

Company Registration Number: 11474011 (England & Wales)

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

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PRINCE REGENT STREET TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

M Parker (appointed 19 July 2018)
P Carey (appointed 19 July 2018)
K Steven (appointed 19 July 2018)
C Herron (appointed 19 July 2018)
G Newton (appointed 19 July 2018, resigned 15 May 2019)

Directors

K Steven, Chair (appointed 19 July 2018)^{1,2}
J Armstrong, Chief Executive (appointed 19 July 2018)^{1,2}
E Avison (appointed 19 July 2018)²
H Beckwith (appointed 19 July 2018)²
H Brown (appointed 19 July 2018)¹
M Colley (appointed 19 July 2018)²
H Herron (appointed 19 July 2018)¹
J Hughes (appointed 19 July 2018)²

¹ Finance and Audit Committee
² Trust Improvement Committee

Company registered number

11474011

Company name

Prince Regent Street Trust

Principal and registered office

Hartburn Primary School
Adelaide Grove
Stockton-On-Tees
TS18 5BS

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank Plc
83/85 Linthorpe Road
Middlesbrough
TS1 5BU

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

PRINCE REGENT STREET TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the period 19 July 2018 to 31 August 2019. The annual report serves the purposes of both a Directors' report and a directors' report under company law.

Structure, governance and management

Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Directors of Prince Regent Street Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Prince Regent Street Trust .

Details of the Directors who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' indemnities

The academy trust has purchased insurance RPA to protect Directors from claims arising against negligent acts, error or omissions occurring whilst on academy trust business. Further details are provided in note 13.

Method of recruitment and appointment or election of Directors

The original members of the academy trust, as named in the incorporation documents are the signatories to the funding agreement between the academy trust and the Secretary of State. The Members appoint a minimum of 9 Directors including the CEO. The Secretary of State may, in special circumstances appoint such additional trustees as they feel fit. To date there have been no such additions. Future Directors shall be appointed or elected, as the case may be, under these articles, the total number of trustees who are employees of the academy trust shall not exceed one third of the total number of trustees. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies adopted for the induction and training of Directors

We recognise the positive contribution that Directors can make to our organisation, when they have the commitment training and are given opportunity to do so. We therefore aim to attract and retain Directors who have the experience, skills and desire to make a difference to their local community. The induction and training of new Directors will be managed by the Chair of the Board of Directors. Training will be purchased from AVEC, Governor services at Stockton BC, membership of the National Governors Association and bespoke in-house training from external providers.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Organisational structure

On 1 October 2018, on conversion to MAT status, the Board of Directors was established. It was decided that each school will also have a LGB. A LGB has been established at Hartburn Primary School, Village Primary School and Wolviston Primary School.

In addition to these LGBs, the Governors can form separate sub committees and challenge groups to consider academic progress, resources, health and safety, audit, finance and resources, discipline and appeals. The committee terms of reference are set out in our Governance Handbook, and scheme of delegation and reviewed annually. The annual budget is submitted to the Directors for approval, prior to submission to the Education and Skills Funding Agency (ESFA), and the Board of Directors also receives regular reports on academy trust spend via the Finance and Resources Committee.

Day to day responsibility for operating the academy trust has been delegated to the CEO who manages the academy trust and implements policies approved by the Directors. The CEO fulfils the role of Accounting Officer and their responsibilities, together with an explanation of other additional delegated authorities includes:

- Staffing
 - Chair the Executive Head Teacher Board.

- Finance
 - Responsible for the line management of all central services including the management of the Head of Finance and Operations.
 - Ensure compliance with the requirements of the Master Funding Agreement and Supplement Funding Agreements of the academy trust.
 - As the Accounting Officer for the academy trust, be personally responsible for the propriety and regularity of the public finances within the academy trust.
 - Ensure compliance with the academy trust Scheme of Delegation.

- Risk Management
 - Risk management has been incorporated into the agenda for the audit committee.
 - Executive Head Teacher (EHT) meetings are timetabled to update and identify the risk / potential risk against a probability scale with identify preventative and resilience measures. Risks to the academy trust have been identified in the Trust risk register with appropriate actions identified to limit impact to the organisation.

- Engagement with other stakeholders
 - To promote the ethos and vision of the Prince Regent Street Trust and to present it to a wide range of audiences.
 - Be the main point of contact for the Local Authority, EFSA, DfE and other key bodies in respect of all aspects of the academy trust.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the CEO/ Executive team is decided by the Trust board. The trust has delegated responsibility to Local Governing Bodies for other teachers and non-teaching staff having regard to the national framework and School Teacher's Pay and Conditions Document, taking into account the extent to which they have achieved their appraisal targets and objectives.

Trade union facility time

The Prince Regent Street Trust does not employ union officials directly but does pay into a local authority scheme which provides this service.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The Prince Regent Street Trust is fundamentally one of sustainable school improvement. All three schools are good and outstanding, yet are very different in so many ways. We feel that having such a variety of different sizes and school make ups will enhance our capacity to support and develop other schools joining the academy trust. We have a very successful primary ethos, which enables all children to maximise their potential. We strongly believe that every child has the right to the highest quality Education. Successful schools and their leaders hold the responsibility to work alongside other schools to support improvement. Leaders have a collective responsibility for improving the whole system for mutual benefit. The Prince Regent Street Trust is committed to highly effective working partnerships with school leaders, colleagues, parents and all other stakeholders.

The principal object and activity of the charitable company is the operation of Prince Regent Street Trust is to provide education for students of primary school age.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculums should comply with the substance of the national curriculum.

Objectives, strategies and activities

The academy trust's main objectives are encompassed in its improvement strategy and commitment which is outlined below including the end objectives and the strategies used to achieve them.

At the heart of our school improvement strategy is a commitment to working in partnership with all our schools, and to support all schools in being self-improving, and to achieve a school-led system in order to promote and secure:

- We have a proven track record of sustained school improvement .
- At least good levels of achievement for all children with many children achieving outstanding outcomes.
- High quality teaching.
- Effective leadership and governance in all schools.
- Access to high quality professional development for staff enabling sustained and continual improvement and developing a workforce in line with future succession planning needs and talent management policies.
- Opportunities for the identification and dissemination of effective practice and engagement in research and development including teacher inquiry.
- Safe schools with fair access.
- Affordability and value for money.

The Board of Directors focused on five key priorities during 2018 - 2019:

1. Progress and Attainment

Targeted Improvement through Reading, Writing and Maths including those from disadvantaged backgrounds.
Ensuring Safeguarding is outstanding through trust wide training and school safeguarding reviews.
Implementing a common progress and tracking system across the primary schools.

2. Collaboration

Establish Working Parties within the trust.
Developing opportunity for Trust wide CPD.

3. Financial stability and operational strength through:

Compliance with the Master Funding Agreement and Financial Handbook.
Completing a detailed financial due diligence of risks and opportunities.
Analysing and implementing potential shared central services and agreements.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Objectives, strategies and activities (continued)

4. Leadership and Governance

The roles and responsibilities of Directors have been embedded through the board meetings with a focus on school accountability and development of the Strategic Business plan. Statutory policies have been developed, agreed and implemented and published on academy trust website.

5. MAT stability and future growth

The Board of Directors ensured the MAT consolidated policies and procedures during the first 18 months. Continued development of relationships with other providers and other local and national Multi Academy Trusts.

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy trust should undertake.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Strategic report

Achievements and performance

Key performance indicators

Based on each schools 2018 data, academy trust priorities were identified then outcomes measured from 2019 outcomes and results were as below:

Hartburn	Village	Wolviston
<p>To improve reading progress at KS2 Improved from 0.7 2018 to 1.4 2019</p> <p>To ensure writing progress at KS2 is at least in line with national for disadvantaged children Progress figure 1.4 compared to -0.4 nationally</p> <p>To diminish the small gaps for disadvantaged children ensuring they are in line with national gaps even where school threshold figures are better than national. Combined indicator gap down to -16% compared to -20% nationally and -28% last year.</p>	<p>To improve outcomes in vocabulary and spelling across school and improve outcomes for KS1 boys. KS1 boys attainment improved in RWM</p> <p>Increase progress and attainment in Maths Reasoning Achieved</p> <p>To raise attainment in Computing Achieved</p> <p>To increase opportunities for real life experiences in EYFS Comprehensive work done in EYFS</p> <p>To improve provision for Exceeding/Greater depth across school. Actioned and implemented</p> <p>To improve provision for Science to increase attainment and progress. KS2 Science up from 80% to 82%</p> <p>To improve attendance. Improved from 95.8% 2018 to 96.5 2019</p>	<p>Year 6 Maintain the very high performance achieved at Key Stage 2 in the third year of new tests, in 2018 (target 93% CRWM) KS2 Combined 100% achieved 2019</p> <p>Years 3 to 5 at least 85%, or above, of pupils will be on target to reach the national expectation for their age. (Secure) Achieved</p> <p>Year 1 & 2 pupils at least 80% will be on target to reach the national expectation for their age. (Secure) Achieved</p> <p>To increase the number of children at expected or exceeding levels of development in Moving and Handling to at least 80%. Expected+ levels in Mov and Hand at EYFS 94%</p> <p>To ensure that the number of children who are at expected or exceeding levels of development in all prime areas is at least in line with LA, if not above. (80%) Children at Exp+ in all prime areas 81%</p>

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Overview of individual school performance 2018-19

Foundation			
	Hartburn	Village	Wolviston
% GLD	91%	80%	81%
Phonics			
	Hartburn	Village	Wolviston
% Y1 Pass	93%	70%	87%
KS1			
	Hartburn	Village	Wolviston
% Reading EXP+	85%	77%	75%
% Writing EXP +	87%	77%	75%
% Maths EXP +	85%	77%	75%
KS2			
	Hartburn	Village	Wolviston
% Reading EXP +	81%	55%	100%
% Writing EXP+	93%	84%	100%
% Maths EXP +	92%	71%	100%
% SPaG	89%	77%	100%
Combined RWM EXP+			
	77%	52%	100%
Progress Scores			
	Hartburn	Village	Wolviston
Reading	1.4	-0.3	0.9
Writing	2.3	2.3	0.9

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

The results below show the academy trust in its first year performing better than national averages in all areas.

	Trust 2019	National Comparison
Foundation stage %GLD		
	84%	72%
Phonics		
% Y1 Pass	83%	82%
KS1		
% Reading EXP +	79%	75%
% Writing EXP +	80%	69%
% Maths EXP +	79%	76%
KS2		
% Reading EXP +	79%	73%
% Writing EXP +	92%	78%
% Maths EXP +	88%	79%
% SPaG	89%	78%
Combined RWM EXP+		
	76%	65%

The academy trust works within the guidance of the Academies Financial Handbook to ensure financial propriety, effective and efficient use and deployment of all resources at its disposal. Directors have planned for regular meetings and monthly reports alongside reports provided by the Finance Director. Information will be in a clear concise format with budgetary changes highlighted and commentaries attached, whereby the academy trust finances and any potential anomalies would be addressed if required.

Financial performance indicators include;

- All spending is appropriate and supports the common goal of improving educational outcomes.
- No trustee/governor/employee has benefitted personally from the use of these funds.
- Payroll services fully meet tax obligations.
- There is probity in the use of public funds.
- Competitive tendering is in place.
- Regular reviews of projected and actual student numbers and staffing requirements take place.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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 accounting policies.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Financial review

During the year ended 31 August 2019, total recurrent grant funding from the DfE/ESFA together with other incoming resources was in excess of total expenditure of £4,096,000. The excess of expenditure over income for the year of unrestricted funds and restricted funds (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £271,000. The in-year surplus on restricted general funds plus unrestricted funds but excluding the increase in the pension reserve liability was £367,000.

All of the expenditure shown in the statement of financial activities is in furtherance of the academy trust's objectives.

The academy held fund balances at 31 August 2019 of £10,001,000 comprising £9,634,000 restricted funds, including £(596,000) deficit on the pension reserves, and £367,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2019 was £367,000.

At 31 August 2019 the net book value of fixed assets was £10,230,000 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

Most of the academy trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice (FRS102), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The provisions of Financial Reporting Standard (FRS) 102 relating to 'Retirement Benefits' have been applied in full, resulting in a deficit of £(596,000) recognised on the balance sheet.

Reserves policy

The academy trust holds restricted and unrestricted funds. (The attached financial statements details these funds). The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Directors on an annual basis. The Directors consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of the equivalent of 4 weeks expenditure which currently equates to around of £400,000.

The academy trust's level of free reserves at 31 August are £367,000. The Directors believe that the level of reserves held by the academy trust as at 31 August 2019 is sufficient to meet the Reserves Policy.

As the academy trust continues to grow the reserves policy will continue to be monitored and reviewed.

Investment policy

The Academy trust does not hold investments other than Cash at Bank. Directors are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Directors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Investment policy (continued)

The academy trust aims to manage its cash balances to provide for the day to day working capital requirements of its operation, whilst protecting the real long-term value of any surplus cash balances against inflation. During this accounting period the Trust has not adopted any investment

The academy trust will operate an interest bearing current account with a bank approved by the Board of Directors (currently Lloyds Bank) and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments. Monies surplus to the working requirements shall be invested in term deposits with the current banker or with another UK institution regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

The academy trust will not take out any long term deposits until reliable cash flow pattern had been established, monies will only be paid into term deposits not exceeding six months.

Principal risks and uncertainties

The academy trust and each school within it have in place a risk register with the main items of risk being reviewed at LGB and trust board meeting.

The academy trust has in place a risk management strategy and risk register. The CEO and Financial Director have lead responsibility for the risk management processes and Risk Register. The Risk Register is formally reviewed each term by the CEO and FD. The principal risks are as follows:

Section 1: Sustainability

- Lack of funding results in unsustainable Academy operation (national funding, numbers on roll, pension deficit, pupil numbers, inflation etc.)
- Critical Incidents
- Overall performance results

Section 2: Governance

- Reputational
- Succession Planning
- Finance
- Fraud & Data Security
- Employment laws risk; including pensions
- Health & Safety risk
- Facilities and adequacy of investment
- Governance structure and skills of Board/LGB

Section 3: New Academies

- Reputational
- Distance
- Resource: Team & Finance
- Contractual exposures
- Resource: IT
- Resource: Contracts - Catering, cleaning, grounds, facilities etc

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust balance sheet.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

The Directors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Fundraising

All schools within the academy trust undertake both fundraising on behalf of other charitable organisations and for school specific purposes. Schools take part in many national charity events including, Red Nose Day and Children in Need and some schools also fundraise throughout the year for nominated charities. All income generated from these days are transferred direct to the individual charities.

As well as fundraising for external charities, most schools have active PTA organisations or "Friends of organisations who actively fundraise through school based events. Money received for these events is managed by the individual organisations and schools apply to the independent organisations for contributions to specific school equipment or events to enhance the curriculum or children's learning experience in schools.

The academy trust is particularly aware of the need to protect vulnerable individuals in any fundraising we undertake. During the course of this accounting period, we received no complaints relating to our fundraising activities.

Plans for future periods

The priority for the academy trust in 2018-2019 is to continue to improve levels of achievement for all students in line with our vision that all children reach their full potential and has specific KPI's in the strategic plan. The academy trust is committed to effective and sustainable school improvement and provides a broad and balance curriculum which prioritises the development of English and mathematics skills in order to give our children the best chance of succeeding in life. We also aim to expand the trust over the next 12-18 months.

Funds held as custodian on behalf of others

During the year the academy trust held funds on behalf of the Stockton Primary Heads Association. The balance of funds has been appropriately segregated from the academy trust's own funds and classified as 'other creditors' within the Balance Sheet.

Disclosure of information to auditors

Insofar as the Directors are aware:

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditors (continued)

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 2 December 2019 and signed on its behalf by:



Kay Steven
Chair



Julia Armstrong
Accounting Officer

PRINCE REGENT STREET TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the chief executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Prince Regent Street Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 4 times during the year. The Board of Directors met less than 6 times due to the clearly established committees/portfolio groups of Directors who can deal with specific areas of responsibility following robust terms of reference and due to the fact the trust only commenced part way through the year.

Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
K Steven, Chair	4	4
J Armstrong, Chief Executive	3	4
E Avison	4	4
H Beckwith	3	4
H Brown	1	4
M Colley	2	4
H Herron	3	4
J Hughes	3	4

The Finance and Audit Committee is a sub-committee of the main Board of Directors. Its purpose is to assume responsibility for the proper stewardship of funds and for ensuring economy, efficiency and effectiveness in their use.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Helen Brown	3	3
Kay Steven	3	3
Hannah Herron	2	3
Julia Armstrong	3	3

The Trust Improvement Committee is also a sub-committee of the main Board of Directors.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Erica Avison	0	1
Hayden Beckwith	1	1
Kay Steven	1	1
Margaret Colley	1	1
Jamie Hughes	1	1
Julia Armstrong	1	1

PRINCE REGENT STREET TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Review of value for money

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

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

- Staff insurance saving across the 3 schools was £18,467
- Grounds maintenance savings across the 3 schools of £2,300
- RPA Insurance – 18/19 £20 per pupil charge was significant saving compared to the maintained SBC insurance costs. RPA £16k across the Trust, SBC circa £28k.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of 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 Prince Regent Street Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included the testing of payroll, purchase, control account and bank reconciliation systems.

On a termly basis, the external auditors report to the Board of Directors through the audit committee on the operation of the systems of control and on the discharge of the Directors' financial responsibilities.

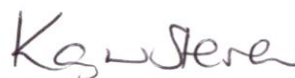
Review of effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit 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 Board of Directors on 2 December 2019 and signed on their behalf by:



Kay Steven
Chair



Julia Armstrong
Accounting Officer

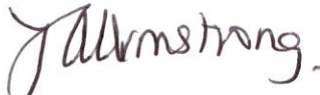
PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Prince Regent Street Trust I have considered my responsibility to notify the academy trust Board of Directors 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 2018.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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 Directors and ESFA.



Julia Armstrong
Accounting Officer
2 December 2019

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Academies Accounts Direction published 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 Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

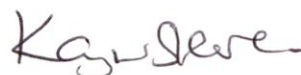
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 company will continue in business.

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

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

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

Approved by order of the members of the board of Directors on 2 December 2019 and signed on its behalf by:



Kay Steven
Chair

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRINCE
REGENT STREET TRUST**

Opinion

We have audited the financial statements of Prince Regent Street Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its 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, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust'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.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRINCE
REGENT STREET TRUST (CONTINUED)**

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Directors' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the Strategic Report.

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

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

DATE: 10/15/54

MEMORANDUM FOR THE RECORD OF THE BOARD OF DIRECTORS OF THE NATIONAL ASSOCIATION OF REALTORS

OPERATIONAL

The Board of Directors of the National Association of Realtors is pleased to announce that the 1954-55 membership year will be a record-breaking one. This is due to the fact that the membership has increased by 100,000 members since the beginning of the year. This increase is a result of the fact that the Association has been successful in attracting new members and in retaining its existing members.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its income for the year. This is due to the fact that the Association has been successful in increasing its dues and in increasing its contributions from its members. This increase in income is a result of the fact that the Association has been successful in increasing its membership and in increasing its income from its members.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its assets for the year. This is due to the fact that the Association has been successful in increasing its investments and in increasing its income from its investments.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its liabilities for the year. This is due to the fact that the Association has been successful in increasing its obligations and in increasing its income from its obligations.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net worth for the year. This is due to the fact that the Association has been successful in increasing its assets and in decreasing its liabilities. This increase in net worth is a result of the fact that the Association has been successful in increasing its membership and in increasing its income from its members.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net income for the year. This is due to the fact that the Association has been successful in increasing its income and in decreasing its expenses.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net assets for the year. This is due to the fact that the Association has been successful in increasing its assets and in decreasing its liabilities.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net liabilities for the year. This is due to the fact that the Association has been successful in increasing its obligations and in increasing its income from its obligations.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net worth for the year. This is due to the fact that the Association has been successful in increasing its assets and in decreasing its liabilities.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net income for the year. This is due to the fact that the Association has been successful in increasing its income and in decreasing its expenses.

The Board of Directors is also pleased to announce that the Association has been successful in increasing its net assets for the year. This is due to the fact that the Association has been successful in increasing its assets and in decreasing its liabilities.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRINCE
REGENT STREET TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Directors' Responsibilities Statement, the Directors (who are also the directors of the academy trust 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 Directors 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 Directors are responsible for assessing the academy trust'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 Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an Auditors' 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 trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Shotton BA FCA (Senior Statutory Auditor)
for and on behalf of
Clive Owen LLP
Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

2 December 2019

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PRINCE
REGENT STREET TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Prince Regent Street Trust during the year 1 September 2018 to 31 August 2019 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 Prince Regent Street Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Prince Regent Street Trust and 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 Prince Regent Street Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Prince Regent Street Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Prince Regent Street Trust's funding agreement with the Secretary of State for Education dated 26 September 2018 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PRINCE
REGENT STREET TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PRINCE
REGENT STREET TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**
Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

2 December 2019

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Income from:					
Donations and capital grants:	3				
Transfer from local authority on conversion		320	54	10,503	10,877
Donations and capital grants		3	-	32	35
Charitable activities	4	148	3,441	-	3,589
Other trading activities	5	93	-	-	93
Investments	6	-	3	-	3
Total income		<u>564</u>	<u>3,498</u>	<u>10,535</u>	<u>14,597</u>
Expenditure on:					
Raising funds	8	-	1	-	1
Charitable activities	8	197	3,593	305	4,095
Total expenditure		<u>197</u>	<u>3,594</u>	<u>305</u>	<u>4,096</u>
Net movement in funds before other recognised gains/(losses)		<u>367</u>	<u>(96)</u>	<u>10,230</u>	<u>10,501</u>
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	23	-	(500)	-	(500)
Net movement in funds		<u>367</u>	<u>(596)</u>	<u>10,230</u>	<u>10,001</u>
Reconciliation of funds:					
Net movement in funds		367	(596)	10,230	10,001
Total funds carried forward		<u><u>367</u></u>	<u><u>(596)</u></u>	<u><u>10,230</u></u>	<u><u>10,001</u></u>

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note		2019 £000
Fixed assets			
Tangible assets	14		10,230
			10,230
Current assets			
Debtors	15	149	
Cash at bank and in hand		552	
			701
Creditors: amounts falling due within one year	16	(334)	
			367
Net current assets			
			10,597
Total assets less current liabilities			
			10,597
Net assets excluding pension liability			
Defined benefit pension scheme liability	23	(596)	
			10,001
Total net assets			
			10,001
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	17	10,230	
Restricted funds excluding pension asset	17	10,230	
Pension reserve	17	(596)	
			9,634
Total restricted funds	17		9,634
Unrestricted income funds	17		367
			10,001
Total funds			
			10,001

The financial statements on pages 25 to 50 were approved by the Directors, and authorised for issue on 02 December 2019 and are signed on their behalf, by:



Kay Steven
Chair

The notes on pages 28 to 50 form part of these financial statements.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000
Cash flows from operating activities		
Net cash provided by operating activities	19	558
Cash flows from investing activities	20	(6)
Change in cash and cash equivalents in the year		552
Cash and cash equivalents at the end of the year	21	552

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Prince Regent Street Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Directors 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 trust to continue as a going concern. The Directors 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.

1.3 Income

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

• **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the academy trust has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the academy trust, can be reliably measured.

• **Donations**

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

• **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following basis:

Freehold property	-	
Long-term leasehold property	-	2%
Fixtures and fittings	-	14%
Computer equipment	-	33%

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.

1.6 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.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 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.

1.8 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.9 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement bases 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 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 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.

1.10 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

PRINCE REGENT STREET TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each 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.

1.12 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Hartburn Primary, Village Primary and Wolviston Primary Schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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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FOR THE YEAR ENDED 31 AUGUST 2019

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2019. 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 - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £305,000.

Valuation of property - As the ESFA have not yet carried out a land and buildings valuation for the property on conversion, the Directors have considered the other options available to them and have chosen to use the insurance valuation of land and buildings provided by their insurers. A third party valuation was considered but was not the Directors preferred option since the cost of such an exercise was deemed to be greater than the benefit that would have been derived from it. The Directors were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations.

Critical areas of judgment:

LGPS - There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £52,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is

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2. Critical accounting estimates and areas of judgment (continued)

reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £10,000 which has been assessed to be immaterial to the financial statements.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Transfer from local authority on conversion	320	10,557	10,877
Subtotal detailed disclosure	320	10,557	10,877
Donations	3	-	3
Capital Grants	-	32	32
Subtotal	3	32	35
	323	10,589	10,912

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4. Funding for the academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	2,802	2,802
Pupil Premium	-	159	159
PE Teacher Grant	-	12	12
UIFSM	-	52	52
Rates	-	12	12
Other DfE Group grants	-	29	29
	<hr/>	<hr/>	<hr/>
	-	3,066	3,066
	<hr/>	<hr/>	<hr/>
Other Government Grants			
SEN	-	47	47
Early Years Funding	-	315	315
Other Government grants	-	13	13
	<hr/>	<hr/>	<hr/>
	-	375	375
	<hr/>	<hr/>	<hr/>
Other Funding			
Non Government non grant income	8	-	8
Student Trips	39	-	39
Student Catering	101	-	101
	<hr/>	<hr/>	<hr/>
	148	-	148
	<hr/>	<hr/>	<hr/>
	148	3,441	3,589
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000
Supply teacher insurance claims	22	22
Other income	71	71
	<hr/>	<hr/>
	93	93
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

6. Investment income

	Restricted funds 2019 £000	Total funds 2019 £000
Net interest income on pension scheme	3	3

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on fundraising trading activities:				
Allocated support costs	-	-	1	1
Academy's educational operations:				
Direct costs	2,668	-	197	2,865
Allocated support costs	365	467	398	1,230
	3,033	467	596	4,096

In 2019 of the total expenditure, £197,000 was to unrestricted funds and £3,899,000 was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed assets losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Academy's educational operations	2,865	1,230	4,095

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Academy's educational operations 2019 £000	Total funds 2019 £000
Staff costs	2,668	2,668
Educational supplies	70	70
Staff development	23	23
Technology costs	4	4
Educational consultancy	69	69
Supply insurance	19	19
Transport	12	12
	<u>2,865</u>	<u>2,865</u>

Analysis of support costs

	Academy's educational operations 2019 £000	Total funds 2019 £000
Staff costs	365	365
Depreciation	305	305
Technology costs	52	52
Maintenance of premises	85	85
Cleaning	5	5
Other premises costs	35	35
Energy	33	33
Rent & rates	12	12
RPA fees	16	16
Catering	196	196
Operating lease rentals	8	8
Security	3	3
Other costs	85	85
Governance costs	30	30
	<u>1,230</u>	<u>1,230</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000
Operating lease rentals	8
Depreciation of tangible fixed assets	297
Fees paid to auditors for:	
- audit	9
- other services	6
	8

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000
Wages and salaries	2,295
Social security costs	196
Pension costs	506
	2,997
Agency staff costs	36
	3,033

Included in operating costs of defined benefit pension schemes is a charge of £153,000 relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

	2019 No.
Teachers	41
Administration and support	72
Management	4
	117

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.
In the band £80,001 - £90,000	<u><u>1</u></u>

11. Central services

The academy trust has provided the following central services to its academies during the year:

- Human resources
- Financial services
- Legal services
- Educational support

The academy trust charges for these services on the following basis:

Staff time or pupil numbers.

The actual amounts charged during the year were as follows:

	2019 £000
Hartburn Primary School	80
Village Primary School	40
Wolviston Primary School	20
Total	<u><u>140</u></u>

12. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

	2019 £000
Julia Armstrong, Chief Executive (appointed 19 July 2018)	85 - 90
Pension contributions paid	10 - 15

During the year ended 31 August 2019, no Director expenses have been incurred.

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13. Directors' and Officers' insurance

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

14. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
Additions	-	32	6	38
Foreign exchange movement	9,579	918	-	10,497
At 31 August 2019	9,579	950	6	10,535
Depreciation				
Charge for the year	177	127	1	305
At 31 August 2019	177	127	1	305
Net book value				
At 31 August 2019	9,402	823	5	10,230

15. Debtors

	2019 £000
Due within one year	
Trade debtors	2
VAT recoverable	48
Prepayments and accrued income	99
	149

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Creditors: Amounts falling due within one year

	2019 £000
Trade creditors	68
Other taxation and social security	54
Other creditors	59
Accruals and deferred income	153
	<hr/>
	334
	<hr/> <hr/>
	2019 £000
Resources deferred during the year	85
	<hr/> <hr/>

Included in deferred income is monies received in advance for UIFSM and rates relief.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds				
Unrestricted Fund	564	(197)	-	367
Restricted general funds				
General Annual Grant (GAG)	2,802	(2,802)	-	-
Pupil Premium	159	(159)	-	-
Other DfE Group grants	105	(105)	-	-
SEN	47	(47)	-	-
Other Government grants	328	(328)	-	-
Pension reserve	57	(153)	(500)	(596)
	<u>3,498</u>	<u>(3,594)</u>	<u>(500)</u>	<u>(596)</u>
Restricted fixed asset funds				
Legacy assets	10,497	(302)	-	10,195
Devolved formula capital	28	(2)	-	26
Donations	10	(1)	-	9
	<u>10,535</u>	<u>(305)</u>	<u>-</u>	<u>10,230</u>
Total Restricted funds	<u>14,033</u>	<u>(3,899)</u>	<u>(500)</u>	<u>9,634</u>
Total funds	<u><u>14,597</u></u>	<u><u>(4,096)</u></u>	<u><u>(500)</u></u>	<u><u>10,001</u></u>

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

The General Annual Grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000
Trust	11
Hartburn	143
Village	82
Wolviston	131
	367
Total before fixed asset funds and pension reserve	367
Restricted fixed asset fund	10,230
Pension reserve	(596)
	10,001
Total	10,001

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Trust	-	45	-	90	135
Hartburn	1,469	164	31	316	1,980
Village	776	103	26	203	1,108
Wolviston	423	53	13	79	568
	2,668	365	70	688	3,791
Academy trust	2,668	365	70	688	3,791

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NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	10,230	10,230
Current assets	367	334	-	701
Creditors due within one year	-	(334)	-	(334)
Provisions for liabilities and charges	(596)	-	-	(596)
Total	<u>367</u>	<u>(596)</u>	<u>10,230</u>	<u>10,001</u>

19. Reconciliation of net income to net cash flow from operating activities

	2019 £000
Net income for the year (as per Statement of Financial Activities)	<u>10,501</u>
Adjustments for:	
Depreciation	305
Capital grants from DfE and other capital income	(32)
Defined benefit pension scheme asset inherited	(54)
Defined benefit pension scheme cost less contributions payable	153
Defined benefit pension scheme finance income	(3)
(Increase)/decrease in debtors	(149)
Increase in creditors	334
Transfer from local authority on conversion	(10,497)
Net cash provided by operating activities	<u>558</u>

20. Cash flows from investing activities

	2019 £000
Purchase of tangible fixed assets	(38)
Capital grants from DfE Group	22
Capital funding received from sponsors and others	10
Net cash (used in)/provided by investing activities	<u>(6)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of cash and cash equivalents

	2019
	£000
Cash in hand	552
Total cash and cash equivalents	552

22. Conversion to an academy trust

On 1 October 2018 Hartburn Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Prince Regent Street Trust from Stockton Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	5,385	5,385
Other tangible fixed assets	-	-	516	516
Current assets				
Cash - representing budget surplus on LA funds	107	-	6	113
LGPS pension surplus/(deficit)	-	29	-	29
Net assets	107	29	5,907	6,043

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22. Conversion to an academy trust (continued)

On 1 October 2018 Village Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Prince Regent Street Trust from Stockton Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	2,782	2,782
Other tangible fixed assets	-	-	267	267
Current assets				
Cash - representing budget surplus on LA funds	98	-	-	98
LGPS pension surplus/(deficit)	-	16	-	16
Net assets	98	16	3,049	3,163

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NOTES TO THE FINANCIAL STATEMENTS
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22. Conversion to an academy trust (continued)

On 1 October 2018 Wolviston Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Prince Regent Street Trust from Stockton Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	1,412	1,412
Other tangible fixed assets	-	-	135	135
Current assets				
Cash - representing budget surplus on LA funds	115	-	-	115
LGPS pension surplus/(deficit)	-	9	-	9
Net assets	115	9	1,547	1,671

23. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teachers' 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 Middlesbrough Borough Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £48,000 were payable to the schemes at 31 August 2019 and are included within creditors.

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23. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £241,000.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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23. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £175,000, of which employer's contributions totalled £112,000 and employees' contributions totalled £63,000. The agreed contribution rates for future years are 16.6% per cent for employers and 5.5% - 12.5% per cent 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

	2019
	%
Rate of increase in salaries	3.10
Rate of increase for pensions in payment/inflation	2.10
Discount rate for scheme liabilities	1.80
Inflation assumption (CPI)	2.10
Commutation of pensions to lump sums	80.00
	80.00

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

	2019
	Years
<i>Retiring today</i>	
Males	21.9
Females	23.8
<i>Retiring in 20 years</i>	
Males	23.6
Females	25.7
	25.7

Sensitivity analysis

	2019
	£000
Discount rate +0.1%	3,389
Discount rate -0.1%	3,524
Mortality assumption - 1 year increase	3,337
Mortality assumption - 1 year decrease	3,576
CPI rate +0.1%	3,498
CPI rate -0.1%	3,414
	3,414

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

The academy trust's share of the assets in the scheme was:

	At 31 August 2019 £000
Equities	2,186
Property	240
Cash and other liquid assets	363
Other	71
Total market value of assets	2,860

The actual return on scheme assets was £91,000.

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000
Current service cost	(213)
Past service cost	(52)
Interest income	69
Interest cost	(66)
Total amount recognised in the Statement of Financial Activities	(262)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £000
Conversion of academy trusts	2,545
Interest cost	66
Employee contributions	63
Actuarial losses/(gains)	522
Benefits paid	(5)
Current service cost	213
Past service costs	52
At 31 August	3,456

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23. Pension commitments (continued)

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2019
	£000
Conversion of academy trusts	2,599
Interest income	69
Actuarial gains	22
Employer contributions	112
Employee contributions	63
Benefits paid	(5)
At 31 August	<u><u>2,860</u></u>

24. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019
	£000
Not later than 1 year	9
Later than 1 year and not later than 5 years	7
	<u><u>16</u></u>

25. 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.

26. Related party transactions

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

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