

Company Registration No. 07790934 (England and Wales)

**SOUTHPORT LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

SOUTHPORT LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr Ian Raikes (Resigned on 22 May 2017)
Ms Kate Webb
Dr Richard Hadji
Mrs Michelle Dow (Appointed on 24 May 2017)

Trustees

Mr Ian Raikes (Accounting Officer)
Mr Stuart Bellerby
Mr Richard Cottier
Dr Richard Hadji (Chair of Trustees)
Mrs Victoria Keeley (Appointed 29 January 2018)
Miss Carol Sharman
Mrs Sara Duxbury (Resigned 28 February 2018)
Mrs Anna Smith
Ms Ruth Williams

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)
Mr Peter Miles (Director of Finance and Business Operations, resigned 15 September 2017)
Mrs Anna Smith (Director of Finance and Business Operations, appointed 18 September 2017)

Company registration number

07790934 (England and Wales)

Registered office

Hastings Road
Southport
PR8 2LT

Academies operated

Greenbank High School
Stanley High School

Location

Southport
Southport

Principal

Mr Ian Raikes
Mr Neil Moore

Independent auditor

MHA Moore & Smalley
Richard House
9 Winckley Square
Preston
Lancashire
PR1 3HP

Bankers

HSBC
Lord Street
Southport
PR8 1NJ

SOUTHPORT LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

RBS
Lord Street
Southport
PR8 1PH

Lloyds
23 London Street
Southport
PR9 OUX

Solicitors

Browne Jacobson
Ground Floor
3 Piccadilly Place
Manchester
M1 3BN

SOUTHPORT LEARNING TRUST

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates Greenbank High School, an academy for female pupils aged 11 to 16 and Stanley High School, mixed setting for 11-16 pupils serving Southport and the wider area within Sefton. It has a pupil capacity of 1,030 and had a roll of 999 in the census of October 2018.

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).

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

Trustees' indemnities

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 ESFA Risk Protection Arrangement. The cover is unlimited and the cost for the period ended 31 August 2018 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.

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 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 must be a parent of a pupil at an Academy within the Trust at the time of appointment.

SOUTHPORT LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

- 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 seven Trust Board Meetings. In addition, a day's facilitated training event 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 Headteacher and the Director of Finance and Business Operations. 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's Finance and Business Manual.

The Heads of Faculty and Subject Leaders are responsible for the day-to-day teaching within the Trust, in particular organising the teaching staff, facilities and students. The Heads of Year in liaison with the Form Tutors, are responsible for the overall progress and general welfare of the pupils.

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 (CONTINUED)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	4.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	7,127,000
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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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.

OBJECTIVES AND ACTIVITIES

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 in a globally aware setting which recognises the value in unique pathways to academic and moral success for all.

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."

SOUTHPORT LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

The main objectives of the Trust during the period ended 31 August 2018 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 as an International School;
- 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

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.

STRATEGIC REPORT

Achievements and performance

Greenbank High School

Total students in the year ended 31st August 2018 numbered 980. 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.

Examination results for 2018 were excellent with a Progress 8 score of +0.45 which is in the top 15% of all schools nationally. At GCSE, 83% gained grades 4-9 in both English and Mathematics. These results represented a further increase on previous years' results. The percentage of pupils achieving the English Baccalaureate was 40%, which is significantly above the national average

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
- PE Quality Mark Distinction from the Association for PE and Sport and being recognised as Sefton Sports School of the Year for 2017 ;
- The Secondary Quality Mark for Geography awarded by The Geographical Association.
- UNICEF Rights Respecting School
- British Council International School Award in recognition of our continued work in promoting the global dimension;
- 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;

SOUTHPORT LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

- Supported primary schools in Languages and are the lead school in delivering the NPQML and NPQSL to middle and senior leaders for the Alliance for Leading Learning
- 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 179 pupils achieving either the Bronze or Silver Award in 2017/18.

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 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 2018 the school had 624 students on roll and the popularity of the school has increased with the 2018 Year 7 intake increasing by 49 students, from 79 (2017) to 128 (2018).

Academic Performance in 2017 showed a marked improvement with a Progress 8 score of +0.29. This figure included the ECDL qualification that has now been withdrawn by the school. In 2018, the school achieved a Progress 8 score of -0.26. This drop was partly due to the removal of the ECDL qualification from the curriculum and the negative impact of 14 students in Year 11, who remained on roll, but were not educated at the school.

Whole school attendance for 2017-18 increased to 94.1% from 93.8% in 2016-17.

Other external reviews

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

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

These were completed successfully.

Financial review

The Academy's financial objectives are:

- to maintain a balanced budget;
- to pursue alternative sources of funding, on a selective basis, consistent with the Academy's core competencies, and the need for a financial contribution to the Academy's overall finances;
- to generate sufficient levels of income to support the asset base of the Academy;
- 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 2018.

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 2018 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 Trust operates a non-trading account for the management of educational activities, trips and events including the receipt of contributions from parents and pupils.

During the period ended 31 August 2018, total expenditure of £10,209k was covered by recurrent grant funding from the ESFA together with other incoming resources and brought forward reserves. The excess of expenditure over income for the period (excluding capital funding, depreciation and the movement on the valuation of the defined benefit pension scheme) was £2,261k. During the year there was an actuarial gain on the LGPS pension scheme of £777k.

SOUTHPORT LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

At 31 August 2018, the net book value of fixed assets was £17,618k and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

Stanley High School brings a reserves surplus into the Trust. Budgets and forecasts for the newly enlarged Multi Academy Trust have been reviewed by the Trustees and are satisfactory.

Financial and risk management objectives and policies

Risk Management

The Trustees have assessed the major risks to which the charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy 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 school 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 that these systems are consistent with guidelines issued by the Charities Commission. The Academy 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 Academy 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 Academy Trusts assets and reputation.

Based on the Academy's Trusts objectives, the Board will undertake a comprehensive review of the risks to which the Academy Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy 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 Board will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy Trust.

Financial and Risk Management Objectives and Policies

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

Government funding

The Academy has considerable reliance on continued government funding through the ESFA. In 2017/18, over 86% of the Academy Trusts revenue 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 Academy 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 Academy's balance sheet in line with the requirements of FRS102 section 28. More detailed explanation is provided in note 21.

Reserves policy

The Trustees have reviewed the reserve levels of the Academy Trust. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

SOUTHPORT LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

The Trustees have determined that the appropriate level of available reserves should normally be equivalent to approximately £400k. 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 Academy Trusts current level of reserves (total funds less the amount held in fixed assets and the pension reserve) is £444k. Overall reserves are in line with requirements.

Financial position

The Academy held fund balances at 31 August 2018 of £15,755k comprising £19,046k of restricted funds, a pension reserve deficit of £3,735k, and unrestricted funds of £444k.

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 Governors would consider it on its merits.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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.

Plans for future periods

The Academy 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 in successfully in further education once they leave.

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

AUDITOR

MHA Moore & Smalley was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

Statement as to disclosure of information to auditor

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

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 12.12.18 and signed on its behalf by:



.....
Dr Richard Hadji
Chair of Trustees

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:

Trustees	Meetings attended	Out of possible
Mr Ian Raikes (Accounting Officer)	7	7
Mr Stuart Bellerby	5	7
Mr Richard Cottier	6	7
Dr Richard Hadji (Chair of Trustees)	7	7
Mrs Victoria Keeley (Appointed 29 January 2018)	0	3
Miss Carol Sharman	6	7
Mrs Sara Duxbury (Resigned 28 February 2018)	0	4
Mrs Anna Smith	6	7
Ms Ruth Williams	5	7

The Audit Committee was in attendance on 4th December 2017. Due to unforeseen circumstances, attendance at the Audit Committee meeting was not quorate. The Audit report and its findings were discussed at the next Board Meeting of the Trustees held on 13th December 2017. The Trustees present were as follows;

Mr Stuart Bellerby
Mr Richard Cottier
Dr Richard Hadji (Chair)
Mr Ian Raikes
Miss Carol Sharman
Mrs Anna Smith

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The Southport Learning Trust MAT Board of Trustees was formed on 24 May 2017. The MAT Board of Trustees met formally twice during the year to specifically focus on Finance, Resources and Personnel. Attendance during the year at these meetings of the MAT Board of Trustees was as follows:

MAT Trustee	Meetings attended	Out of possible
Mr S. Bellerby	2	2
Mr R. Cottier	2	2
Mrs S. Duxbury	0	1
Dr R. Hadji (Chair of Trustees)	2	2
Mrs V. Keeley	0	1
Mr I Raikes	2	2
Miss C. Sharman	2	2
Mrs A. Smith	2	2

SOUTHPORT LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

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 safeguarding and higher education.

Review of value for money

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

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

The Trust schools having a broad, balanced and challenging, primarily GCSE curriculum, where pupils attain significantly above the national average at Greenbank and inline with the national average in most areas at Stanley High School. Where a subject 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 years and pupils who are not eligible. The achievement gap is narrowing over time due to a variety of strategies included on the school impact statement which is available on the website.

The Trust schools continue to support more able pupils through intervention strategies and enrichment that aims to inspire, challenge and encourage independence. Both school achieved high attainment in the grades 7-9 in the Summer of 2018. 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 students make progress in line with their peers. The Trust ensures all pupils develop their leadership skills and have the opportunity to participate in the Duke of Edinburgh Award scheme to equip them with valuable life and employability skills.

The Arts continue to thrive at Greenbank. We held a successful GCSE Art and Textiles exhibition with pupils achieving highly in these areas. Music and Drama continue to be amongst the highest performing subjects with a large extra-curricular and tuition programme whilst also producing many performances throughout the year. This year saw our pupils achieve the Bronze and for the first time Silver Arts Award. Greenbank is working towards achieving Platinum Artsmark status, the highest that can be achieved.

The Trust remains an active member of the LINC (Leadership in North and Central Sefton) collaborative which provides support and platform for joint development for Middle and Senior Leaders. A programme of external quality assurance is facilitated through the collaborative. The Southport Learning Partnership, consisting of Primary and has driven curriculum projects related to student voice, social enterprise, literacy and community engagement. Greenbank 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 has formed successful partnerships with a range of post16 providers. Greenbank is the lead school for the delivery of the National Professional Qualification for Senior Leaders (NPQSL).

2017/18 saw both 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 Academy 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.

SOUTHPORT LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

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.

The traditional tender process continues to be challenged and reviewed.

Working with the ESFA we completed two major capital projects through CIF funding – a new multi-purpose pitch, fencing and floodlighting for Greenbank and a roof improvement works at Stanley High School.

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Southport Learning Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and decided not to appoint an internal auditor in the year. An independent review of systems and procedures has not taken place.

SOUTHPORT LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. The Headteacher's review of the effectiveness of the system of internal control is informed by:

- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework;
- comments made by the Academy's financial statements auditors and any appointed funding auditors in their management letters and other reports.

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

Approved by order of the board of trustees on 12.12.18..... and signed on its behalf by:



Mr Ian Raikes
Accounting Officer



Dr Richard Hadji
Chair of Trustees

SOUTHPORT LEARNING TRUST

STATEMENT OF 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

Due to a staff change in the Director of Business and Finance role and changes in the structure of the Multi Academy Trust it was not practical to arrange an independent review of systems and controls during the period. However, the external audit work carried out on the financial records for the year did not highlight any significant deficiencies in the systems of controls.

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

12.12.18.

SOUTHPORT LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 12.12.18 and signed on its behalf by:



Dr Richard Hadji
Chair of Trustees

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Tracey Johnson (Senior Statutory Auditor)
For and on behalf of MHA Moore & Smalley, Statutory Auditor
Chartered Accountants
Richard House
9 Winckley Square
Preston
Lancashire, PR1 3HP
18 December 2018

SOUTHPORT LEARNING TRUST

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

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2018 £'000	Total 2017 as restated £'000
Income and endowments from:						
Donations and capital grants	4	-	-	1,428	1,428	20
Donations - transfer from local authority on conversion	23	352	(1,997)	5,420	3,775	-
Charitable activities:						
- Funding for educational operations	5	145	8,644	-	8,789	5,234
Other trading activities	6	186	-	-	186	519
Total		<u>683</u>	<u>6,647</u>	<u>6,848</u>	<u>14,178</u>	<u>5,773</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	28	9,563	618	10,209	6,016
Total	7	<u>28</u>	<u>9,563</u>	<u>618</u>	<u>10,209</u>	<u>6,016</u>
Net income/(expenditure)		655	(2,916)	6,230	3,969	(243)
Transfers between funds	16	(612)	582	30	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	777	-	777	412
Net movement in funds		<u>43</u>	<u>(1,557)</u>	<u>6,260</u>	<u>4,746</u>	<u>169</u>
Reconciliation of funds						
Total funds brought forward		<u>401</u>	<u>(2,178)</u>	<u>12,786</u>	<u>11,009</u>	<u>10,840</u>
Total funds carried forward		<u>444</u>	<u>(3,735)</u>	<u>19,046</u>	<u>15,755</u>	<u>11,009</u>

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

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		17,618		12,786
Current assets					
Debtors	13	1,220		218	
Cash at bank and in hand		1,136		582	
		<u>2,356</u>		<u>800</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(478)		(388)	
Net current assets			<u>1,878</u>		<u>412</u>
Total assets less current liabilities			<u>19,496</u>		<u>13,198</u>
Creditors: amounts falling due after more than one year	15		(6)		(11)
Net assets excluding pension liability			<u>19,490</u>		<u>13,187</u>
Defined benefit pension scheme liability	21		(3,735)		(2,178)
Net assets			<u>15,755</u>		<u>11,009</u>
Funds of the academy trust:					
Restricted funds	16				
- Restricted fixed asset funds			19,046		12,786
- Pension reserve			(3,735)		(2,178)
Total restricted funds			<u>15,311</u>		<u>10,608</u>
Unrestricted income funds	16		<u>444</u>		<u>401</u>
Total funds			<u>15,755</u>		<u>11,009</u>

The financial statements on pages 18 to 43 were approved by the board of trustees and authorised for issue on 12.12.18 and are signed on their behalf by:



.....
Dr Richard Hadji
Chair of Trustees

SOUTHPORT LEARNING TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	19		(706)		661
Cash funds transferred on conversion			481		-
			<u>(225)</u>		<u>661</u>
Cash flows from investing activities					
Capital grants from DfE Group		779		-	
Capital funding received from sponsors and others		35		20	
Purchase of tangible fixed assets		(30)		(475)	
		<u></u>		<u></u>	
Net cash provided by/(used in) investing activities			784		(455)
Cash flows from financing activities					
Repayment of other loan		(5)		-	
		<u></u>		<u></u>	
Net cash used in financing activities			(5)		-
			<u></u>		<u></u>
Net increase in cash and cash equivalents in the reporting period			554		206
Cash and cash equivalents at beginning of the year			582		376
			<u></u>		<u></u>
Cash and cash equivalents at end of the year			<u>1,136</u>		<u>582</u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

General information

Southport Learning Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

The financial statements are presented in sterling which is also the functional currency of the academy trust.

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

Going concern

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

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 Stanley High School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 23.

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 (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Tangible fixed assets and depreciation

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

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

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

Buildings	40 years straight line
Leasehold improvements	10 years straight line
Computer equipment	4 years straight line
Fixtures, fittings and equipment	4 - 5 years straight line

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.

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Liabilities

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

Financial instruments

The academy trust has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

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

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

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

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

Derecognition of financial assets and liabilities

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

Taxation

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

Pensions benefits

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

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

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

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

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Valuation of the Local Government Pension Scheme defined benefit liability

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

Critical areas of judgement

Classification and valuation of long leasehold land and buildings

The academy's long leasehold land and buildings are held under a 125 year lease and are wholly used in the course of the academy's business and are held within the academy. No value was paid for the land and buildings, which have been incorporated into the accounts at an estimate for the fair value of land and buildings acquired on conversion.

3 Prior period adjustment

A prior period adjustment affected the figures reported for the comparative period for funds and net income or expenditure, as follows.

		1 September 2016 £'000	31 August 2017 £'000
Reconciliation of funds	Notes		
Funds as previously reported		14,839	14,847
Adjustments arising:			
Restatement of land and buildings valuation	a	(3,999)	(3,838)
Funds as restated		<u>10,840</u>	<u>11,009</u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Prior period adjustment (Continued)

Reconciliation of net income/(expenditure) for the previous financial period	Notes	2017 £'000
Net expenditure as previously reported		(404)
Adjustments arising:		
Restatement of land and buildings valuation	a	161
Net expenditure as restated		<u>(243)</u>

Notes to restatement

a) Restatement of land and buildings valuation

The comparative land and building valuation has been restated to bring in line with the valuation provided by the ESFA.

4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	1,428	1,428	20

The income from donations and capital grants was £1,428,000 (2017: £20,000) of which £1,428,000 was restricted fixed assets (2017: £20,000).

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	7,880	7,880	4,597
Other DfE group grants	-	370	370	322
	<u>-</u>	<u>8,250</u>	<u>8,250</u>	<u>4,919</u>
Other government grants				
Special educational projects	-	102	102	36
	<u>-</u>	<u>102</u>	<u>102</u>	<u>36</u>
School fund income	74	-	74	259
Other incoming resources	71	292	363	20
	<u>145</u>	<u>292</u>	<u>437</u>	<u>279</u>
	<u>145</u>	<u>8,644</u>	<u>8,789</u>	<u>5,234</u>

The income from funding for educational operations was £8,789,000 (2017: £5,234,000) of which £145,000 was unrestricted (2017: £279,000) and £8,644,000 was restricted (2017: £4,955,000).

6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	186	-	186	519
	<u>186</u>	<u>-</u>	<u>186</u>	<u>519</u>

The income from other trading activities was £186,000 (2017: £519,000) of which £186,000 was unrestricted (2017: £519,000).

7 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	5,396	618	653	6,667	4,594
- Allocated support costs	1,970	566	1,006	3,542	1,422
	<u>7,366</u>	<u>1,184</u>	<u>1,659</u>	<u>10,209</u>	<u>6,016</u>

SOUTHPORT LEARNING TRUST

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

7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2018 £'000	2017 £'000
Depreciation of tangible fixed assets	618	534
Net interest on defined benefit pension liability	98	50
Fees payable to auditor and its associates in respect of both audit and non-audit services are as follows:		
- Audit	13	8
- Other services	-	7
	<u> </u>	<u> </u>

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	28	6,639	6,667	4,594
Support costs				
Educational operations	-	3,542	3,542	1,422
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	28	10,181	10,209	6,016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The expenditure on charitable activities was £10,209,000 (2017: £6,016,000) of which £28,000 was unrestricted (2017: £231,000), £9,563,000 was restricted (2017: £5,251,000) and £618,000 was restricted fixed assets (2017: £534,000).

	2018 £'000	2017 £'000
Analysis of support costs		
Support staff costs	1,970	752
Technology costs	77	54
Premises costs	566	255
Other support costs	851	330
Governance costs	78	31
	<u> </u>	<u> </u>
	3,542	1,422
	<u> </u>	<u> </u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	5,493	3,247
Social security costs	534	306
Pension costs	1,100	597
	<u>7,127</u>	<u>4,150</u>
Staff costs	7,127	4,150
Agency staff costs	125	60
Staff restructuring costs	102	-
Staff development and other staff costs	12	6
	<u>7,366</u>	<u>4,216</u>
Total staff expenditure	<u>7,366</u>	<u>4,216</u>

Staff restructuring costs comprise:

Redundancy payments	102	-
	<u>102</u>	<u>-</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are redundancy payments totalling £102,373. The payments were as follows; April: £2,708, June: £10,022 and £10,368; August: £23,733, £15,534, £15,534, £3,709, £3,338, £1,739, £7,644 and £8,043.

Staff numbers

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

	2018 Number	2017 Number
Teachers	98	58
Administration and support	63	33
	<u>161</u>	<u>91</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	2	1
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	<u>4</u>	<u>2</u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff (Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £524,199 (2017: £586,882).

10 Trustees' remuneration and expenses

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

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

I Raikes (Head teacher):

- Remuneration £95,000 - £100,000 (2017: £85,000 - £90,000)
- Employer's pension contributions £15,000 - £20,000 (2017: £10,000 - £15,000)

A Woods (Resigned as Trustee from 1 September 2017):

- Remuneration £Nil (2017: £25,000 - £30,000)
- Employer's pension contributions £Nil (2017: £0 - £5,000)

C Sharman (Trustee):

- Remuneration £15,000 - £20,000 (2017: £15,000 - £20,000)
- Employer's pension contributions £0 - £5,000 (2017: £0 - £5,000)

C Pritchard (Resigned as Trustee from 1 September 2017):

- Remuneration £Nil (2017: £45,000 - £50,000)
- Employer's pension contributions £Nil (2017: £5,000 - £10,000)

P Miles (Resigned as Trustee from 15 September 2017):

- Remuneration £Nil (2017: £15,000 - £20,000)
- Employer's pension contributions £Nil (2017: £0 - £5,000)

A Smith (Trustee from 18 September 2017):

- Remuneration £60,000 - £65,000 (2017: £Nil)
- Employer's pension contributions £10,000 - £15,000 (2017: £Nil)

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

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 ESFA Risk Protection Arrangement. The cover is unlimited and the cost for the period ended 31 August 2018 cannot be separately identified from the overall cover expense in the financial statements.

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 1 September 2017	11,220	2,232	181	223	13,856
Transfer on conversion	5,420	-	-	-	5,420
Additions	-	30	-	-	30
At 31 August 2018	16,640	2,262	181	223	19,306
Depreciation					
At 1 September 2017	249	478	147	196	1,070
Charge for the year	360	223	19	16	618
At 31 August 2018	609	701	166	212	1,688
Net book value					
At 31 August 2018	16,031	1,561	15	11	17,618
At 31 August 2017	10,971	1,754	34	27	12,786

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	31	4
VAT recoverable	381	70
Other debtors	1	1
Prepayments and accrued income	807	143
	1,220	218

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Other loans	6	6
Trade creditors	36	123
Other creditors	280	182
Accruals and deferred income	156	77
	478	388

15 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Other loans	6	11

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Creditors: amounts falling due after more than one year	2018	2017 (Continued)
Analysis of loans		
Wholly repayable within five years	12	17
Less: included in current liabilities	(6)	(6)
Amounts included above	<u>6</u>	<u>11</u>

Included within other loans is a loan totalling £11,379 from Salix. The loan will be repaid over two years and repayments commenced in September 2017. No interest is charged on the loan.

16 Funds	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'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)	-	-
Pension reserve	(2,178)	(2,126)	(208)	777	(3,735)
	<u>(2,178)</u>	<u>6,647</u>	<u>(9,563)</u>	<u>1,359</u>	<u>(3,735)</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>
Total restricted funds	<u>10,608</u>	<u>13,495</u>	<u>(10,181)</u>	<u>1,389</u>	<u>15,311</u>
Unrestricted funds					
General funds	119	609	(28)	(612)	88
Other funds	282	74	-	-	356
	<u>401</u>	<u>683</u>	<u>(28)</u>	<u>(612)</u>	<u>444</u>
Total funds	<u>11,009</u>	<u>14,178</u>	<u>(10,209)</u>	<u>777</u>	<u>15,755</u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds (Continued)

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 2018.

SOUTHPORT LEARNING TRUST

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

16 Funds (Continued)

Funds prior year

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	30	4,597	(4,758)	131	-
Other DfE / ESFA grants	-	322	(322)	-	-
Other government grants	-	36	(36)	-	-
Pension reserve	(2,455)	-	(135)	412	(2,178)
	<u>(2,425)</u>	<u>4,955</u>	<u>(5,251)</u>	<u>543</u>	<u>(2,178)</u>
Restricted fixed asset funds					
Transfer on conversion	11,416	-	(460)	-	10,956
DfE group capital grants	1,047	20	(42)	58	1,083
Capital expenditure from GAG	779	-	(32)	-	747
	<u>13,242</u>	<u>20</u>	<u>(534)</u>	<u>58</u>	<u>12,786</u>
Total restricted funds	<u>10,817</u>	<u>4,975</u>	<u>(5,785)</u>	<u>601</u>	<u>10,608</u>
Unrestricted funds					
General funds	-	539	(231)	(189)	119
Other funds	23	259	-	-	282
	<u>23</u>	<u>798</u>	<u>(231)</u>	<u>(189)</u>	<u>401</u>
Total funds	<u>10,840</u>	<u>5,773</u>	<u>(6,016)</u>	<u>412</u>	<u>11,009</u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds (Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	30	12,477	(13,220)	713	-
Other DfE / ESFA grants	-	692	(692)	-	-
Other government grants	-	138	(138)	-	-
Other restricted funds	-	421	(421)	-	-
Pension reserve	(2,455)	(2,126)	(343)	1,189	(3,735)
	<u>(2,425)</u>	<u>11,602</u>	<u>(14,814)</u>	<u>1,902</u>	<u>(3,735)</u>
Restricted fixed asset funds					
Transfer on conversion	11,416	5,420	(990)	-	15,846
DfE group capital grants	1,047	1,448	(94)	58	2,459
Capital expenditure from GAG	779	-	(68)	30	741
	<u>13,242</u>	<u>6,868</u>	<u>(1,152)</u>	<u>88</u>	<u>19,046</u>
Total restricted funds	<u>10,817</u>	<u>18,470</u>	<u>(15,966)</u>	<u>1,990</u>	<u>15,311</u>
Unrestricted funds					
General funds	-	1,148	(259)	(801)	88
Other funds	23	333	-	-	356
	<u>23</u>	<u>1,481</u>	<u>(259)</u>	<u>(801)</u>	<u>444</u>
Total funds	<u>10,840</u>	<u>19,951</u>	<u>(16,225)</u>	<u>1,189</u>	<u>15,755</u>

SOUTHPORT LEARNING TRUST

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

16 Funds (Continued)

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
Greenbank High School	128	401
Stanley High School	316	
	<u>444</u>	<u>401</u>
Total before fixed assets fund and pension reserve	444	401
Restricted fixed asset fund	19,046	12,786
Pension reserve	(3,735)	(2,178)
	<u>15,755</u>	<u>11,009</u>
Total funds	<u><u>15,755</u></u>	<u><u>11,009</u></u>

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2018 £'000	Total 2017 £'000
Greenbank High School	3,201	1,109	676	740	5,726	5,482
Stanley High School	2,195	861	354	455	3,865	
	<u>5,396</u>	<u>1,970</u>	<u>1,030</u>	<u>1,195</u>	<u>9,591</u>	<u>5,482</u>
	<u><u>5,396</u></u>	<u><u>1,970</u></u>	<u><u>1,030</u></u>	<u><u>1,195</u></u>	<u><u>9,591</u></u>	<u><u>5,482</u></u>

The academy does not maintain a central management function.

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	17,618	17,618
Current assets	444	484	1,428	2,356
Creditors falling due within one year	-	(478)	-	(478)
Creditors falling due after one year	-	(6)	-	(6)
Defined benefit pension liability	-	(3,735)	-	(3,735)
	<u>444</u>	<u>(3,735)</u>	<u>19,046</u>	<u>15,755</u>
Total net assets	<u><u>444</u></u>	<u><u>(3,735)</u></u>	<u><u>19,046</u></u>	<u><u>15,755</u></u>

SOUTHPORT LEARNING TRUST

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

17 Analysis of net assets between funds (Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,786	12,786
Current assets	401	399	-	800
Creditors falling due within one year	-	(388)	-	(388)
Creditors falling due after one year	-	(11)	-	(11)
Defined benefit pension liability	-	(2,178)	-	(2,178)
Total net assets	401	(2,178)	12,786	11,009

18 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	1,393	-

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	3,969	(243)
Adjusted for:		
Net surplus on conversion to academy	(3,775)	-
Capital grants from DfE/ESFA and other capital income	(1,428)	(20)
Defined benefit pension scheme cost less contributions payable	110	85
Defined benefit pension scheme finance cost	98	50
Depreciation of tangible fixed assets	618	534
Movements in working capital:		
(Increase)/decrease in debtors	(388)	451
Increase/(decrease) in creditors	90	(196)
Net cash (used in)/provided by operating activities	(706)	661

20 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.

SOUTHPORT LEARNING TRUST

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

21 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 Merger. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £638,000 (2017: £385,000).

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.

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (Continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 23) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Total contributions made	2018	2017
	£'000	£'000
Employer's contributions	350	179
Employees' contributions	82	45
	<hr/>	<hr/>
Total contributions	432	224
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions

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

	2018	2017
	%	%
Rate of increase in salaries	3.6	3.7
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	2.8	2.4
Inflation assumption (CPI)	2.1	2.2
	<hr/> <hr/>	<hr/> <hr/>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (Continued)

The assumed life expectations on retirement age 65 are:

	2018	2017
	Years	Years
Retiring today		
- Males	22.0	21.6
- Females	24.8	24.7
Retiring in 20 years		
- Males	25.0	24.2
- Females	27.8	27.7
	<u> </u>	<u> </u>
	2018	2017
	£'000	£'000
Discount rate + 0.1%	1,795	2,096
Mortality assumption + 1 year	1,934	2,258
CPI rate + 0.1%	1,942	2,263
Pay growth + 0.1%	1,884	2,197
	<u> </u>	<u> </u>

The academy trust's share of the assets in the scheme	2018	2017
	Fair value	Fair value
	£'000	£'000
Equities	1,856	1,108
Bonds	541	328
Cash	110	101
Property	324	169
Other assets	734	408
	<u> </u>	<u> </u>
Total fair value of assets	3,565	2,114
	<u> </u>	<u> </u>

The actual return on scheme assets was £185,000 (2017: £206,000).

Amount recognised in the Statement of Financial Activities	2018	2017
	£'000	£'000
Current service cost	453	260
Net interest cost	98	50
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	7	4
	<u> </u>	<u> </u>
Total operating charge	558	314
	<u> </u>	<u> </u>

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2018 £'000
At 1 September 2017	4,292
Obligations acquired on conversion	3,075
Current service cost	453
Interest cost	175
Employee contributions	82
Actuarial gain	(669)
Benefits paid	(108)
	<hr/>
At 31 August 2018	7,300
	<hr/> <hr/>

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

	2018 £'000
At 1 September 2017	2,114
Assets acquired on conversion	949
Interest income	77
Return on plan assets (excluding net interest on the net defined pension liability)	108
Employer contributions	350
Employee contributions	82
Benefits paid	(108)
Effect of non-routine settlements	(7)
	<hr/>
At 31 August 2018	3,565
	<hr/> <hr/>

22 Related party transactions

The Headteacher, Mr Ian Raikes (also a trustee), is a director of Sefton Education Business Partnership. The Trust has purchased services during the year of £18,645 (2017: £23,376) from the partnership, with a balance owing at the year end of £10,876 (2017: £12,163). The services are for work related learning. Mr Raikes is not party to any decisions regarding the re-negotiation of the service level agreement.

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 £15,302 (2017: £9,661) from the school, with a balance owing at the year end of £nil (2017: £nil). 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.

Other related party transactions are certain trustees' remuneration and expenses, which are disclosed in note 9.

SOUTHPORT LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 Conversion to an academy

On 1 September 2017 Stanley High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Southport Learning Trust from the 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 values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion
Stanley High School	Southport	1 September 2017

	2018
	£'000
Net assets transferred:	
Freehold land and buildings	5,420
Cash	481
LGPS pension surplus/(deficit)	(2,126)
	<u>3,775</u>

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2018
	£'000	£'000	£'000	£'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	5,420	5,420
LA budget funds	352	129	-	481
LGPS pension funds	-	(2,126)	-	(2,126)
	<u>352</u>	<u>(1,997)</u>	<u>5,420</u>	<u>3,775</u>

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 17 October 2018 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Southport Learning Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

As noted in the Statement of Regularity, Propriety and Compliance, due to a staff change in the Director of Business and Finance role and changes in the structure of the MAT, it was not practical to arrange an independent review of the systems and controls during the period.

Notwithstanding the above, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

Responsibilities of Southport Learning Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Southport Learning Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Southport Learning Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

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

Use of our report

This report is made solely to Southport Learning Trust and the ESFA in accordance with the terms of our engagement letter dated 17 October 2018. Our work has been undertaken so that we might state to the 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.

MHA Moore & Smalley

MHA Moore & Smalley

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Dated: 18 December 2018
