Adjustment for:		
Depreciation charges	934,064	967,069
Dividends, interest and rents from investments	(4,228)	(4,109)
(Increase)/decrease in debtors	(32,767)	3,343
Increase/(decrease) in creditors	124,098	(120,315)
Capital grants from DfE and other capital income	(26,574)	(27,749)
Defined benefit pension scheme cost less contributions payable	277,000	112,000
Defined benefit pension scheme finance cost	82,000	68,000
Net cash provided by operating activities	<u>609,624</u>	<u>273,862</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2018	2017
	£	£
Cash in hand	2,439,105	2,004,011
Total	2,439,105	2,004,011

21. PENSION COMMITMENTS

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Barnett Waddingham. Both are Multi-employer defined benefit pension schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £529,453 (2017 - £538,591).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £270,000 (2017 - £296,000), of which employer's contributions totalled £199,000 (2017 - £222,000) and employees' contributions totalled £71,000 (2017 - £74,000). The agreed contribution rates for future years are 17.6% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	3.60 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£	£
Discount rate +0.1%	5,119	5,081
Discount rate -0.1%	5,382	5,342
Mortality assumption - 1 year increase	5,419	5,379
Mortality assumption - 1 year decrease	5,085	5,047
CPI rate +0.1%	5,367	5,321
CPI rate -0.1%	5,134	5,102

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FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

The group's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,085,000	979,000
Corporate bonds	347,000	309,000
Property	317,000	270,000
Cash and other liquid assets	342,000	227,000
Target Return Portfolio	94,000	105,000
Commodities	43,000	35,000
Infrastructure	155,000	139,000
Longevity Insurance	(70,000)	(96,000)
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Total market value of assets	2,313,000	1,968,000
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The actual return on scheme assets was £90,000 (2017 - £146,000).

The amounts recognised in the Statement of financial activities are as follows:

	2018 £	2017 £
Admin expenses	(2,000)	(2,000)
Net settlement	-	134,000
	<hr/>	<hr/>
Total	(2,000)	132,000
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Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	5,210,000	5,203,000
Current service cost	474,000	466,000
Interest cost	136,000	110,000
Employee contributions	71,000	74,000
Actuarial gains	(629,000)	(377,000)
Liabilities assumed / (extinguished) on settlement	-	(247,000)
Benefits paid net of transfers	(13,000)	(19,000)
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Closing defined benefit obligation	5,249,000	5,210,000
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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

Movements in the fair value of the group's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	1,968,000	1,862,000
Return on assets	54,000	42,000
Actuarial losses/(gains)	36,000	(98,000)
Employer contributions	199,000	222,000
Employee contributions	71,000	74,000
Benefits paid net of transfers in	(13,000)	(19,000)
Settlement prices received / (paid)	-	(113,000)
Administration expenses	(2,000)	(2,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,313,000	1,968,000
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22. OPERATING LEASE COMMITMENTS

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

Group	2018 £	2017 £
Amounts payable:		
Within 1 year	15,141	15,833
Between 1 and 5 years	27,127	13,775
After more than 5 years	-	23,385
	<hr/>	<hr/>
Total	42,268	52,993
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23. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

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24. RELATED PARTY TRANSACTIONS

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

During the period the Academy recharged its subsidiary undertaking, Prospect Enterprises (Reading) Limited £27,408 (2017: £28,238) in respect of salary costs.

At 31 August 2018 the trading subsidiary made a payment under gift aid of £7,378 (2017: £25,427) to Prospect School, Reading.

At 31 August 2018, included within debtors, is an amount of £15,494 (2017: £31,706) owed by the subsidiary undertaking to the Academy.