

# Registrar's Copy

## **SOUTH ESSEX ACADEMY TRUST** (A company limited by guarantee)

### **ANNUAL REPORT AND FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 AUGUST 2016**



**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**CONTENTS**

	Page
<b>Reference and administrative details</b>	1 - 2
<b>Directors' report</b>	3 - 11
<b>Governance statement</b>	12 - 14
<b>Statement on regularity, propriety and compliance</b>	15
<b>Statement of Directors' responsibilities</b>	16
<b>Independent auditors' report on the financial statements</b>	17 - 18
<b>Independent auditors' assurance report on regularity</b>	19 - 20
<b>Statement of financial activities incorporating income and expenditure account</b>	21
<b>Balance sheet</b>	22
<b>Statement of cash flows</b>	23
<b>Notes to the financial statements</b>	24 - 44

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI ACADEMY TRUST, ITS DIRECTORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

<b>Members</b>	Michael Simmonds Dominic Carver (resigned 15 November 2016) Joseph Figg Keith Pullen Howard Sellick (appointed 20 June 2016) Darren Stoner (appointed 24 October 2016)
<b>Directors</b>	Michael Simmonds, Chair <sup>1</sup> Simon Harbrow, Executive Headteacher <sup>1</sup> Tosca Boothman Darren Stoner (resigned 12 October 2016) <sup>1</sup> Vanessa Van Blerk (appointed 1 September 2015) Crystal Wiggs (appointed 21 March 2016) Emma Wigmore (appointed 1 September 2015, resigned 3 September 2016) Dominic Carver (appointed 1 December 2016)  <sup>1</sup> Member of the Finance Committee
<b>Company registered number</b>	07681226
<b>Company name</b>	South Essex Academy Trust
<b>Principal and registered office</b>	Westwood Academy Beresford Close Hadleigh Benfleet Essex SS7 2SU
<b>Company secretary</b>	Helen Norbury
<b>Senior management team</b>	S Harbrow, Executive Headteacher J Archer, Head of Westwood A Lucas, Head of Parkwood C Stalham, Head of Winter Gardens
<b>Independent auditors</b>	MWS Chartered Accountant Registered Auditors Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
<b>Bankers</b>	Lloyds Bank PLC 211 London Road Hadleigh Essex SS7 2RD

**SOUTH ESSEX ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI ACADEMY TRUST, ITS DIRECTORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Advisers (continued)**

**Solicitors**

Essex County Council, Legal Services  
County Hall  
Market Road  
Chelmsford  
CM1 1QH

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Directors' report, and a Directors' report under company law.

The trust operates three primary academies in the Hadleigh and Chelmsford areas of Essex with an additional academy joining the trust in September 2016. Its academies have a combined pupil capacity of 930 and had a roll of 832 in the school census in January 2016.

**Structure, governance and management**

**a. CONSTITUTION**

The academy trust is a company limited by guarantee and an exempt charity incorporated by a Memorandum of Association on 24 June 2011, amended 10 November 2014, 30 June 2015 and 21 March 2016. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of South Essex Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Essex Academy Trust.

Details of the Directors who served during the are included in the Reference and administrative details on page 1.

The principal object of the multi academy trust is to run primary schools for boys and girls located in the Hadleigh and Chelmsford areas of Essex.

**b. 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.

**c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS**

The management of the multi academy trust is the responsibility of the Directors (Trustees) who are elected and co-opted under the terms of the Articles of Association by the Members.

The Chair of Directors regularly reviews and recommend the mix of skills that should be available to the board. New Directors are then sought who can bring any missing skills, either as additional Directors or replacements when existing Directors stand down. It is anticipated that the great majority of new Directors will be drawn from those who have shown an interest in the future wellbeing of the Academy Trust and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communication to those within South East Essex.

New Directors will be appointed to the Board by the Directors until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of four years. At the end of the four-year term, retiring Directors are eligible for re-election for a further term.

**SOUTH ESSEX ACADEMY TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS**

The Board regularly arrange and attend in-house training based on areas of potential interest and/or concern. Individual Directors attend training courses and conferences organised by appropriate bodies, including those arranged by the Regional Schools Commissioner, in order to ensure their personal development and knowledge and understanding is fully up-to-date. Two of the Directors are involved in the governance by serving on Interim Executive Boards elsewhere, and one of them is a Consultant supporting and developing governance in a variety of contexts.

**e. ORGANISATIONAL STRUCTURE**

The Directors have responsibility for setting and monitoring the overall strategic direction of the charitable trust and appointing key members of staff. Currently none of their responsibilities are delegated to any local governing board but each academy has a Parent Consultative Group, chaired by the Executive Headteacher, and consisting of a representative parent from each class in the academy.

The Directors meet as a Board at least twelve times a year. For at least half of these meetings the Board specifically undertakes the governance of each academy separately. On these occasions the Head and Deputy of the academy attends to report and be held to account. The agenda for these meetings includes standing items relating to each of the schools in the Academy Trust including finance, teaching and learning, health and safety, and safeguarding. All decisions are taken by the Board as a whole.

A finance committee of the Board meets at least three times a year to set and propose the budget, monitor the budget and scrutinise the annual accounts.

Essex County Council Responsible Officer is the Responsible Officer and as such has an oversight role in relation to the systems and processes of control and risk management that operate throughout the Academy Trust.

The Executive Headteacher is the Accounting Officer and works closely with the other Directors, the Chief Financial Officer and the senior staff of each academy within the Academy Trust. The day-to-day management of South Essex Academy Trust rest with the Executive Headteacher who has overall responsibility for the Trust.

The Executive Headteacher is responsible for establishing and supporting the central staff along with senior leadership teams in each academy, including the Head of School or Headteacher, School Business Manager and any Deputy and Assistant Headteachers.

**f. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

A panel of the Board of Directors is delegated to carry out the performance management of the Executive Headteacher and the Headteacher/Head of School of each Academy. The Department for Education guidance 'The National Standards of Excellence for Headteachers' and the 'Leadership Group Pay Range' from the most recent 'School Teachers' Pay and Conditions Document' are taken as a guide for both setting performance objectives and pay and remuneration levels.

Recommendations are proposed by the panel to the full Board when setting, or awarding any increase to, the pay and remuneration of these senior leaders. The Executive Headteacher is not part of any decision relating to his own pay.

**g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

During the year the Academy Trust has been provided with educational advisory support from KIS-Education Solutions a company owned by Keith Pullen, a Member, and purchased governance training materials and other training from GO Ministries Ltd, a company owned by Mike Simmonds, a Director.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**h. DIRECTORS' INDEMNITIES**

The Academy Trust, through its Articles, has indemnified its Directors to the fullest extent permissible by law. During the period the Academy Trust also purchased and maintained liability insurance for its Members, Directors and any members of Local Governing Bodies.

**i. PRINCIPAL ACTIVITIES**

The principal activity of South Essex Academy Trust as a multi academy trust is to run primary schools for boys and girls located in South East Essex. This currently comprises Westwood Academy, Hadleigh; Parkwood Academy, Chelmsford; Winter Gardens Academy, Canvey Island; and Bardfield Academy, Basildon (joining the Trust in September 2016).

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The multi academy trust objects ("Objects") are specifically restricted to the following:

- i) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("The Academies");
- ii) To promote for the benefit of the inhabitants of the surrounding areas of the Academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.
- iii) To promote in the area in which the Academies are situated the physical, intellectual and social development of primarily but not exclusively children under five especially those who are socially and economically disadvantaged.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Directors vision is to help children and staff to flourish through partnership and collaboration building on the strengths of each Academy. This will be accomplished through the core values of:

**COLLABORATION**

Interdependence whenever it will benefit everyone

**INNOVATION**

Embracing new ways of working that benefits everyone

**PERSEVERANCE**

Committed to the best outcomes for everyone

**CHALLENGE**

Open to the views and needs of everyone

The Academy Trust's commitment to the vision can be seen through our approach; all children are treated as individuals; there is no "one size fits all" approach. Personalising learning is our aim, giving children the education they need and want. Learning is active, hands-on, engaging and fun. We strive for our children to:

- Respect themselves in the community seeking to have a positive impact on others;
- Be polite, calm, caring, honest, trustworthy and helpful;
- Been responsible, independent and supportive of each other;
- Be tolerant and open minded and not prejudiced;
- Be determined to have a strong work ethic;
- Have good communication skills; and
- Strive for high achievement standards.

We encourage the children to:

- Develop their own emotional, spiritual and cultural awareness with due regard to British Values;
- Not to be involved in bullying, racism or any forms of harassment;
- To achieve outstanding results in key stage one and key stage two;
- Achieve well regardless of their ability, background, gender or ethnicity;
- Understand and respect others feelings, values and beliefs; and
- Be enterprising and willing to take responsibility.

**c. PUBLIC BENEFIT**

The Trustees have taken the Charity Commissioners specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this annual report.

In accordance with its charitable objectives, the Charitable Company strives to advance the education of the pupils attending each Academy. The Charitable Company's primary beneficiaries are therefore the pupils, and benefits to pupils provided through continuing to maintain a high standard of education throughout each Academy.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy Trust's objectives and aims in planning future activities for the period. Trustees consider that the Academy Trust's aims are demonstrably to the public benefit.



**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Achievements and performance**

**a. KEY PERFORMANCE INDICATORS**

Pupil attendance for academic year 2015/16 was;

Westwood Academy: 96.56%  
Parkwood Academy: 94.32%  
Winter Gardens Academy: 93.92%  
National average of 96%.

	Good Level of Development	Phonics	KS1 Expected/greater depth	KS2 Expected/high
National Average	66	81 Year 2: 90	R: 74/23 W: 66/13 M: 73/18	R: 66/19 W: 74/15 M: 70/17 C: 53
Westwood Academy Number on roll: 206	83	97 Year 2: 96	R: 78/48 W: 74/26 M: 81/30	R: 77/23 W: 87/20 M: 87/33 EGPS: 93 C: 70
Parkwood Academy Number on roll: 216	63	79 Year 2: 91	R: 91/73 W: 64/36 M: 82/23	R: 39/11 W: 68/14 M: 75/18 EGPS: 64 C: 39
Winter Gardens Academy Number on roll: 422	66	82 Year 2: 97	R: 64/20 W: 41/8 M: 39/12	R: 42/8 W: 37/2 M: 42/8 EGPS: 55 C: 22

C: combined, expected level in reading, writing and mathematics

During the previous financial year Westwood Academy, as the lead school within the multi academy trust, sponsored two schools: Parkwood Academy, which converted on 1 December 2014, and Winter Gardens Academy, which converted on 1 July 2015. Both these Academies have required significant support within the resources available to the Directors of the Academy Trust. This has included:

- the leadership of the Executive Headteacher;
- teacher led support from the staff at Westwood Academy;
- input from other commissioned school improvement advisors;
- substantial internal and external continuous professional development;
- collaborative development of uniformity across the academies where this is appropriate;
- developing central support and services to enable heads to focus more on teaching and learning.

The intention is to move these academies to a good Ofsted category. At the same time continued improvement at Westwood Academy is moving towards an outstanding Ofsted category.

Through maintaining the use of a termly single plan, continuous monitoring by the Executive Headteacher, Directors and leadership team members from each Academy, and externally commissioned experts, together with planned continued professional development, the purpose is to support school improvement at all levels. Outcomes for the academic year 2015/16 demonstrate an upward trend with high expectations going forward. Capacity and other benefits will be supported by developments planned early in the next academic year.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**b. INVESTMENT POLICY AND PERFORMANCE**

The Directors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the Trust that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The Trusts' current policy is to invest surplus fund in short-term cash deposits.

For the period ended 31 August 2016, the Trust's cash balances generated an average income return of less than 0.10%pa.

**Financial review**

**a. GOING CONCERN**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**b. FINANCIAL REVIEW**

Most of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academies also receive grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2016, total expenditure of £5,080,875 was met by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the period was £885,157.

At 31 August 2016 the net book value of fixed assets was £8,042,396. Movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Essex County Council Local Government Pension Fund, in which the Academies participate, showed a deficit of £2,636,000 at 31 August 2016.

The Academy held fund balances at 31 August 2016 of £5,707,665 comprising £5,565,488 of restricted funds and £142,177 of unrestricted general funds. Of the restricted funds £8,167,898 is represented by tangible fixed assets and £33,590 by unspent grants carried forward. The pension reserve which is considered part of restricted funds was £2,636,000 in deficit.

**c. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Financial and risk management policies are contained within the Academy Regulations and include financial regulation, anti-fraud policy, gifts and hospitality policy and whistleblowing.

The Multi Academy Trust has a financial liability to repay its share of the LGPS deficit, which is regularly reviewed by the Pensions Actuary, and has an agreement to spread the cost over future years.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**d. PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particularly those related to the operations and finances of the multi academy trust, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks. The Trustees have compiled a risk register which summarises the level of risk and associated control measure including the transfer of risk by using insurance policies. The major risks examined and covered the following areas:

- teaching and learning
- facilities
- operating
- financial systems and practices.

The risk register is reviewed regularly at Directors' Board meetings.

The Academy Trust uses systems, procedures and internal controls in order to minimise risk which are externally monitored.

**e. RESERVES POLICY**

The Directors' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The Directors intend to review the reserves policy annually to ensure that this aim can be achieved.

At the balance sheet date, the Trust had free reserves of £142,177, restricted reserves of £33,590, restricted fixed assets reserves of £8,167,898 and a pension deficit of £2,636,000. The Trust has a financial liability to repay its shares of the LGPS pension deficit.

The Directors intend to utilise these reserves in the near future in line with the objectives of the Academies Development Plans and termly Single plans.

**f. PRINCIPAL FUNDING**

The principal source of the Academy Trust's funding is provided by the Education Funding Agency (EFA) in the form of recurring grants. The principal grants are the General Annual Grant (GAG) and the Local Authority Central Spend Equivalent Grant (LACSEG). Other smaller grants and capital grants are also received from the EFA. Each of the foregoing grants is 'restricted' for particular purposes for the running of the Academies and providing services in accordance with the Academy Trust's objectives.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

The Board is committed to continuing discussions with the Regional Schools Commissioner with a view to expanding the Academy Trust by a further two academies during the current year. The aim is to bring into the Academy Trust at least one academy with an Ofsted category of Good or better, or anticipating such a judgment with the evidence to support the view. This will add capacity to the Academy Trust and enable further educational improvements across all the schools. This will also provide further financial resources to the Academy Trust.

The Academy Trust supports the senior leaders in developing interdependence in accordance with Trust values detailed above. The significant benefits of this approach financially, for continued professional development and school improvement are recognised and remain a priority.

The strategic plan of the academy Trust includes:

- Grow the Trust over 2016/17 to 6 schools
- Develop a continued professional development plan across the Trust involving appropriate training together
- Increase the frequency of groups of teachers meetings to half termly
- Encourage parents to participate in a Parent Consultative Group and the Trust to depend on their insights
- The central budget working effectively - saving money to put back into supporting children
- Progress the intention of the 80% uniformity with 20% local specific principle
- All leaders primarily focused on teaching and learning, with the Trust providing appropriate support
- Improving outcomes for disadvantaged pupils across the Trust
- Raising attainment across Trust to achieve above national average

These aims, based upon the successes of the recent past, will be achieved through the experienced leadership of the Executive Headteacher (also an Ofsted Inspector); continuous monitoring (externally and internally); governance of each academy provided by the Board; developing 'central services' of HR and Finance; and enabling the expertise in each academy to provide support and development for all the academies. When the overall budget allows, through expansion of the number of academies, the Board will consider developing a team of school improvement and other identified roles to work across the Academy Trust.

All financial resources are allocated by a robust system of conversations led by the Executive Headteacher with senior leaders and based upon agreed priorities for each academy. The Finance Committee of the Board scrutinise the specific needs for staffing levels and other commitments through the budget setting process and the Board monitors the use of the budget throughout the year.

**FUNDS HELD AS CUSTODIAN**

Although the charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, South Essex Academy Trust does not hold, and the Trustees do not anticipate that it will in the future hold, any funds as custodian for any third party.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**AUDITORS**

The auditors, MWS, have indicated their willingness to continue in office. The Designated Directors will propose a motion re-appointing the auditors at a meeting of the Directors.

This report was approved by order of the board of trustees as the company directors, on 16 December 2016 and signed on its behalf by:



**Michael Simmonds**  
**Chair of Trustees**



**Simon Harbrow**  
**Principal**

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As directors, we acknowledge we have overall responsibility for ensuring that South Essex Academy 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 South Essex Academy 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 Directors' report and in the Statement of Directors' responsibilities. The board of trustees has formally met 10 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Out of a possible
Michael Simmonds, Chair	10	10
Simon Harbrow, Executive Headteacher	10	10
Tosca Boothman	10	10
Darren Stoner	7	10
Vanessa Van Blerk	6	10
Crystal Wiggs	5	5
Emma Wigmore	5	10
Dominic Carver	0	0

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to manage the finances of the Trust.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Darren Stoner, Committee Chair	2	2
Michael Simmonds, Chair of Trustees	2	2
Simon Harbrow, Executive Headteacher	2	2

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the multi 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 multi academy 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 multi academy trust has delivered improved value for money during the year by:

The Trust commenced a review of support staff roles across the three schools and have aligned job descriptions, pay scales and hours where appropriate. This will realise some significant savings in salary expenditure across the trust over the next 18 months. It has also alleviated some of the issues encountered with regards to sickness and absence cover.

There have been difficulties in the recruitment of new teaching staff over the past year, however the Trust has been able to manage this through the migration and re-organisation of staff within the Trust. The Trust actively supports the recruitment and development of NQT's. Our unique CPD model and NQT training program ensures we develop NQT's rapidly with the support of dedicated release time and an assigned mentor

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

Investment in staff development has continued during the year. Senior leaders have commenced further studies such as NPQSL and SENCO Awards. In house CPD led by Senior Leaders occurs regularly and all staff have a tailored plan identified during the performance management process. The Trust also held a Multi Academy INSET day to staff to spend time together in their specialist areas sharing best practice. It also allowed the Trust to collate valuable staff feedback to use in strategic planning going forward.

Key staff have continued to generate additional income for the Trust by providing consultancy and inspection services to other schools and to OFSTED. The Trust has also continued to hire out school facilities to the local community as well as run a successful Before and After School club and Catering function.

The Trust has continued to ensure that value for money is achieved when purchasing by:

- Exploring purchasing options both on-line and through suppliers directly to find best value
- Regularly reviewing and aligning contracts between the three schools to ensure they are fit for purpose and best value, e.g. grounds maintenance, utilities, telephones
- Re-negotiating contracts with service suppliers such as the local authority to obtain Multi Academy Trust discounts
- Ordering equipment and supplies in bulk across all three schools where possible to reduce costs further.

**New Initiatives**

It was recognised that centralising certain functions within the Trust would have significant benefit in terms of cost savings, efficiency and consistency. With diminishing budget, inflation and incremental cost increases, centralising core services will minimise financial risk and secure a stable platform for centres of excellence in Finance, HR and Administration within the Trust. From 1 September 2016, the Trust has:

- streamlined all back office functions which has included a review of the administrative and finance functions across the schools and implemented new procedures.
- moved to a new finance system which has given the ability to centralise and operate 'one budget' for the schools within the Trust and make considerable savings on IT licencing fees.
- moved to a single bank account operation to reduce administrative functions within each school
- moved to a new pupil and staff database and MIS reporting tool which again reduces administrative functions within each school.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of multi 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 South Essex Academy Trust for the year 1 September 2015 to 31 August 2016 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 multi 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 multi academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

**THE RISK AND CONTROL FRAMEWORK**

The multi 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 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 has decided not to appoint an internal auditor. However, the Directors have appointed Essex County Council, a Director, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. Steps have been taken by the Trust to correct any control issues identified.

**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the board of trustees on 16 December 2016 and signed on their behalf, by:



**Michael Simmonds**  
Chair of Trustees



**Simon Harbrow**  
Accounting Officer



**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of South Essex Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, 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 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



**Simon Harbrow**  
**Accounting Officer**

Date: 16th December 2016

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

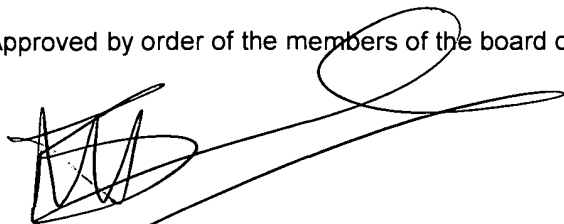
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 16 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Michael Simmonds', written over a horizontal line.

**Michael Simmonds**  
**Chair of Trustees**

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH ESSEX ACADEMY TRUST**

We have audited the financial statements of South Essex Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the charitable multi academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the multi academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH  
ESSEX ACADEMY TRUST**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Clive Smith FCA (Senior statutory auditor)

for and on behalf of

**MWS**

Chartered Accountant  
Registered Auditors

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE  
16 December 2016

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTH ESSEX  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 February 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Essex Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South Essex Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Essex Academy Trust and the EFA 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 South Essex Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SOUTH ESSEX ACADEMY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITORS**

*The accounting officer is responsible, under the requirements of South Essex Academy Trust's funding agreement with the Secretary of State for Education dated July 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.*

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTH ESSEX  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**MWS**

Chartered Accountant  
Reporting Accountant

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

16 December 2016

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer on conversion	2	-	-	-	-	6,036,010
Other donations and capital grants	2	57,488	3,075	22,915	83,478	340,688
Charitable activities	5	-	3,841,645	-	3,841,645	2,141,908
Other trading activities	3	203,629	-	-	203,629	104,784
Investments	4	745	-	-	745	525
<b>TOTAL INCOME</b>		<b>261,862</b>	<b>3,844,720</b>	<b>22,915</b>	<b>4,129,497</b>	<b>8,623,915</b>
<b>EXPENDITURE ON:</b>						
Raising funds		-	-	-	-	3,552
Charitable activities		103,519	4,407,476	507,659	5,018,654	2,683,025
<b>TOTAL EXPENDITURE</b>	8	<b>103,519</b>	<b>4,407,476</b>	<b>507,659</b>	<b>5,018,654</b>	<b>2,686,577</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>158,343</b>	<b>(562,756)</b>	<b>(484,744)</b>	<b>(889,157)</b>	<b>5,937,338</b>
Transfers between Funds	20	(350,426)	298,719	51,707	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(192,083)</b>	<b>(264,037)</b>	<b>(433,037)</b>	<b>(889,157)</b>	<b>5,937,338</b>
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(999,000)	-	(999,000)	46,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(192,083)</b>	<b>(1,263,037)</b>	<b>(433,037)</b>	<b>(1,888,157)</b>	<b>5,983,338</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		329,260	(1,338,373)	8,600,935	7,591,822	1,608,484
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>137,177</b>	<b>(2,601,410)</b>	<b>8,167,898</b>	<b>5,703,665</b>	<b>7,591,822</b>

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07681226**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	2015 £
<b>FIXED ASSETS</b>				
Tangible assets	15	8,042,396	8,438,923	
Investment property	16	97,516	97,516	
Total tangible assets			<u>8,139,912</u>	<u>8,536,439</u>
			8,139,912	8,536,439
<b>CURRENT ASSETS</b>				
Debtors	17	166,412	223,571	
Cash at bank and in hand		305,738	681,513	
		<u>472,150</u>	<u>905,084</u>	
<b>CREDITORS:</b> amounts falling due within one year	18	(272,397)	(337,701)	
<b>NET CURRENT ASSETS</b>			<u>199,753</u>	<u>567,383</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,339,665</u>	<u>9,103,822</u>
Defined benefit pension scheme liability	24	(2,636,000)	(2,636,000)	(1,512,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>5,703,665</u></u>	<u><u>7,591,822</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	20	34,590	173,627	
Restricted fixed asset funds	20	8,167,898	8,600,935	
Restricted income funds excluding pension liability		<u>8,202,488</u>	<u>8,774,562</u>	
Pension reserve		<u>(2,636,000)</u>	<u>(1,512,000)</u>	
Total restricted income funds			<u>5,566,488</u>	<u>7,262,562</u>
Unrestricted income funds	20		<u>137,177</u>	<u>329,260</u>
<b>TOTAL FUNDS</b>			<u><u>5,703,665</u></u>	<u><u>7,591,822</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 16 December 2016 and are signed on their behalf, by:

  
**Michael Simmonds**  
**Chair of Trustees**

  
**Simon Harbrow**  
**Accounting Officer**

The notes on pages 24 to 44 form part of these financial statements.



**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	22	<u>(288,305)</u>	<u>274,217</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		745	525
Purchase of tangible fixed assets		(111,131)	(168,144)
Capital grants from DfE/EFA		18,033	299,209
Capital funding received from sponsors and others		<u>4,880</u>	<u>-</u>
<b>Net cash (used in)/provided by investing activities</b>		<u>(87,473)</u>	<u>131,590</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(375,778)</b>	<b>405,807</b>
Cash and cash equivalents brought forward		<u>681,516</u>	<u>275,709</u>
<b>Cash and cash equivalents carried forward</b>	23	<u><u>305,738</u></u>	<u><u>681,516</u></u>

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

South Essex Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of South Essex Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of South Essex Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

**1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the multi academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	45 years straight line
Long-term leasehold property	-	45 years and 15 years straight line
Furniture and equipment	-	25% straight line
Computer equipment	-	33% straight line

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the multi academy trust; this is normally upon notification of the interest paid or payable by the Bank.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.9 Taxation**

The multi 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 multi 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.

**1.10 Debtors**

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

**1.11 Cash at Bank and in hand**

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

**1.12 Liabilities and provisions**

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 multi academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial instruments**

The multi academy trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.15 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer on conversion	-	-	-	-	6,036,010
Educational trips and visits	32,975	-	-	32,975	36,674
EFA Capital grants	-	-	18,035	18,035	299,210
Donations	24,513	3,075	4,880	32,468	4,804
Subtotal	57,488	3,075	22,915	83,478	340,688
Total donations and capital grants	57,488	3,075	22,915	83,478	6,376,698

In 2015, of the total income from donations and capital grants, £312,839 was to unrestricted funds and £6,063,859 was to restricted funds

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	38,341	-	38,341	28,245
Catering income	51,264	-	51,264	32,370
Services Provided	5,053	-	5,053	-
School sales	4,181	-	4,181	1,077
Fundraising activities	97,160	-	97,160	43,092
OFSTED income	7,630	-	7,630	-
	203,629	-	203,629	104,784

In 2015, of the total income from other trading activities, £104,784 was to unrestricted funds and £ NIL was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	745	-	745	525

In 2015, of the total investment income, £ 745 was to unrestricted funds and £ NIL was to restricted funds.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	3,086,469	3,086,469	1,672,824
Other DfE/EFA Grants	-	471,110	471,110	376,566
	-	3,557,579	3,557,579	2,049,390
<b>Other government grants</b>				
Local Authority Grants	-	280,827	280,827	88,449
	-	280,827	280,827	88,449
<b>Other funding</b>				
Nursery	-	3,239	3,239	4,069
	-	3,239	3,239	4,069
	-	3,841,645	3,841,645	2,141,908

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £2,141,908 was to restricted funds.

**6. DIRECT COSTS**

	Educational Operations £	Total 2016 £	Total 2015 £
Technology costs	8,544	8,544	501
Educational supplies	161,614	161,614	84,642
Staff development	42,773	42,773	20,164
Educational consultancy	17,869	17,869	-
Other direct costs	56,628	56,628	48,727
Wages and salaries	1,942,722	1,942,722	1,098,612
National insurance	142,958	142,958	66,000
Pension cost	241,303	241,303	113,959
	2,614,411	2,614,411	1,432,605

In 2015, the multi academy trust incurred the following Direct costs:

£1,432,605 in respect of Educational Operations



**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**7. SUPPORT COSTS**

	<b>Educational Operations</b>	<b>Total 2016</b>	<i>Total 2015</i>
	<b>£</b>	<b>£</b>	<b>£</b>
Net pension finance charge	57,000	57,000	29,000
Technology costs	3,536	3,536	-
Recruitment and support	2,570	2,570	3,997
Maintenance of premises	202,826	202,826	65,978
Cleaning	18,856	18,856	9,628
Rent and rates	34,712	34,712	15,695
Energy costs	65,238	65,238	40,193
Insurance	39,064	39,064	16,607
Security and transport	11,350	11,350	13,766
Catering	89,630	89,630	41,865
Bank interest and charges	1,639	1,639	1,759
Legal and professional fees	292,634	292,634	155,970
Other support costs	66,275	66,275	44,998
Wages and salaries	737,880	737,880	347,244
National insurance	34,471	34,471	14,187
Pension cost	238,903	238,903	128,571
Depreciation	507,659	507,659	320,963
	<b>2,404,243</b>	<b>2,404,243</b>	<b>1,250,421</b>

During the year ended 31 August 2016, the multi academy trust incurred the following Governance costs:  
£17,000 (2015 - £17,700) included within the table above in respect of Educational Operations.

In 2015, the multi academy trust incurred the following Support costs:

£1,250,421 in respect of Educational Operations

**8. EXPENDITURE**

	<b>Staff costs 2016</b>	<b>Premises 2016</b>	<b>Other costs 2016</b>	<b>Total 2016</b>	<i>Total 2015</i>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Educational Operations:					
Direct costs	2,326,983	-	287,428	2,614,411	1,424,938
Support costs	1,030,286	829,291	544,666	2,404,243	1,261,639
	<b>3,357,269</b>	<b>829,291</b>	<b>832,094</b>	<b>5,018,654</b>	<b>2,686,577</b>

In 2016, of the total expenditure, £103,519 (2015 - £234,494) was to unrestricted funds and £4,915,135 (2015 - £2,452,083) was to restricted funds.

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>507,658</b>	320,963
Auditors' remuneration - audit	<b>17,000</b>	17,700
Operating lease rentals	<b>4,544</b>	4,544
	<u><b>529,202</b></u>	<u><b>343,207</b></u>

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**10. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,620,921	1,397,084
Social security costs	177,429	80,187
Operating costs of defined benefit pension schemes	480,206	242,530
	<u>3,278,556</u>	<u>1,719,801</u>
Supply teacher costs	59,681	48,772
Staff restructuring costs	19,032	-
	<u><u>3,357,269</u></u>	<u><u>1,768,573</u></u>

Staff restructuring costs comprise:

	2016 £	2015 £
Severance payments	19,032	-
	<u><u>19,032</u></u>	<u><u>-</u></u>

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

	2016 No.	2015 No.
Management	4	4
Teachers	43	40
Administration	125	120
	<u>172</u>	<u>164</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	0	1
In the band £90,001 - £100,000	1	0

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £19,032 (2015: £nil). Individually, the payments were: £10,000, £2,000, and £7,032.

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 £278,511.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**11. CENTRAL SERVICES**

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

- Software licenses
- Shared staff

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

Charges are based on the needs of the Multi Academy Trust as a whole, and the required level of shared staff required at each individual Academy.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Westwood Academy	21,841	-
Parkwood Academy	12,175	-
Winter Gardens Academy	32,205	-
	<u>66,221</u>	<u>          </u>
Total	<u>66,221</u>	<u>          </u>

**12. DIRECTORS' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 1 Director (2015 - 1) in respect of defined benefit pension schemes.

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

		2016 £	2015 £
Simon Harbrow, Executive	Remuneration	90,000-95,000	75,000-80,000
Headteacher	Pension contributions paid	15,000-20,000	10,000-15,000

During the year, no Directors received any benefits in kind (2015 - £NIL).

During the year ended 31 August 2016, expenses totalling £504 (2015 - £93) were reimbursed to 3 Directors (2015 - 1).

Details of any other related party transactions with directors can be found in note 29.

**13. DIRECTORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 is included in the total insurance cost.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**14. OTHER FINANCE INCOME**

	2016 £	2015 £
Interest income on pension scheme assets	-	18,000
Interest on pension scheme liabilities	(57,000)	(47,000)
	<u>(57,000)</u>	<u>(29,000)</u>

**15. TANGIBLE FIXED ASSETS**

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	1,822,682	5,029,042	1,661,446	367,672	8,880,842
Additions	6,237	66,690	8,247	29,957	111,131
At 31 August 2016	<u>1,828,919</u>	<u>5,095,732</u>	<u>1,669,693</u>	<u>397,629</u>	<u>8,991,973</u>
<b>Depreciation</b>					
At 1 September 2015	149,398	43,563	181,735	67,223	441,919
Charge for the year	37,885	112,176	228,713	128,884	507,658
At 31 August 2016	<u>187,283</u>	<u>155,739</u>	<u>410,448</u>	<u>196,107</u>	<u>949,577</u>
<b>Net book value</b>					
At 31 August 2016	<u>1,641,636</u>	<u>4,939,993</u>	<u>1,259,245</u>	<u>201,522</u>	<u>8,042,396</u>
At 31 August 2015	<u>1,673,284</u>	<u>4,985,479</u>	<u>1,479,711</u>	<u>300,449</u>	<u>8,438,923</u>

Included in land and buildings is freehold and leasehold land at valuation of £193,600 (2015 - £193,600), which is not depreciated.

**16. INVESTMENT PROPERTY**

	Freehold investment property £
<b>Valuation</b>	
At 1 September 2015 and 31 August 2016	<u>97,516</u>

The 2016 valuations were made by Simon Wright in 2011 upon conversion of Westwood Academy, on an open market value for existing use basis.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**17. DEBTORS**

	2016 £	2015 £
Trade debtors	13,841	2,157
VAT recoverable	67,995	18,782
Other debtors	2,882	170,632
Prepayments and accrued income	81,694	32,000
	<u>166,412</u>	<u>223,571</u>

**18. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	1,249	59,152
Other taxation and social security	56,026	46,560
Pension scheme creditors	47,272	30,008
Other creditors	210	38,239
Accruals and deferred income	167,640	163,742
	<u>272,397</u>	<u>337,701</u>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	31,563	18,064
Resources deferred during the year	68,028	31,563
Amounts released from previous years	(31,563)	(18,064)
Deferred income at 31 August 2016	<u>68,028</u>	<u>31,563</u>

Deferred income carried forward represents rates income, income for educational visits, Universal Infant Free School Meals income and income for catering received in advance.

**19. TRANSFERS BETWEEN FUNDS**

Funds have been transferred in respect of the following:

£350,426 has been transferred from the unrestricted fund to the restricted fund for the General Annual Grant representing unrestricted funds reallocated for restricted purposes.

£69,255 has been transferred from the restricted fixed asset fund to the restricted fund for EFA capital grants receive for works that did not meet the criteria for capitalisation

£51,707 has been transferred from the restricted fund for the General Annual Grant (GAG) to the restricted fixed asset fund representing fixed assets purchased from GAG.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**20. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	329,260	261,862	(103,519)	(350,426)	-	137,177
<b>Restricted funds</b>						
General Annual Grant (GAG)	30,212	3,086,468	(3,272,732)	161,396	-	5,344
Central funds	-	-	(68,215)	71,221	-	3,006
Other DfE/EFA grants	-	108,775	(108,545)	-	-	230
Pupil premium	32,000	362,335	(368,325)	-	-	26,010
MAT funding grant	111,415	-	(108,262)	(3,153)	-	-
Local Authority Grants	-	280,828	(280,828)	-	-	-
Nursery	-	3,239	(3,239)	-	-	-
PTA donations	-	3,075	(3,075)	-	-	-
EFA CIF funding	-	-	(69,255)	69,255	-	-
Pension reserve	(1,512,000)	-	(125,000)	-	(999,000)	(2,636,000)
	<u>(1,338,373)</u>	<u>3,844,720</u>	<u>(4,407,476)</u>	<u>298,719</u>	<u>(999,000)</u>	<u>(2,601,410)</u>
<b>Restricted fixed asset funds</b>						
Inherited fixed assets	8,263,832	-	(455,133)	-	-	7,808,699
Tangible fixed assets	181,913	-	(52,526)	209,156	-	338,543
EFA capital grants	155,190	18,035	-	(152,569)	-	20,656
MAT funding	-	-	-	-	-	-
PTA donations	-	4,880	-	(4,880)	-	-
	<u>8,600,935</u>	<u>22,915</u>	<u>(507,659)</u>	<u>51,707</u>	<u>-</u>	<u>8,167,898</u>
Total restricted funds	<u>7,262,562</u>	<u>3,867,635</u>	<u>(4,915,135)</u>	<u>350,426</u>	<u>(999,000)</u>	<u>5,566,488</u>
Total of funds	<u>7,591,822</u>	<u>4,129,497</u>	<u>(5,018,654)</u>	<u>-</u>	<u>(999,000)</u>	<u>5,703,665</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the EFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

The Other government and DfE/EFA grants fund has been created to recognise the restricted grant funding received from the DfE/EFA and Local Authority which fall outside the scope of core funding.

The pupil premium reserve has been created to recognise pupil premium funding received from the DfE/EFA.

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**20. STATEMENT OF FUNDS (continued)**

The MAT funding grant represents funding for expenses related to the conversion of the trust to Multi Academy Trust status.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Capital expenditure from the GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery therein. Depreciation charged on those inherited assets is allocated to this fund.

The DfE/EFA capital grant funds have been created to recognise the capital grants received from the purpose of the acquisition of tangible fixed assets. Expenditure made from this fund is transferred to the capital expenditure from grants fund. Depreciation relating to these assets has been allocated to this fund.

The Donations for capital expenditure fund has been created to recognise other income received for the purpose of the acquisition of tangible fixed assets. Expenditure made from this fund is transferred to the capital expenditure from grants fund. Depreciation relating to these assets has been allocated to this fund.

The nursery fund has been created to recognise income and expenditure relating to the provision of nursery services.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Westwood Academy	<b>10,386</b>	166,639
Parkwood Academy	<b>122,357</b>	217,493
Winter Gardens Academy	<b>32,266</b>	92,298
Central	<b>6,758</b>	26,457
Total before fixed asset fund and pension reserve	<b>171,767</b>	502,887
Restricted fixed asset fund	<b>8,167,898</b>	8,600,935
Pension reserve	<b>(2,636,000)</b>	(1,512,000)
Total	<b>5,703,665</b>	7,591,822



**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**20. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
Westwood Academy	533,488	240,796	38,443	335,227	1,147,954	1,105,028
Parkwood Academy	660,932	252,109	51,896	237,989	1,202,926	1,096,051
Winter Gardens Academy	1,118,618	560,172	61,389	326,362	2,066,541	389,857
	<u>2,313,038</u>	<u>1,053,077</u>	<u>151,728</u>	<u>899,578</u>	<u>4,417,421</u>	<u>2,590,936</u>

**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	8,042,395	8,042,395	8,438,923
Investment property	-	-	97,516	97,516	97,516
Current assets	137,176	306,985	27,988	472,149	905,084
Creditors due within one year	-	(272,395)	-	(272,395)	(337,702)
Provisions for liabilities and charges	-	(2,636,000)	-	(2,636,000)	(1,512,000)
	<u>137,177</u>	<u>(2,601,410)</u>	<u>8,167,898</u>	<u>5,703,665</u>	<u>7,591,822</u>

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(889,157)	5,937,338
<b>Adjustment for:</b>		
Depreciation charges	507,658	320,964
Dividends, interest and rents from investments	(745)	(525)
Decrease/(increase) in debtors	57,159	(175,955)
(Decrease)/increase in creditors	(65,305)	192,250
Capital grants from DfE and other capital income	(22,915)	(299,209)
Defined benefit pension scheme obligation inherited	-	1,099,000
Defined benefit pension scheme cost less contributions payable	68,000	35,000
Defined benefit pension scheme finance cost	57,000	29,000
Net (loss) on assets and liabilities from local authority on conversion	-	(6,863,646)
<b>Net cash (used in)/provided by operating activities</b>	<b>(288,305)</b>	<b>274,217</b>

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand and at bank	305,738	681,516
<b>Total</b>	<b>305,738</b>	<b>681,516</b>

**24. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £47,272 were payable to the schemes at 31 August 2016 (2015 - £30,008) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**SOUTH ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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% 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £241,303 (2015 - £113,959).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £223,000 (2015 - £121,000), of which employer's contributions totalled £171,000 (2015 - £93,000) and employees' contributions totalled £52,000 (2015 - £28,000). The agreed contribution rates for future years are 12.3% for employers and 5.5 - 7.5% for employees.

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

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.60 %
Inflation assumption (CPI)	2.30 %	2.60 %
Commutation of pensions to lump sums	60.00 %	60.00 %
Increase in RPI	3.20 %	3.50 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	665,000	411,000
Gilts	35,000	26,000
Other bonds	43,000	62,000
Property	107,000	74,000
Cash	29,000	16,000
Alternative Assets	90,000	46,000
Total market value of assets	<u>969,000</u>	<u>635,000</u>

The actual return on scheme assets was £111,000 (2015 - £(4,000)).

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**24. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(239,000)	(128,000)
Net interest cost	(57,000)	(29,000)
Total	<u>(296,000)</u>	<u>(157,000)</u>
Actual return on scheme assets	<u>111,000</u>	<u>(4,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	2,147,000	646,000
Upon conversion	-	1,354,000
Current service cost	239,000	128,000
Interest cost	87,000	47,000
Contributions by employees	52,000	28,000
Change in financial assumptions	1,080,000	(54,000)
Benefits paid	-	(2,000)
Closing defined benefit obligation	<u>3,605,000</u>	<u>2,147,000</u>

Movements in the fair value of the multi academy trust's share of scheme assets:

	2016 £	2015 £
Opening fair value of scheme assets	635,000	251,000
Upon conversion	-	255,000
Return on plan assets (excluding net interest on the net defined pension liability)	81,000	(4,000)
Interest income	30,000	14,000
Contributions by employer	171,000	93,000
Contributions by employees	52,000	28,000
Benefits paid	-	(2,000)
Closing fair value of scheme assets	<u>969,000</u>	<u>635,000</u>

**SOUTH ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**25. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	4,544	4,544
Between 1 and 5 years	6,286	10,830
Total	<u>10,830</u>	<u>15,374</u>

**26. RELATED PARTY TRANSACTIONS**

During the year the Academy purchased governor training materials at cost of £3,049 (2015:£447) with Go Ministries Ltd, a company of which a Trustee, Michael Simmonds, is a controlling director. These services were provided at cost

During the year the Trust also purchased at cost educational support of £10,450 (2015:£250), from KIS Education Solutions Ltd, a company of which a Member of the Trust (from 30th June 2015), Keith Pullen, is a controlling director.

At the year end there were no amounts owing to either of the above.

**27. CONTROLLING PARTY**

There is no ultimate controlling party.

**28. MEMBERS' LIABILITY**

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

**29. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the multi academy trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.