

Registrar's Copy

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

WEDNESDAY



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SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members Michael Simmonds
Dominic Carver (resigned 15 November 2016)
Joseph Figg (resigned 13 January 2017)
Keith Pullen
Howard Sellick
Darren Stoner (appointed 24 October 2016)

Directors Michael Simmonds, Chair¹
Simon Harbrow, Executive Headteacher¹
Tosca Boothman
Darren Stoner (resigned 12 October 2016)¹
Vanessa Van Blerk
Crystal Wiggs
Emma Wigmore (resigned 3 September 2016)
Dominic Carver (appointed 1 December 2016)
Jeffrey Gritzman (appointed 11 March 2017)

¹ Member of the Finance Committee

Company registered number 07681226

Company name South Essex Academy Trust

Principal and registered office Westwood Academy
Beresford Close
Hadleigh
Benfleet
Essex
SS7 2SU

Company secretary Helen Norbury

Senior management team S Harbrow, Executive Headteacher
J Archer, Head of Westwood
A Lucas, Head of Parkwood
C Stalham, Head of Winter Gardens
A Savill, Head of Bardfield

Independent auditors MWS
Chartered Accountant
Registered Auditors
Kingsridge House
601 London Road
Westcliff-on-Sea
Essex
SS0 9PE

Bankers 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 2017**

Advisers (continued)

Solicitors	Essex County Council, Legal Services County Hall Market Road Chelmsford CM1 1QH
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SOUTH ESSEX ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditors' report of South Essex Academy Trust from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates four primary academies in the Hadleigh, Canvey Island, Basildon and Chelmsford areas of Essex. Its academies have a combined pupil capacity of 1260 excluding nursery places and had a roll of 1370 including nursery in the school census in January 2017.

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 trustees who served during the year 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 surrounding areas.

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 Trustees

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 recommends 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 well-being 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 communications of those within south east Essex or beyond using Academy Ambassadors and other sources.

New Directors will be appointed to the Board of Directors until the date of the next annual general meeting, at which time maybe become 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.

d. Policies And Procedures Adopted For The Induction And Training Of Trustees

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 Headteacher and Deputy Headteacher 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 once 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.

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 their own pay.

g. Related Parties And Other Connected Charities And Organisations

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.

h. 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 broadly in South East Essex. This currently comprises Westwood Academy, Hadleigh; Parkwood Academy, Chelmsford; Winter Gardens Academy, Canvey Island; and Bardfield Academy, Basildon.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

b. Objects, 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;
- Be 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 Early Years, 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

Strategic Report

Achievements and performance

a. KEY PERFORMANCE INDICATORS

Pupil attendance for academic year 2016/17 was;

Westwood Academy: 96.5%
Parkwood Academy: 94.8%
Winter Gardens Academy: 94.3%
Bardfield Academy: 94.7%
National average of 96.1%

Attainment	Westwood	Parkwood	Winter Gardens	Bardfield	2017 NA
GLD	86 ABOVE	69 ABOVE	73 ABOVE	69	70
Phonics	100 ABOVE	77	81	81 ABOVE	81
Yr 2	100 ABOVE	92 ABOVE	92 ABOVE	87	92
Key Stage 1					
Reading	93/40 ABOVE	70/30	75/27 ABOVE	83/33 ABOVE	76/25
Writing	90/33 ABOVE	52/9	53/13	74/19 ABOVE	68/16
Maths	97/57 ABOVE	78/26 ABOVE	70/18	78/26 ABOVE	75/21
Key Stage 2					
Reading	93/40 ABOVE	42/0	62/2	83/26 ABOVE	71/25
Writing	83/33 ABOVE	73/19	53/5	83/19 ABOVE	76/18
Maths	90/27 ABOVE	81/4 ABOVE	51/0	83/14 ABOVE	75/23
EGPS	83/50 ABOVE	77/27 ABOVE	67/9	81/36 ABOVE	77/31
Combined	80/17 ABOVE	42/0	33/0	79/5 ABOVE	61/9

Progress KS2	Reading	Disadvantaged	Writing	Disadvantaged	Maths	Disadvantaged
Westwood 23%	+2.5	+3.3 Expected-: R:100	+1.6	+3.2 Expected-: W:100	+1.2	+1.9 Expected-: M:100
Bardfield 57%	+1.2	+2.2 Expected-: R:83	+1.2	+0.8 Expected-: W:78	-0.2	-1.2 Expected-: M:79
Winter Gardens 38%	-2.8	-4.5 Expected-: R:54	-2.7	-1.9 Expected-: W:54	-3.8	-4.9 Expected-: M:38
Parkwood 80%	+0.1	+0.6 Expected-: R:46	+3.1	+2.3 Expected-: W:73	+2.6	+2.4 Expected-: M:77

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:

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

a. 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 £353,834, restricted reserves of £60,533, restricted fixed assets reserves of £12,387,774 and a pension deficit of £3,492,000. The Trust has a financial liability to repay its share 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.

b. Investment Policy

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 2017, the Trust's cash balances generated an average income return of less than 0.10%pa.

c. 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

d. Plans For Future Periods

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.

e. Funds Held As Custodian Trustee On Behalf Of Others

There are no such funds held by the Academy Trust.

f. Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 4th December 2017 and signed on the board's behalf by:

Michael Simmonds
Chair of Trustees



Simon Harbrow
Principal



SOUTH ESSEX ACADEMY TRUST
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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 17 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	15	17
Simon Harbrow, Executive Headteacher	17	17
Tosca Boothman	15	17
Darren Stoner (resigned 12 October 2016)	1	5
Vanessa Van Blerk	9	17
Crystal Wiggs	15	17
Dominic Carver (appointed 1 December 2016)	6	12
Jeffrey Gritzman (appointed 11 March 2017)	5	6

The board meets on separate times for the governance of each school individually as well as for the governance of the trust. This has therefore amounted to 17 separate meetings during the year. Whilst most meetings are attended by all directors some have prioritised those that are particularly relevant to their designated focus.

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:

Review for the Year Ending 31 August 2017

The Trust has seen improved educational outcomes across all four schools. All schools work collaboratively, participating in staff training sessions together, providing school to school support and sharing resources. Examples of these improved outcomes include:

- Parkwood Academy achieved a rating of GOOD for the first time in the history of the school.
- Our newest school, Bardfield Academy achieved above national average in every measure for the first time.
- Westwood Academy, the first school in the Trust achieved above national average in every measure for the third year running.

The Trust has considered ways to strengthen financial oversight and governance during the year which has resulted in the recruitment of two new Directors, with strong HR and Finance backgrounds. This has increased the Board's capacity and has allowed for more stringent monitoring across all areas within each school and the

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GOVERNANCE STATEMENT (continued)

Trust.

All schools within the Trust have introduced Before and After School clubs in the locations that did not already offer this to pupils. They have proved to be very popular and take up has been encouraging. These clubs have generated additional income for the schools and have also allowed us to offer additional support to disadvantaged families.

New Initiatives

After consultation with key stakeholders, all schools have altered their start and finish times to allow for an early finish for pupils on Friday afternoons. In addition, non-pupil days have been grouped together to allow for an additional weeks holiday during the October half term. This has allowed for additional staff training to be completed during the day, as well as providing teachers with additional PPA opportunities. It is expected to have a positive effect on attendance, which will be monitored over the coming year.

The Trust has introduced a staff wellbeing and retention programme – the SEAT Leadership Academy. All staff are placed on a developmental pathway which is identified and run alongside the existing PMR process. This allows for better succession planning for key roles, as well as assisting with addressing recruitment and retention issues by giving all staff focus and a sense of belonging within their school and the Trust.

The Trust is continuing to invest in software solutions to improve its infrastructure. Upgrades to budget planning and payroll software will be explored and implemented during 2017-18 to reduce costs in these areas and free up staffing resources through automation of processes.

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 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The 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.

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GOVERNANCE STATEMENT (continued)

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. In particular the checks carried out in the current period included:

- Review of governance and financial management
- Review of banking procedures
- Review of payroll
- Review of income
- Review of expenditure

On a termly basis, the RO reports to the board of trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the 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 and general purposes 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 4 December 2017 and signed on their behalf, by:

Michael Simmonds
Chair of Trustees



Simon Harbrow
Accounting Officer



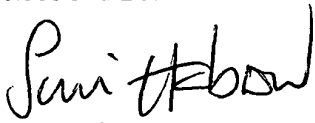
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of South Essex Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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



Simon Harbrow
Accounting Officer

Date: 4th December 2017

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 Strategic report, the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 4 December 2017 and signed on its behalf by:



Michael Simmonds
Chair of Trustees

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

OPINION

We have audited the financial statements of South Essex Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the multi academy trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the multi academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the Strategic report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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


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
4 December 2017

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 19 February 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Essex Academy Trust and the ESFA, 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 ACCOUNTANT**

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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH
ESSEX ACADEMY TRUST AND THE EDUCATION AND SKILLS 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 2016 to 31 August 2017 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 Accountants

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

4 December 2017

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion	2	87,196	(1,093,000)	4,352,417	3,346,613	-
Other donations and capital grants	2	103,750	-	629,816	733,566	83,478
Charitable activities	5	-	5,883,256	-	5,883,256	3,841,645
Other trading activities	3	189,984	-	-	189,984	203,629
Investments	4	729	-	-	729	745
TOTAL INCOME		381,659	4,790,256	4,982,233	10,154,148	4,129,497
EXPENDITURE ON:						
Charitable activities		-	6,450,546	790,126	7,240,672	5,018,654
TOTAL EXPENDITURE	8	-	6,450,546	790,126	7,240,672	5,018,654
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		381,659	(1,660,290)	4,192,107	2,913,476	(889,157)
Transfers between Funds	20,21	(165,000)	137,231	27,769	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		216,659	(1,523,059)	4,219,876	2,913,476	(889,157)
Actuarial gains/(losses) on defined benefit pension schemes	27	-	693,000	-	693,000	(999,000)
NET MOVEMENT IN FUNDS		216,659	(830,059)	4,219,876	3,606,476	(1,888,157)
RECONCILIATION OF FUNDS:						
Total funds brought forward		137,175	(2,601,408)	8,167,898	5,703,665	7,591,822
TOTAL FUNDS CARRIED FORWARD		353,834	(3,431,467)	12,387,774	9,310,141	5,703,665

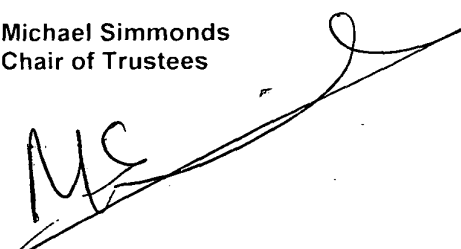
SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07681226

BALANCE SHEET
AS AT 31 AUGUST 2017

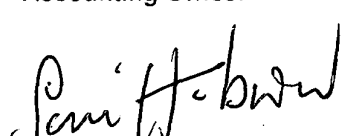
	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	16	11,816,897		8,042,393	
Investment property	17	146,970		97,516	
			<u>11,963,867</u>	<u>8,139,909</u>	
Total tangible assets			11,963,867		8,139,909
CURRENT ASSETS					
Debtors	18	292,481		166,412	
Cash at bank and in hand		1,073,690		305,738	
		<u>1,366,171</u>		<u>472,150</u>	
CREDITORS: amounts falling due within one year	19	(527,897)		(272,394)	
NET CURRENT ASSETS			838,274		199,756
TOTAL ASSETS LESS CURRENT LIABILITIES			12,802,141		8,339,665
Defined benefit pension scheme liability	27		<u>(3,492,000)</u>		<u>(2,636,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,310,141</u>		<u>5,703,665</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	21	60,533		34,592	
Restricted fixed asset funds	21	12,387,774		8,167,898	
			<u>12,448,307</u>	<u>8,202,490</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(3,492,000)</u>		<u>(2,636,000)</u>	
Total restricted income funds			8,956,307		5,566,490
Unrestricted income funds	21		353,834		137,175
TOTAL FUNDS			<u>9,310,141</u>		<u>5,703,665</u>

The financial statements on pages 20 to 46 were approved by the Directors, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:

Michael Simmonds
Chair of Trustees



Simon Harbrow
Accounting Officer



SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	23	<u>311,880</u>	<u>(288,305)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		729	745
Purchase of tangible fixed assets		(174,473)	(111,131)
Capital grants from DfE/ESFA		629,816	18,033
Capital funding received from sponsors and others		-	4,880
Net cash provided by/(used in) investing activities		<u>456,072</u>	<u>(87,473)</u>
Change in cash and cash equivalents in the year		767,952	(375,778)
Cash and cash equivalents brought forward		<u>305,738</u>	<u>681,516</u>
Cash and cash equivalents carried forward	24	<u><u>1,073,690</u></u>	<u><u>305,738</u></u>

SOUTH ESSEX ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 receipt is probable and it is measurable.

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

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.

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

All expenditure is inclusive of irrecoverable VAT.

SOUTH ESSEX ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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

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.

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.

SOUTH ESSEX ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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.

1.10 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.

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the multi academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the multi academy trust's wholly owned subsidiary are held at face value less any impairment.

SOUTH ESSEX ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 27, 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.

1.14 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Bardfield Primary & Nursery School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

1.15 Redundancy and termination payments

Redundancy and termination payments that may have been incurred during the year are included within staff costs, and disclosed separately within the staff costs note.

SOUTH ESSEX ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer on conversion	87,196	(1,093,000)	4,352,417	3,346,613	-
Donations	52,425	-	-	52,425	32,468
Educational trips and visits	51,325	-	-	51,325	32,975
ESFA Capital grants	-	-	629,816	629,816	18,035
Subtotal	103,750	-	629,816	733,566	83,478
	190,946	(1,093,000)	4,982,233	4,080,179	83,478
Total 2016	57,488	3,075	22,915	83,478	

SOUTH ESSEX ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	32,924	-	32,924	38,341
Catering income	81,824	-	81,824	51,264
Services Provided	6,957	-	6,957	5,053
School sales	9,054	-	9,054	4,181
Fundraising activities	53,796	-	53,796	97,160
OFSTED income	5,429	-	5,429	7,630
	<u>189,984</u>	<u>-</u>	<u>189,984</u>	<u>203,629</u>
<i>Total 2016</i>	<u>203,629</u>	<u>-</u>	<u>203,629</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	729	-	729	745
	<u>729</u>	<u>-</u>	<u>729</u>	<u>745</u>
<i>Total 2016</i>	<u>745</u>	<u>-</u>	<u>745</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,606,424	4,606,424	3,086,469
Other DfE/ESFA Grants	-	809,881	809,881	471,110
	-	5,416,305	5,416,305	3,557,579
Other government grants				
Local Authority Grants	-	466,951	466,951	284,066
	-	466,951	466,951	284,066
	-	5,883,256	5,883,256	3,841,645
<i>Total 2016</i>	-	3,841,645	3,841,645	

6. DIRECT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Technology costs	5,598	5,598	8,543
Educational supplies	187,643	187,643	175,657
Staff development	48,334	48,334	42,773
Educational consultancy	98,641	98,641	60,455
Wages and salaries	2,951,040	2,951,040	1,942,722
National insurance	254,785	254,785	142,958
Pension cost	315,412	315,412	241,303
	3,861,453	3,861,453	2,614,411
<i>At 31 August 2016</i>	2,614,411	2,614,411	

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FOR THE YEAR ENDED 31 AUGUST 2017**

7. SUPPORT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Net pension finance charge	79,000	79,000	57,000
Technology costs	17,885	17,885	3,536
Recruitment and support	239	239	2,570
Maintenance of premises	49,759	49,759	202,826
Cleaning	60,334	60,334	18,856
Rent and rates	51,108	51,108	34,712
Energy costs	90,824	90,824	65,238
Insurance	84,131	84,131	39,064
Security and transport	14,913	14,913	11,350
Catering	142,756	142,756	89,630
Bank interest and charges	124	124	1,639
Legal and professional fees	122,966	122,966	292,634
Other support costs	123,300	123,300	66,275
Wages and salaries	1,020,826	1,020,826	737,880
National insurance	51,795	51,795	34,471
Pension cost	679,133	679,133	238,903
Depreciation	790,126	790,126	507,659
	<u>3,379,219</u>	<u>3,379,219</u>	<u>2,404,243</u>
<i>At 31 August 2016</i>	<u>2,404,243</u>	<u>2,404,243</u>	

During the year ended 31 August 2017, the multi academy trust incurred the following Governance costs:
£12,500 (2016 - £17,000) included within the table above in respect of Educational Operations.

8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations:					
Direct costs	3,546,237	-	315,216	3,861,453	2,614,411
Support costs	1,726,754	1,047,178	605,287	3,379,219	2,404,243
	<u>5,272,991</u>	<u>1,047,178</u>	<u>920,503</u>	<u>7,240,672</u>	<u>5,018,654</u>
<i>Total 2016</i>	<u>3,338,237</u>	<u>829,291</u>	<u>851,126</u>	<u>5,018,654</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017**

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations	3,861,453	3,379,219	7,240,672	5,018,654
<i>Total 2016</i>	<u>2,614,411</u>	<u>2,404,243</u>	<u>5,018,654</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	790,127	507,658
Auditors' remuneration - audit	12,500	17,000
Operating lease rentals	5,063	4,544
	<u>807,690</u>	<u>529,202</u>

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FOR THE YEAR ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,881,542	2,601,889
Social security costs	306,580	177,429
Operating costs of defined benefit pension schemes	994,545	480,206
	<u>5,182,667</u>	<u>3,259,524</u>
Supply teacher costs	84,835	59,681
Staff restructuring costs	5,489	19,032
	<u><u>5,272,991</u></u>	<u><u>3,338,237</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	2,843	-
Severance payments	2,646	19,032
	<u>5,489</u>	<u>19,032</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,593 (2016: £19,032). Individually the payments were £2,645, £554, and £394.

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

	2017 No.	2016 No.
Management	5	4
Teachers	55	43
Administration	178	125
	<u>238</u>	<u>172</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	1
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1

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 £390,595 (2016: £278,511).

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12. 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:

Each Academy is charged £55,000 per annum plus 3% of GAG funding

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Westwood Academy	78,205	21,841
Parkwood Academy	80,074	12,175
Winter Gardens Academy	99,655	32,205
Bardfield Academy	100,259	-
	<u>358,193</u>	<u>66,221</u>
Total		

13. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and 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:

		2017 £	2016 £
Simon Harbrow, Executive Headteacher	Remuneration	85,000-90,000	90,000-95,000
	Pension contributions paid	10,000-15,000	15,000-20,000

During the year, no Directors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £889 (2016 - £504) were reimbursed to 3 Directors (2016 - 3).

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

14. 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 2017 is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. OTHER FINANCE INCOME

	2017 £	2016 £
Interest on pension scheme liabilities	(79,000)	(57,000)

16. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Assets under construction £
Cost					
At 1 September 2016	1,828,918	5,095,732	1,669,692	397,628	-
Additions	56,340	14,810	2,346	11,426	176,746
Transfer on conversion	-	4,302,963	-	-	-
At 31 August 2017	1,885,258	9,413,505	1,672,038	409,054	176,746
Depreciation					
At 1 September 2016	187,284	155,739	410,448	196,106	-
Charge for the year	39,086	204,460	417,867	128,714	-
At 31 August 2017	226,370	360,199	828,315	324,820	-
Net book value					
At 31 August 2017	1,658,888	9,053,306	843,723	84,234	176,746
At 31 August 2016	1,641,634	4,939,993	1,259,244	201,522	-
					Total £
Cost					
At 1 September 2016					8,991,970
Additions					261,668
Transfer on conversion					4,302,963
At 31 August 2017					13,556,601
Depreciation					
At 1 September 2016					949,577
Charge for the year					790,127
At 31 August 2017					1,739,704
Net book value					
At 31 August 2017					11,816,897
At 31 August 2016					8,042,393

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**NOTES TO THE FINANCIAL STATEMENTS
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17. INVESTMENT PROPERTY

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 September 2016	97,516	-	97,516
Transfer on conversion	-	49,454	49,454
At 31 August 2017	<u>97,516</u>	<u>49,454</u>	<u>146,970</u>

The 2017 valuations were made by Simon Wright upon conversion, on an open market value for existing use basis.

18. DEBTORS

	2017 £	2016 £
Trade debtors	3,432	13,841
VAT recoverable	172,205	67,995
Other debtors	1,915	2,882
Prepayments and accrued income	114,929	81,694
	<u>292,481</u>	<u>166,412</u>

19. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	213,104	1,249
Other taxation and social security	76,021	56,026
Pension scheme creditors	65,812	47,272
Other creditors	585	40,437
Accruals and deferred income	172,375	127,410
	<u>527,897</u>	<u>272,394</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	68,028	31,563
Resources deferred during the year	154,384	68,028
Amounts released from previous years	(68,028)	(31,563)
Deferred income at 31 August 2017	<u>154,384</u>	<u>68,028</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.

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20. TRANSFERS BETWEEN FUNDS

Funds have been transferred in respect of the following:

£165,000 has been transferred from the unrestricted fund to the restricted fund for the General Annual Grant representing unrestricted funds reallocated for restricted purposes.

£304,000 has been transferred from the restricted fund for the General Annual Grant into the restricted fund for the Pension Reserve representing the employer contributions to the deficit.

£27,769 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.

£358,193 has been transferred from the restricted fund for General Annual Grant (GAG) to the restricted fund for Central funds to represent the topslice paid by each academy.

£226,569 has been transferred out of the restricted fixed asset fund for ESFA capital grants to the restricted fixed asset fund for Tangible fixed assets representing the spending of this grant income on tangible fixed assets.

21. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	137,175	381,659	-	(165,000)	-	353,834
Restricted funds						
General Annual Grant	5,346	4,606,423	(4,080,195)	(524,962)	-	6,612
Central funds	3,006	-	(338,698)	358,193	-	22,501
Other DfE/ESFA grants	230	191,314	(191,544)	-	-	-
Pupil premium	26,010	616,315	(610,905)	-	-	31,420
MAT funding grant	-	2,252	(2,252)	-	-	-
Local Authority Grants	-	125,775	(125,775)	-	-	-
Nursery	-	341,177	(341,177)	-	-	-
Pension reserve	(2,636,000)	(1,093,000)	(760,000)	304,000	693,000	(3,492,000)
	<u>(2,601,408)</u>	<u>4,790,256</u>	<u>(6,450,546)</u>	<u>137,231</u>	<u>693,000</u>	<u>(3,431,467)</u>
Restricted fixed asset funds						
Inherited fixed assets	7,808,699	4,352,417	(734,586)	-	-	11,426,530
Tangible fixed assets	338,543	-	(55,540)	254,338	-	537,341
ESFA capital grants	20,656	629,816	-	(226,569)	-	423,903
	<u>8,167,898</u>	<u>4,982,233</u>	<u>(790,126)</u>	<u>27,769</u>	<u>-</u>	<u>12,387,774</u>
Total restricted funds	<u>5,566,490</u>	<u>9,772,489</u>	<u>(7,240,672)</u>	<u>165,000</u>	<u>693,000</u>	<u>8,956,307</u>
Total of funds	<u>5,703,665</u>	<u>10,154,148</u>	<u>(7,240,672)</u>	<u>-</u>	<u>693,000</u>	<u>9,310,141</u>

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

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	329,260	261,859	(103,518)	(350,426)	-	137,175
	<u>329,260</u>	<u>261,859</u>	<u>(103,518)</u>	<u>(350,426)</u>	<u>-</u>	<u>137,175</u>
Restricted funds						
General Annual Grant	30,214	3,086,468	(3,272,732)	161,396	-	5,346
Central funds	-	-	(68,215)	71,221	-	3,006
Other DfE/ESFA 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)	-	-	-
ESFA CIF Funding	-	-	(69,255)	69,255	-	-
Pension reserve	(1,512,000)	-	(125,000)	-	(999,000)	(2,636,000)
	<u>(1,338,371)</u>	<u>3,844,720</u>	<u>(4,407,476)</u>	<u>298,719</u>	<u>(999,000)</u>	<u>(2,601,408)</u>
Restricted fixed asset funds						
Inherited fixed assets	8,263,832	-	(455,133)	-	-	7,808,699
Tangible fixed assets	181,913	-	(52,526)	209,156	-	338,543
ESFA capital grants	155,190	18,035	-	(152,569)	-	20,656
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>7,262,564</u>	<u>3,867,635</u>	<u>(4,915,135)</u>	<u>350,426</u>	<u>(999,000)</u>	<u>5,566,490</u>
Total of funds	<u>7,591,824</u>	<u>4,129,494</u>	<u>(5,018,653)</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 ESFA 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/ESFA grants fund has been created to recognise the restricted grant funding received from the DfE/ESFA 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/ESFA.

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NOTES TO THE FINANCIAL STATEMENTS
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21. 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/ESFA 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 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Westwood Academy	53,904	<i>10,386</i>
Parkwood Academy	129,207	<i>122,357</i>
Winter Gardens Academy	68,201	<i>32,266</i>
Bardfield Academy	130,776	<i>-</i>
Central fund	32,279	<i>6,758</i>
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	414,367	<i>171,767</i>
	<hr/>	<hr/>
Restricted fixed asset fund	12,387,774	<i>8,167,898</i>
Pension reserve	(3,492,000)	<i>(2,636,000)</i>
	<hr/>	<hr/>
Total	9,310,141	<i>5,703,665</i>
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. 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 2017 £	Total 2016 £
Westwood Academy	495,083	308,903	47,101	128,995	980,082	1,147,954
Parkwood Academy	570,756	294,459	40,810	228,835	1,134,860	1,202,926
Winter Gardens Academy	1,027,656	605,608	45,293	278,409	1,956,966	2,066,541
Bardfield Academy	1,176,922	516,090	60,036	282,386	2,035,434	-
Central	277,515	-	-	65,688	343,203	-
	<u>3,547,932</u>	<u>1,725,060</u>	<u>193,240</u>	<u>984,313</u>	<u>6,450,545</u>	<u>4,417,421</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	11,816,899	11,816,899
Investment property	-	-	146,970	146,970
Current assets	353,834	588,432	423,905	1,366,171
Creditors due within one year	-	(527,899)	-	(527,899)
Provisions for liabilities and charges	-	(3,492,000)	-	(3,492,000)
	<u>353,834</u>	<u>(3,431,467)</u>	<u>12,387,774</u>	<u>9,310,141</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	8,042,395	8,042,395
Investment property	-	-	97,516	97,516
Current assets	137,175	306,987	27,987	472,149
Creditors due within one year	-	(272,395)	-	(272,395)
Provisions for liabilities and charges	-	(2,636,000)	-	(2,636,000)
	<u>137,175</u>	<u>(2,601,408)</u>	<u>8,167,898</u>	<u>5,703,665</u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,913,476	(889,157)
Adjustment for:		
Depreciation charges	790,127	507,658
Dividends, interest and rents from investments	(729)	(745)
(Increase)/decrease in debtors	(126,069)	57,159
Increase/(decrease) in creditors	255,503	(65,305)
Capital grants from DfE and other capital income	(629,816)	(22,915)
Defined benefit pension scheme obligation inherited	1,093,000	-
Defined benefit pension scheme cost less contributions payable	377,000	68,000
Defined benefit pension scheme finance cost	79,000	57,000
Net (loss) on assets and liabilities from local authority on conversion	(4,439,612)	-
Net cash provided by/(used in) operating activities	311,880	(288,305)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,073,690	305,738
Total	1,073,690	305,738

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NOTES TO THE FINANCIAL STATEMENTS
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25. CONVERSION TO AN ACADEMY TRUST

On 1st September 2016 Bardfield Primary & Nursery School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to South Essex Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	4,352,417	4,352,417
Budget surplus/(deficit) on LA funds	87,195	-	-	87,195
LGPS pension surplus/(deficit)	-	(1,093,000)	-	(1,093,000)
Net assets/(liabilities)	<u>87,195</u>	<u>(1,093,000)</u>	<u>4,352,417</u>	<u>3,346,612</u>

The above net assets include £87,195 that were transferred as cash.

The land and buildings were transferred on a lease of 125 years.

26. CAPITAL COMMITMENTS

At 31 August 2017 the multi academy trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>423,904</u>	<u>-</u>

27. 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 2016.

Contributions amounting to £65,812 were payable to the schemes at 31 August 2017 (2016 - £47,272) and are included within creditors.

Teachers' Pension Scheme

Introduction

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

27. PENSION COMMITMENTS (continued)

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £325,568 (2016 - £241,303).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £399,000 (2016 - £223,000), of which employer's contributions totalled £304,000 (2016 - £171,000) and employees' contributions totalled £95,000 (2016 - £52,000). The agreed contribution rates for future years are 17.4 - 23.7% for employers and 5.5 - 12.5% for employees.

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

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(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

27. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Commutation of pensions to lump sums	50.00 %	60.00 %
RPA assumption	3.60 %	3.20 %

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	135,000	88,000
Discount rate -0.1%	(138,000)	(90,000)
Mortality assumption - 1 year increase	(182,000)	(93,000)
Mortality assumption - 1 year decrease	176,000	90,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,392,000	665,000
Gilts	132,000	35,000
Corporate bonds	84,000	43,000
Property	207,000	107,000
Cash and other liquid assets	67,000	29,000
Alternative assets and other managed funds	254,000	90,000
Total market value of assets	2,136,000	969,000

The actual return on scheme assets was £254,000 (2016 - £111,000).

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

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

	2017 £	2016 £
Current service cost	(681,000)	(239,000)
Interest cost	(79,000)	(57,000)
Total	<u>(760,000)</u>	<u>(296,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,605,000	2,147,000
Upon conversion	1,672,000	-
Current service cost	681,000	239,000
Interest cost	117,000	87,000
Employee contributions	95,000	52,000
Actuarial (gains)/losses	(519,000)	1,080,000
Benefits paid	(23,000)	-
Closing defined benefit obligation	<u>5,628,000</u>	<u>3,605,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	969,000	635,000
Upon conversion	579,000	-
Interest income	38,000	30,000
Actuarial losses	174,000	81,000
Employer contributions	304,000	171,000
Employee contributions	95,000	52,000
Benefits paid	(23,000)	-
Closing fair value of scheme assets	<u>2,136,000</u>	<u>969,000</u>

	2017 £	2016 £
Closing defined benefit obligation	(5,628,000)	(3,605,000)
Closing fair value of scheme assets	2,136,000	969,000
Total	<u>(3,492,000)</u>	<u>(2,636,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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28. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	13,363	4,544
Between 1 and 5 years	15,147	6,286
Total	<u>28,510</u>	<u>10,830</u>

29. RELATED PARTY TRANSACTIONS

During the year the Academy purchased governor training materials at cost of £3,971 (2016: £3,049) 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 £8,875 (2016: £10,450), from KIS Education Solutions Ltd, a company of which a Member of the Trust, Keith Pullen, is a controlling director.

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

30. 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.