

Registration number: 07790934

Southport Learning Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

MJH Accountants
129 Woodplumpton road
Fulwood
Preston
Lancashire
PR2 3LF

Southport Learning Trust

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Southport Learning Trust

Reference and Administrative Details

Members	Ms Kate Webb Dr Richard Hadji, Chair of Trustees Mrs Michelle Dow
Trustees (Directors)	Mr Stuart Bellerby Mr Richard Cottier Dr Richard Hadji (Chair of Trustees) Mrs Victoria Keeley (resigned 17 October 2018) Miss Carol Shaman (resigned 15 April 2019) Mr Ian Raikes, Accounting Officer Mrs Anna Smith, Chief Financial Officer Ms Ruth Williams Mrs Claire Buck (appointed 17 October 2018) Mr Craig Clifford (appointed 4 June 2019) Mrs Sarah Jackson (appointed 4 June 2019) Mr Mark Melia (appointed 5 June 2019) Mr Philip Power (appointed 1 April 2019) Mrs Catherine Rae (appointed 5 June 2019)
Senior Management Team	Mr Ian Raikes, Headteacher of Greenbank High School, Executive Headteacher of Southport Learning Trust Mr Neil Moore, Headteacher of Stanley High School Mrs Anna Smith, Director of Business and Finance Miss Christina Jackson, Headteacher of Kew Woods Primary School
Principal and Registered Office	Greenbank High School Hastings Road Southport PR8 2LT
Company Registration Number	07790934
Auditors	MJH Accountants 129 Woodplumpton road Fulwood Preston Lancashire PR2 3LF 11 September 2019

Southport Learning Trust

Reference and Administrative Details (continued)

Bankers	Lloyds 23 London Street Southport PR9 OUX NatWest Bank Lord Street Southport PR9 0AE
Solicitors	Brown Jacobson Ground Floor 3 Piccadilly Place Manchester M1 3BN

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates Greenbank High School, an academy for female pupils aged 11 to 16 and Stanley High School, a mixed setting academy for 11-16 pupils, and Kew Woods Primary School, a primary school academy for 3 - 11 pupils. The academies combined has a pupil capacity of 2,226 and had a roll of 2,013 in the census of October 2019.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee (registration no. 07790934) and is an exempt charity.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of the Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Southport Learning Trust (trading as Greenbank High School, Stanley High School and Kew Woods Primary School).

Details of the trustees who served during the year 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 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.

Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased Professional Indemnity Cover to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. This cover has been purchased through the EFA Risk Protection Arrangement. The cover is unlimited and the cost for the period ended 31 August 2019 cannot be separately identified from the overall cover expense in the Financial Statements.

Principal activities

The Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Method of recruitment and appointment or election of Trustees

The Trustees are Directors of the Academy Trust for the purposes of the Companies Act 2006 and for the purposes of charity legislation. Trustees' terms of office are for four years unless agreed otherwise, except for the Executive Headteacher and the Director of Business and Finance.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

The arrangement for the appointment of new governors (trustees) is specifically set down in the Articles of Association. In summary, these are that:

- The members may appoint by ordinary resolution up to 5 Trustees.
- The members may appoint Staff Trustees through such process as they may determine, provided that the number of Trustees, including the Executive Headteacher and the Director of Business and Finance, who are employees of the Academy Trust does not exceed one third of the total number of trustees.
- Two Parent Trustees may be appointed through election by the Trust Board of registered pupils within the Trust. A Parent Trustee may be a parent of a pupil at an Academy within the Trust at the time of appointment.
- The Trustees may appoint up to three Co-opted Trustees, which cannot be an employee of the Trust and cannot exceed one third of the total number of Trustees.

Policies and procedures adopted for the induction and training of Trustees

During the period under review the Trust held eight Trust Board Meetings. In addition, a day's facilitated training covering Trustees responsibilities, Vision and Key Performance Indicators was held. The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on relevant educational, legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

The Academy Trust also subscribes to a number of Trustee Information Services. Trustees also have access to training throughout their term of office, both from internal and from external parties.

Organisational structure

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trusts use of budgets, and making major decisions about the direction of the Academy Trust, capital expenditure and Executive Management and Trust Leadership positions.

The Executive Management Team during the academic year of this report were the Executive Headteacher, the Headteachers of both Stanley High School and Kew Woods Primary School and the Director of Finance & Business. These managers control the Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. The Headteachers and Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Appointment boards for posts in the Senior Management Team always contain a Trustee or governor. Some spending control is devolved to members of the Senior Management Team, with limits for approval being set down in the Academy Trust's Financial Handbook.

Arrangements for setting pay and remuneration of key management personnel

The School has a Pay Policy in place which follows, as far as is practical, the Teachers Pay and Conditions Document for Teachers and NJC for support staff. This sets out the arrangement for setting pay and remuneration for all personnel. The pay and remuneration of the Executive Headteacher is determined by the Board of Trustees following the guidelines set in the Pay Policy. This is independently reviewed.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	8

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	8

Percentage of pay bill spent on facility time

	2019
Provide the total cost of facility time	-
Provide the total pay bill	7,933,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	-

Paid trade union activities

	2019
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100

Related parties and co-operation with other organisations

Trustees and key personnel declare any interests or related party disclosures and these are recorded in the register of interests. During the year there are two related party transactions which are disclosed separately in this report.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Southport Learning Trust and to advance, for the public benefit, education in the United Kingdom, by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum.

In accordance with the articles of association the Academy Trust has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy Trust, the catchment area from which the students are drawn (if any), and that the curriculum should comply with the substance of the national curriculum

The Vision of the Trust is :-

"We are Southport Learning Trust

We are committed to investing in the future of our Trust and the local area.

We create a climate of excellence through the collaboration and engagement of the diverse and exceptional nature of our schools.

We ensure our community flourishes through the collaboration and engagement of the diverse and exceptional nature of our schools.

At the heart of our culture is the recognition that for everybody to thrive and excel they must find enjoyment and commitment to learning.

We are Southport Learning Trust. We invest in you."

Objectives, strategies and activities

The main objectives of the Trust during the period ended 31 August 2019 are summarised below:

- Strive, through high expectations, for all pupils to make exceptional progress from their starting point at school through an inspirational and caring learning community;
- Develop pupils as lifelong independent learners;
- Ensure all pupils, parents and staff are engaged, happy and proud of being part of our schools;
- Be 'can do' schools that overcome all barriers to learning and enriches the lives of pupils of all abilities and backgrounds;
- Develop and celebrate the outstanding opportunities we provide on a daily basis to nurture pupils;
- Develop key employability skills including high standards of literacy and numeracy to ensure all pupils have a chance of achieving long term economic wellbeing;
- Equip pupils to lead an active healthy lifestyle;
- Be at the heart of the local, national and global community;
- Challenge gender stereotypes, and embrace equality and diversity;
- Develop the leaders and active citizens of tomorrow;
- Engage in collaboration with partners to improve outcomes for pupils.

The Academy's main strategy is encompassed in the Trust vision. To this end the activities provided include:

- Tuition and learning opportunities for all students to enjoy and achieve appropriate academic qualifications;
- Professional development opportunities for all staff;
- A programme of after extra curricular, leisure and international opportunities for all students.
- To be at the heart of our local community

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019

Strategic Report

Achievements and performance

Greenbank High School

Total students in the year ended 31 August 2019 numbered 1011. The Academy is a very popular choice for parents and has been oversubscribed for the last two years. Greenbank High School was approved as a DFE Sponsor School in January 2017 due to its consistent high performance and formed the MAT.

Examination results for 2019 were excellent with a Progress 8 score of +0.32 which is in the top 20% of all schools nationally. At GCSE, 78% gained grades 4-9 in both English and Mathematics. The percentage of pupils achieving the English Baccalaureate was 51%, which is significantly above the national average. The school continues to be a popular choice with 210 pupils joining Year 7 in September 2018 and 2019 as the school was oversubscribed.

To ensure that standards are continually raised the Academy operates a programme of developmental observation of lessons; curriculum reviews, Quality Assurance protocols, visits by external advisers, and undertakes a rigorous comparison of results from entry to Key Stage 3 to GCSE.

Quality marks and activity include:

- NACE (National Able Children in Education) Challenge Award in recognition of our provision and outcome for More Able Gifted and Talented (MAGT) children for 2019-22;
- PE Quality Mark Distinction from the Association of PE and Sport and being recognised as Sefton Sports School of the Year for 2019;
- The Secondary Quality Mark for Geography by The Geographical Association for 2019-22;
- UNICEF Rights Respecting School;
- British Council International School Award in recognition of our continued work in promoting the global dimension for 2019-22;
- Young Carers Standard in recognition of our work in identifying and supporting Young Carers.
- The extensive range of pupil leadership opportunities developed through the Greenbank Leadership Academy;
- Supporting primary schools in Languages and are the lead school delivering the NPQML and NPQSL to middle and senior leaders for the Alliance for Leading Learning. All middle and senior leaders are trained to this level;
- Work in partnership through the North Sefton Coastal Teaching School Alliance, a local leadership network (LIMAS) and the Southport Learning Partnership;
- A licensee for The Duke of Edinburgh Award Scheme with 167 pupils achieving either the Bronze or Silver Award in 2018/19.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Stanley High School

Stanley High School converted to a Sponsored Academy on 1 September 2017 and joined the Southport Learning Trust. Stanley High School received an inadequate grading by OFSTED in June 2016. The current Headteacher has been in post since 31 October 2016 having previously been Deputy Headteacher at Greenbank High School.

At 31 August 2019 the school had 611 students on roll and the popularity of the school has increased with the 2019 Year 7 intake increasing from 79 (2017), 128 (2018) to 137 (2019). Provisional intake figures for September 2020 indicates the intake will increase once again and the school Pupil Admission Number (PAN) has been increased from 150 to 170 to reflect the popularity.

Academic performance in 2019 showed a marked improvement with a Progress 8 score of +0.27. This demonstrated the excellent progress made by students of all abilities across the curriculum, especially Disadvantaged pupils who achieved a Progress 8 of -0.06 in 2019. The school had a positive Progress 8 for gender, girls continued to excel with a Progress 8 score of +0.56 and the boys achieved +0.1. In GCSE attainment, 66% of pupils achieved 4-9 in both GCSE English and Mathematics, and the attainment figures reflect the profile of the cohort, which was below national average on entry.

Attendance figures continued to show rapid improvement. Whole school attendance for 2018/19 increased to 94.6% from 94.1% in 2017/18, while attendance for disadvantaged pupils increased to 91.2% from 89.8% over the same period.

Aspects of school improvement:

- The school continues to invest heavily in staff training and continuous professional development. Two members of the Senior Leadership Team have completed NPQH, three staff NPQSL and a further two colleagues NPQML. The Headteacher is undertaking NPQEL this year with other staff embarking on NPQSL and NPQML. The comprehensive in-school CPD provision for all staff further enhances this.
- Newly Qualified Teachers have been recruited in English, Science, Drama and Music and are well supported through the school induction programme.
- Subject specialists teach the curriculum across the school, with the exception of PSHCE which a pastoral team delivers to pupils.
- The Local Governing Board has been strengthened further with the appointment of two new co-opted governors and governors link with key areas of school improvement through the OFSTED framework. In addition, two governors support the work of the school through representation on a number of local authority groups including Sefton School Forum, LSCB and the Sefton Governors Association.
- The school has benefited significantly from three successful Condition Improvement Fund bids (CIF) in the last two academic years, including roofing works, life safety improvements and heating infrastructure improvements.
- The school continues to work in a number of partnerships to support improvement and continual development including, Southport Learning Trust Multi Academy Trust, North Sefton Coastal Teaching School Alliance, a local leadership network (LIMAS) and the Headteacher is leading Sefton Association of Secondary Heads (SASH) and Southport Learning Partnership (SLP) 2019-20.
- The school is currently working towards Eco School status, International School Award and STEM crest awards.
- Leadership opportunities for pupils are extensive, especially through our Primary Programme.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Kew Woods Primary School

Kew Woods Primary School converted by choice to become an academy and part of the Southport Learning Trust on 1 April 2019. Kew Woods is a popular choice for parents and in 2011 it increased the Pupil Admission Number (PAN) from 45 to 60. The total pupils on roll in August 2019 was 400 pupils from Reception - Year 6 and 44 pupils in the nursery provision.

Kew Woods has always performed highly in end of key stage 2 results with the percentage of pupils achieving expected across reading, writing and mathematics being significantly higher than national averages. However, in 2019 there was a drop in data and Kew Woods were slightly below the national expectations across reading, writing and mathematics. Value added data for 2019 was +0.3 reading, +0.9 writing and -1.1 in mathematics. 2020 predictions and monitoring show that Kew Woods will be back to high standards of being significantly above national expectations with positive valued added progress across all core subject areas.

End of Key Stage 1 results in 2019 were significantly above national expectations in pupils achieving expected across reading, writing and mathematics. Value added data was +4.7 reading and +5.5 mathematics. Year one phonics data was the best the school had achieved and was above national average. Pupils achieving a good level of development (GLD) at the end of Reception was slightly below national but pupil progress was good.

2017/18 school attendance was 96% (national 95.3%) and in 2018/19 96.8%. In 2017/18 9.9% of pupils were persistent absentees however, this decreased to 3.5% in 2018/19.

The school invests in CPD for staff and works closely with specialist consultants for English and Science. The school is part of the North West Maths Hub. Last year the Headteacher completed a qualification in NPQEL and three members of staff completed qualifications in NPQML. This year two members of staff have started the qualification in NPQSL and another is starting the NPQML qualification. The school works in partnership with three local networks as well as the MAT schools. Kew Woods is part of Southport Learning Partnership, CORE network and Connected network.

Kew Woods has been awarded the Well Being for Schools Award in October 2018 (Optimus Education / NCB). Platinum School Games Award for Physical Education (Youth Sport Trust) 2018. Early Years Quality Mark 2017. Arts Mark Silver November 2019 and it is a Regional Training Centre for Apple Technology. The school is currently working towards the Primary Science Quality Mark.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Other external reviews

The Trust is also monitored through the completion and submission of:

- budgetary submissions to the ESFA;
- Condition Improvement Fund Monitoring Returns.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Financial review

The Trust's financial objectives are:

- to maintain a balanced budget;
- to pursue alternative sources of funding, on a selective basis, consistent with the Trust's core competencies, and the need for a financial contribution to the Trust's overall finances;
- to generate sufficient levels of income to support the asset base of the Trust;
- to ensure that the income from lettings produces a net surplus;
- to fund continued capital investment.

These objectives were achieved in the period ending 31 August 2019.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Trust also receives income from the letting of its facilities for community and sport use.

The in-year surplus for the total funds less the amount held in fixed assets and the pension reserve was £172k (2018: £43k) for the year ended 31 August 2019.

During the period ended 31 August 2019, total income was £15,033k (2018: £14,178k) which related to the educational activities of the Trust. Further detail on the expenditure for the year can be found in note 2, 3 and 4.

During the period ended 31 August 2019, total expenditure was £11,095k (2018: £10,209k) which related to the educational activities of the Trust. Further detail on the expenditure for the year can be found in note 6.

At 31 August 2019, the net book value of fixed assets was £23,478k and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

Kew Woods Primary School brings a reserves surplus into the Trust on 1st April 2019. Budgets and forecasts for the newly enlarged Trust have been reviewed by the Trustees and are satisfactory.

The total fund balance at 31 August 2019 for the Trust was £17,805k (2018: £15,755k) including unrestricted funds of £594k (2018: £444k). The restricted funds of £17,211k (2018: £15,311k) include the restricted fixed asset fund of £24,319k (2018: £19,046), the restricted general fund £22k (2018: Nil) and pension reserve deficit of £7,130k (2018: £3,735k).

Reserves policy

The Trustees have reviewed the reserve levels of the Trust. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of available reserves should normally be equivalent to approximately £600k (total funds less the amount held in fixed assets and the pension reserve). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, but also taking into account any future anticipated funding. The Trusts current level of reserves (total funds less the amount held in fixed assets and the pension reserve) is £616k. Overall reserves are in line with requirements

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Investment policy

The current investment policy is solely to invest funds in deposit accounts of major UK banks. Should a bona fide and safe investment opportunity present itself the Trustees would consider it on its merits.

Risk management

The Trustees have assessed the major risks to which a charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees 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 trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of schools grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. They are satisfied at these systems are consistent with guidelines issued by the Charities Commission. The Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

Principal risks and uncertainties

The Trust has undertaken significant work to develop and embed the systems of internal control, including financial, operational and risk management which is designed to protect the Trust's assets and reputation.

Based on the Trust's objectives, the Board will undertake a comprehensive review of the risk to which the Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Trust.

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Trustees will also consider any risks which may arise as a result of a new area of work being undertaken by the Trust.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trusts control. Other factors besides those listed below may also adversely affect the Trust.

Government Funding

The Trust has considerable reliance on continued government funding through the ESFA. In 2018/19, over 95% of the Trust's income was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Trust is rigorous in delivering high quality education and training.

Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.

Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Trust's balance sheet in line with the requirements of FRS102 section 28. More detailed explanation is provided in note 23.

Southport Learning Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Plans for future periods

The Trust will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students continue successfully in further education once they leave.

The Trust aims in the future to provide the opportunity for high quality education to a greater number of students.

Auditor

In so far as the Trustees are aware:

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

Reappointment of auditor

MJH Accountants Limited was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 11/12/2019 and signed on its behalf by:



.....
Dr Richard Hadji (Chair of Trustees)
Trustee

Southport Learning Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, 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 Southport Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Ian Raikes	8	8
Mr Stuart Bellerby	7	8
Mrs Claire Buck	5	7
Mr Craig Clifford	2	2
Mr Richard Cottier	7	8
Dr Richard Hadji	7	8
Mrs Sarah Jackson	2	2
Mrs Victoria Keeley	0	1
Mr Mark Melia	2	2
Mr Philip Power	2	3
Mrs Catherine Rae	2	2
Miss Carol Shaman	3	5
Mrs Anna Smith	7	8
Ms Ruth Williams	8	8

Governance reviews

A review of Governance is held annually ensuring the board has the necessary skillset to support the strategic aims of the schools. Parent Trustees are instrumental to this and two new Trustees have been elected with skills in directorship and risk management and strategic marketing. Two new teacher trustees have also been appointed in the year with skills in not only subject leadership and Trust school improvement but also business development and retail.

Southport Learning Trust

Governance Statement (continued)

Review of value for money

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

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

The Trust schools have a broad, balanced and challenging curriculum, where pupils progress significantly above the national average at both secondary schools. At Kew Woods achievement has been above the national average over time. Where a curriculum area was underperforming against our challenging expectations extra resources were targeted which led to progress being made in this area.

Pupil Premium funding has provided schools with a further opportunity to narrow the gap in achievement between pupils eligible for Free School Meals in the last six year and pupils who are not eligible. The achievement gap is narrowing over time due to a variety of strategies included in the school impact statements which are available on the school websites.

The Trust schools continue to support more able pupils through intervention strategies and enrichment at aims to inspire, challenge and encourage independence. Pupils with Special Educational Needs are supported appropriately by SENDCOs and external agencies funded when needed and as a result make good progress in their academic and personal development. Pupils of all abilities are being supported through the high-profile school development priorities of ensuring high attendance and a relentless focus on the pursuit of ensuring disadvantaged pupils make progress in line with their peers. The Trust ensures all pupils develop their leadership skills and have the opportunity to participate in enrichment experiences to equip them with valuable life and employability skills.

The Trust is an active member of the secondary LIMAS (Leadership in MATs and Academies in Sefton) and primary CORE collaborative which provides support and platform for joint development of Middle and Senior Leaders. A programme of external quality assurance is facilitated through the collaborative. The Southport Learning Partnership, consisting of primary and secondary schools, and has driven curriculum projects related to student voice, social enterprise, literacy and community engagement. The Trust continues to deliver training for primary school teachers and primary visits as part of our commitment to developing languages in the community. The Trust schools have formed successful partnership with a range of post 16 providers. Greenbank High School is the lead school for the delivery of the National Professional Qualification for Middle (NPQML) and Senior Leaders (NPQSL).

2018/19 saw both secondary schools continue to fund impartial careers information advice and guidance that could meet the needs of its own pupils. This was particularly successful with our chosen suppliers providing advice that has led to all pupils engaging in education, employment or training and pupils accessing a wider number of post 16 providers and courses to meet their aspirations.

The Trustees and Accounting Officer regularly review, support and challenge financial governance in the Trust through regular meetings and reports. They play an active part in assessing the effectiveness of income and expenditure and in particular the feasibility and outcomes for major capital spend.

The purchasing procedure has been improved during the year through the further development of electronic purchase order processing controlled through a hierarchy of budgets and budget holder approvals.

Southport Learning Trust

Governance Statement (continued)

The traditional tender process continues to be challenged and reviewed.

Working with the ESFA we have partially completed two major projects through CIF funding both at Stanley High School totalling £1.6million - Project 1: a new heating infrastructure; Project 2: health and safety improvements around life safety / fire alarm systems and infrastructure.

The Trust shares financial and purchasing best practices with other academies and utilises this knowledge and experience when reviewing contracts and service level agreements.

The Trust is very much at the heart of the community and we are pleased to be able to share our facilities with a number of local diverse community groups. As well as building strong relationships with our community this also brings in additional income to the Trust.

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 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 Southport Learning Trust for the period 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 Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 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 Trustees.

The risk and control framework

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

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

In compliance with the Academies Financial Handbook, the Board of Trustees has considered the need for a specific internal audit function, and appointed MJH Accountants to act as internal auditor.

Southport Learning Trust

Governance Statement (continued)

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

- testing of income systems
- testing of purchasing systems
- testing of payroll systems
- testing of budgetary control
- review of risk management systems

The auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of effectiveness

As Accounting Officer, the Headteacher 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 responsible officer;
- the work of the external auditor;
- 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 systems of internal control and a plan to address weaknesses and ensure continuous improvement of the systems in place.

Approved by order of the members of the Board of Trustees on 11/12/2019 and signed on its behalf by:



.....
Dr Richard Hadji (Chair of Trustees)



.....
Mr Ian Raikes
Accounting officer

Southport Learning Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Southport Learning Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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


.....
Mr Ian Raikes
Accounting officer

Date: 11/12/19.....

Southport Learning Trust

Statement of Trustees' Responsibilities

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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



.....
Dr Richard Hadji
Chair of Trustees

Southport Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Southport Learning Trust

Opinion

We have audited the financial statements of Southport Learning Trust (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its results 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Southport Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Southport Learning Trust (continued)

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

Southport Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Southport Learning Trust (continued)

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Mark Hall (Senior Statutory Auditor)
For and on behalf of MJH Accountants, Statutory Auditor

129 Woodplumpton road
Fulwood
Preston
Lancashire
PR2 3LF

Date: 11th December 2019

Southport Learning Trust

Independent Reporting Accountant's Report on Regularity to Southport Learning Trust and the Education & Skills Funding Agency

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 20 October 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Furness Education Trust during the period 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.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Part 9: Regularity Reporting. We are independent of Furness Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Furness Education Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Furness Education Trust's funding agreement with the Secretary of State for Education 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.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

Southport Learning Trust

Independent Reporting Accountant's Report on Regularity to Southport Learning Trust and the Education & Skills Funding Agency (continued)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

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

Use of our report

This report is made solely to Southport Learning Trust and the ESFA in accordance with the terms of our engagement letter dated 11 September 2019. Our work has been undertaken so that we might state to Southport Learning Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Southport Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



Mark Hall

For and on behalf of MJH Accountants, Chartered Accountants

129 Woodplumpton road
Fulwood
Preston
Lancashire
PR2 3LF

Date: 11th December 2019

Southport Learning Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Income and endowments from:						
Voluntary income						
Donations and capital grants						
	2	-	-	1,686	1,686	1,428
Transfer from local authority on conversion						
		16	(938)	4,397	3,475	3,775
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations						
	3	111	9,563	-	9,674	8,789
Other trading activities						
	4	198	-	-	198	186
Total						
		325	8,625	6,083	15,033	14,178
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations						
	6	-	10,285	810	11,095	10,209
Net income/(expenditure)						
		325	(1,660)	5,273	3,938	3,969
Transfers between funds						
	15	(175)	175	-	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes						
	23	-	(1,888)	-	(1,888)	777
Net movement in funds/(deficit)						
		150	(3,373)	5,273	2,050	4,746
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2018						
		444	(3,735)	19,046	15,755	11,009
Total funds/(deficit) carried forward at 31 August 2019						
	15	594	(7,108)	24,319	17,805	15,755

Southport Learning Trust
(Registration number: 07790934)
Balance Sheet as at 31 August 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	11	23,478	17,618
Current assets			
Debtors	12	1,388	1,220
Cash at bank and in hand		<u>1,169</u>	<u>1,136</u>
		2,557	2,356
Creditors: Amounts falling due within one year	13	<u>(1,100)</u>	<u>(478)</u>
Net current assets		<u>1,457</u>	<u>1,878</u>
Total assets less current liabilities		24,935	19,496
Creditors: Amounts falling due after more than one year	14	<u>-</u>	<u>(6)</u>
Net assets excluding pension liability		24,935	19,490
Pension scheme liability	23	<u>(7,130)</u>	<u>(3,735)</u>
Net assets including pension liability		<u><u>17,805</u></u>	<u><u>15,755</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		22	-
Restricted fixed asset fund		24,319	19,046
Restricted pension fund		<u>(7,130)</u>	<u>(3,735)</u>
		17,211	15,311
Unrestricted funds			
Unrestricted general fund		<u>594</u>	<u>444</u>
Total funds		<u><u>17,805</u></u>	<u><u>15,755</u></u>

The financial statements on pages 20 to 45 were approved by the Trustees, and authorised for issue on ~~11/12/2019~~ and signed on their behalf by:



 Dr Richard Hadji (Chair of Trustees)
 Chair of Trustees

Southport Learning Trust

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	667	(225)
Cash flows from investing activities	20	(628)	784
Cash flows from financing activities	19	<u>(6)</u>	<u>(5)</u>
Change in cash and cash equivalents in the year		33	554
Cash and cash equivalents at 1 September		<u>1,136</u>	<u>582</u>
Cash and cash equivalents at 31 August	21	<u><u>1,169</u></u>	<u><u>1,136</u></u>

Southport Learning Trust

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), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 Kew Woods Primary School to an 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 [(for net gain) Donations - transfer from local authority on conversion/ (for net loss) Charitable activities - transfer from local authority on conversion] in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

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.

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

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 transfer on conversion within Donations and capital grant income to the net assets received.

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

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.

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 lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Asset class

Land and Buildings

Leasehold improvements

Computer equipment

Fixtures, fittings and equipment

Depreciation method and rate

40 years straight line & no depreciation

10 years straight line

4 years straight line

4 - 5 years straight line

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Assets under construction

Not depreciated

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Financial Instruments

The 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 basis are as follows:

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Pension benefits

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.

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 31st 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.

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Other voluntary income					
Capital grants	-	-	1,686	1,686	1,428

The income from donations and capital grants was £1,686,000 (2018: £1,428,000) of which £1,686,000 was restricted fixed asset fund (2018: £1,428,000)

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
DfE/ESFA revenue grants				
General Annual Grant	-	8,475	8,475	7,880
Other DfE grants	-	600	600	370
	<u>-</u>	<u>9,075</u>	<u>9,075</u>	<u>8,250</u>
Other government grants				
Local Authority Grants	-	112	112	102
Non-government grants and other income				
School fund income	-	-	-	74
Other incoming resources	111	376	487	363
	<u>111</u>	<u>376</u>	<u>487</u>	<u>437</u>
Total grants	<u>111</u>	<u>9,563</u>	<u>9,674</u>	<u>8,789</u>

The income from funding for educational operations was £9,674,000 (2018: £8,789,000) of which £9,563,000 was restricted funds (2018: £8,644,000) and £111,000 was unrestricted (2018: £145,000).

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Hire of facilities	<u>198</u>	<u>-</u>	<u>198</u>	<u>186</u>

The income from other trading activities was £198,000 (2018: £186,000) of which £198,000 was unrestricted (2018: £186,000).

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

5 Expenditure

	Non Pay Expenditure			2018/19	2017/18
	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total £ 000	Total £ 000
Academy's educational operations					
Direct costs	5,673	810	634	7,117	6,667
Allocated support costs	2,439	487	1,052	3,978	3,542
	<u>8,112</u>	<u>1,297</u>	<u>1,686</u>	<u>11,095</u>	<u>10,209</u>

Net income/(expenditure) for the year includes:

	2018/19 £ 000	2017/18 £ 000
Depreciation	810	618
Fees payable to auditor - audit	9	13
- other audit services	3	-
	<u>822</u>	<u>631</u>

6 Charitable activities

	2018/19 £ 000	2017/18 £ 000
Direct costs - educational operations	7,262	6,667
Support costs - educational operations	3,833	3,542
	<u>11,095</u>	<u>10,209</u>

	Educational operations £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Analysis of support costs			
Support staff costs	2,294	2,294	1,970
Technology costs	40	40	77
Premises costs	487	487	566
Other support costs	979	979	851
Governance costs	33	33	78
Total support costs	<u>3,833</u>	<u>3,833</u>	<u>3,542</u>

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

7 Staff

Staff costs

	2018/19 £ 000	2017/18 £ 000
Staff costs during the year were:		
Wages and salaries	5,875	5,493
Social security costs	565	534
Operating costs of defined benefit pension schemes	1,493	1,100
	7,933	7,127
Supply staff costs	165	125
Staff restructuring costs	-	102
Staff development	14	12
	8,112	7,366
	2018/19 £ 000	2017/18 £ 000
Staff restructuring costs comprise:		
Redundancy payments	-	102

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2018: £102,373).

Staff numbers

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

	2018/19 No	2017/18 No
Charitable Activities		
Teachers	104	98
Administration and support	92	63
Management	14	-
	210	161

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

7 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018/19 No	2017/18 No
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £388,362 (2018: £376,395).

8 Central services

No central services were provided by the academy trust to its academies during the period and no central charges arose.

9 Related party transactions - trustees' remuneration and expenses

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

Mr Ian Raikes (Headteacher and Executive Headteacher):

Remuneration: £95,000 - £100,000 (2018 - £95,000 - £100,000)

Employer's pension contributions: £15,000 - £20,000 (2018 - £15,000 - £20,000)

Miss Carol Shaman (Resigned as Trustee 1st April 2019):

Remuneration: £5,000 - £10,000 (2018 - £15,000 - £20,000)

Employer's pension contributions: £Nil (2018 - £0 - £5,000)

Mrs Anna Smith (Director of Business and Finance):

Remuneration: £65,000 - £70,000 (2018 - £60,000 - £65,000)

Employer's pension contributions: £10,000 - £15,000 (2018 - £10,000 - £15,000)

Mr Mark Melia (Trustee from 5th June 2019):

Remuneration: £5,000 - £10,000 (2018 - £Nil)

Employer's pension contributions: £0 - £5,000 (2018 - £Nil)

Mrs Catherine Rae (Trustee from 5th June 2019):

Remuneration: £10,000 - £15,000 (2018 - £Nil)

Employer's pension contributions: £0 - £5,000 (2018 - £Nil)

Other related party transactions involving the trustees are set out in note 24.

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

10 Trustees' and officers' insurance

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

The cost of this insurance is included in the total insurance cost.

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees 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 trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Leasehold land and buildings £ 000	Leasehold improvements £ 000	Computer equipment £ 000	Fixtures, fittings and equipment £ 000	Assets under construction £ 000	Total £ 000
Cost						
At 1 September 2018	16,640	2,262	181	223	-	19,306
Additions	-	1,370	61	9	880	2,320
Transfers on conversion	4,350	-	-	-	-	4,350
At 31 August 2019	<u>20,990</u>	<u>3,632</u>	<u>242</u>	<u>232</u>	<u>880</u>	<u>25,976</u>
Depreciation						
At 1 September 2018	609	701	166	212	-	1,688
Charge for the year	407	366	26	11	-	810
At 31 August 2019	<u>1,016</u>	<u>1,067</u>	<u>192</u>	<u>223</u>	<u>-</u>	<u>2,498</u>
Net book value						
At 31 August 2019	<u>19,974</u>	<u>2,565</u>	<u>50</u>	<u>9</u>	<u>880</u>	<u>23,478</u>
At 31 August 2018	<u>16,031</u>	<u>1,561</u>	<u>15</u>	<u>11</u>	<u>-</u>	<u>17,618</u>

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

12 Debtors

	2018/19 £ 000	2017/18 £ 000
Trade debtors	34	31
VAT recoverable	231	381
Other debtors	1	1
Prepayments and accrued income	1,122	807
	<u>1,388</u>	<u>1,220</u>

13 Creditors: amounts falling due within one year

	2018/19 £ 000	2017/18 £ 000
Trade creditors	554	36
Other loans	6	6
Other creditors	294	280
Accruals and deferred income	246	156
	<u>1,100</u>	<u>478</u>

Included within other loans is a loan totalling £5,690 from Salix. The loan will be repaid over one year and repayments commenced in September 2017. No interest is charged on the loan.

14 Creditors: amounts falling due after one year

	2018/19 £ 000	2017/18 £ 000
Other loans	<u>-</u>	<u>6</u>

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant (GAG)	-	8,575	(8,750)	175	-
Other DfE/ ESFA grants	-	600	(600)	-	-
Other government grants	-	112	(112)	-	-
Other restricted funds	-	376	(354)	-	22
	<u>-</u>	<u>9,663</u>	<u>(9,816)</u>	<u>175</u>	<u>22</u>
Restricted fixed asset funds					
Transfer on conversion	15,846	4,397	-	-	20,243
DfE group capital grants	2,459	1,686	(810)	-	3,335
Capital expenditure from GAG	741	-	-	-	741
	<u>19,046</u>	<u>6,083</u>	<u>(810)</u>	<u>-</u>	<u>24,319</u>
Restricted pension funds					
Pension reserve	<u>(3,735)</u>	<u>(1,038)</u>	<u>(469)</u>	<u>(1,888)</u>	<u>(7,130)</u>
Total restricted funds	15,311	14,708	(11,095)	(1,713)	17,211
Unrestricted funds					
Unrestricted general funds	<u>444</u>	<u>325</u>	<u>-</u>	<u>(175)</u>	<u>594</u>
Total funds	<u><u>15,755</u></u>	<u><u>15,033</u></u>	<u><u>(11,095)</u></u>	<u><u>(1,888)</u></u>	<u><u>17,805</u></u>

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

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

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	-	7,880	(8,462)	582	-
Other DfE/ ESFA grants	-	370	(370)	-	-
Other government grants	-	102	(102)	-	-
Other restricted funds	-	421	(421)	-	-
	<u>-</u>	<u>8,773</u>	<u>(9,355)</u>	<u>582</u>	<u>-</u>
Restricted fixed asset funds					
Transfer on conversion	10,956	5,420	(530)	-	15,846
DfE group capital grants	1,083	1,428	(52)	-	2,459
Capital expenditure from GAG	747	-	(36)	30	741
	<u>12,786</u>	<u>6,848</u>	<u>(618)</u>	<u>30</u>	<u>19,046</u>
Restricted pension funds					
Pension reserve	<u>(2,178)</u>	<u>(2,126)</u>	<u>(208)</u>	<u>777</u>	<u>(3,735)</u>
Total restricted funds	10,608	13,495	(10,181)	1,389	15,311
Unrestricted funds					
Unrestricted general funds	<u>401</u>	<u>683</u>	<u>(28)</u>	<u>(612)</u>	<u>444</u>
Total funds	<u><u>11,009</u></u>	<u><u>14,178</u></u>	<u><u>(10,209)</u></u>	<u><u>777</u></u>	<u><u>15,755</u></u>

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed Asset fund

These grants relate to funding received from the DfE, ESFA and private sponsors to carry out works of a capital nature as part of the School Building Project.

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

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

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2018/19 £ 000	2017/18 £ 000
Greenbank High School	138	128
Stanley High School	343	316
Kew Woods Primary School	135	-
Total before fixed assets and pension reserve	616	444
Restricted fixed asset fund	24,319	19,046
Pension reserve	(7,130)	(3,735)
Total	17,805	15,755

Analysis of academies by cost

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 2018/19 £ 000	Total 2017/18 £ 000
Greenbank High School	3,219	1,268	634	640	5,761	5,726
Stanley High School	2,063	897	308	438	3,706	3,865
Kew Woods Primary School	390	275	45	108	818	-
Academy Trust	5,672	2,440	987	1,186	10,285	9,591

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	23,478	23,478
Current assets	594	1,122	841	2,557
Current liabilities	-	(1,100)	-	(1,100)
Pension scheme liability	-	(7,130)	-	(7,130)
Total net assets	594	(7,108)	24,319	17,805

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	17,618	17,618
Current assets	444	484	1,428	2,356
Current liabilities	-	(478)	-	(478)
Creditors over 1 year	-	(6)	-	(6)
Pension scheme liability	-	(3,735)	-	(3,735)
Total net assets	444	(3,735)	19,046	15,755

17 Capital commitments

	2018/19 £ 000	2017/18 £ 000
Contracted for, but not provided in the financial statements	817	1,393

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2018/19	2017/18
	£ 000	£ 000
Net income	3,938	3,969
Net surplus on conversion to an academy	(3,475)	(3,775)
Cash funds transferred on conversion	157	481
Depreciation	810	618
Capital grants from DfE and other capital income	(1,686)	(1,428)
Defined benefit pension scheme cost less contributions payable	360	110
Defined benefit pension scheme finance cost	109	98
Increase in debtors	(168)	(388)
Increase in creditors	622	90
	<u>667</u>	<u>(225)</u>
Net cash provided by/(used in) Operating Activities	<u>667</u>	<u>(225)</u>

19 Cash flows from financing activities

	2018/19	2017/18
	£ 000	£ 000
Repayments of borrowing	(6)	(5)
Net cash used in financing activities	<u>(6)</u>	<u>(5)</u>

20 Cash flows from investing activities

	2018/19	2017/18
	£ 000	£ 000
Purchase of tangible fixed assets	(2,320)	(30)
Capital grants from DfE Group	1,686	779
Capital funding received from sponsors and others	-	35
Net cash (used in)/provided by investing activities	<u>(634)</u>	<u>784</u>

21 Analysis of cash and cash equivalents

	2018/19	2017/18
	£ 000	£ 000
Cash at bank and in hand	1,169	1,136
Total cash and cash equivalents	<u>1,169</u>	<u>1,136</u>

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

22 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.

23 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

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

The employer's pension costs paid to TPS in the period amounted to £692,000 (2018: £638,000).

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £520,000 (2018 - £432,000), of which employer's contributions totalled £433,000 (2018 - £350,000) and employees' contributions totalled £87,000 (2018 - £82,000). The agreed contribution rates for future years are per cent for employers and 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

	2018/19 %	2017/18 %
Rate of increase in salaries	3.60	3.60
Rate of increase for pensions in payment/inflation	2.20	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumptions (CPI)	<u>2.10</u>	<u>2.10</u>

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

	2018/19	2017/18
Retiring today		
Males retiring today	22.20	22.00
Females retiring today	25.00	24.80
Retiring in 20 years		
Males retiring in 20 years	25.20	25.00
Females retiring in 20 years	<u>27.90</u>	<u>27.80</u>

Sensitivity analysis

	2018/19 £000	2017/18 £000
Discount rate +0.1%	6,893.00	1,795.00
Mortality assumption – 1 year increase	7,339.00	1,934.00
CPI rate +0.1%	7,371.00	1,942.00
Pay growth + 0.1%	<u>7,180.00</u>	<u>1,884.00</u>

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

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

	2018/19 £ 000	2017/18 £ 000
Equities	2,296	1,856
Government bonds	457	121
Other bonds	247	420
Property	404	324
Cash and other liquid assets	143	110
Other	944	734
Total market value of assets	<u>4,491</u>	<u>3,565</u>

The actual return on scheme assets was £193,000 (2018 - £185,000).

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018/19 £ 000	2017/18 £ 000
Current service cost	436	453
Net interest cost	109	98
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	357	7
Total amount recognized in the SOFA	902	558

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

	2018/19 £ 000	2017/18 £ 000
At start of period	7,300	4,292
Conversion of academy trusts	1,360	3,075
Current service cost	436	453
Interest cost	218	175
Employee contributions	87	82
Actuarial (gain)/loss	1,972	(669)
Benefits paid	(102)	(108)
Past service cost	350	-
At 31 August	11,621	7,300

Changes in the fair value of academy's share of scheme assets:

	2018/19 £ 000	2017/18 £ 000
At start of period	3,565	2,114
Conversion of academy trusts	322	949
Interest income	109	77
Actuarial gain/(loss)	84	108
Employer contributions	433	350
Employee contributions	87	82
Benefits paid	(102)	(108)
Effect of non-routine settlements	(7)	(7)
At 31 August	4,491	3,565

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24 Related party transactions

Expenditure related party transactions

During the year the academy made the following related party transactions:

Elavate EBP

The Headteacher, Mr Ian Raikes (also a trustee), is a director of Elevate EBP (formerly known as Sefton Education Business Partnership). The Trust has purchased services during the year of £10,835 (2018: £18,645) from the partnership. The services are for work related learning. Mr Raikes is not party to any decisions regarding the re-negotiation of the service level agreement..

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due (to)/from Elavate EBP was £Nil (2018 - £10,876).

Birkdale High School

Mr Stuart Bellerby, a trustee, was also a trustee of Birkdale High School during the period. The trust has purchased services during the year of £15,114 (2018: £15,302) from the school. The services are for a shared Education Welfare Officer role. Mr Bellerby is not party to any decisions regarding the re-negotiation of the service level agreement..

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due from/(to) Birkdale High School was £5,441 (2018 - £Nil).

25 Conversion to an academy trust

On 1 April 2019 the Kew Woods Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Southport Learning Trust from the Sefton Metropolitan Borough Council Local Authority 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 headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Donations - 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 SOFA.

	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets			
Leasehold land and buildings	-	4,350	4,350
Budget surplus on LA funds	100	-	100
Budget surplus on other school funds	16	47	63
Net assets	116	4,397	4,513

Southport Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Conversion to an academy trust (continued)

The above net assets include £162,790 that were transferred as cash.