

Registrar's Copy

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI ACADEMY TRUST, ITS MEMBERS/
TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members	Michael Simmonds, Chair ¹ Dominic Carver Keith Pullen (appointed 30 June 2015) Joseph Figg (appointed 30 June 2015)
Trustees	Emma Wigmore, Member until 01/09/2015 (appointed 1 September 2015) Tosca Boothman, Standards Director Simon Harbrow, Executive Headteacher ¹ Darren Stoner, Finance Director ¹ Vanessa Van Blerk John Archer (resigned 1 December 2014) Lynn Hackling (resigned 1 December 2014) Suzanne Hicks (resigned 1 December 2014) Nina Maclean (resigned 1 December 2014) Catherine Stalham (resigned 1 December 2014) Emma Warrington (resigned 1 December 2014)

¹ Member of the Finance Committee

Company registered number	07681226
Principal and registered office	Westwood Academy Beresford Close Hadleigh Benfleet Essex SS7 2SU

Company secretary Stacey Simson

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

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

SOUTH ESSEX ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of South Essex Academy Trust (the multi academy trust) for the year ended 31 August 2015. The Trustees confirm that the Annual report and financial statements of the multi academy trust comply with the current statutory requirements, the requirements of the multi academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The multi academy trust is a charitable company limited by guarantee and was set up by a Memorandum of Association on 23/06/2011 amended 10/11/2014. It is an exempt charity.

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

b. MEMBERS' LIABILITY

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

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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

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

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

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 the Regional Schools Commissioner, in order to ensure their personal development and knowledge and understanding is fully up to date.

e. ORGANISATIONAL STRUCTURE

The Directors have responsibility for setting and monitoring the overall strategic direction of the Charitable Trust.

Company, approving decisions delegated under a Scheme of Delegation to any Local Governing Body and appointing key members of staff.

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The Directors meet as a Board at least six times a year. All decisions reserved to the Directors are taken by the Board as a whole. The agenda includes standing items relating to each of the Schools in the Academy Trust, Finance, Teaching and Learning, Health and Safety, and Safeguarding.

Additional, ad hoc groups of Directors are established to consider specific issues and make recommendations to the Board.

Essex County Council Responsible Officer Service 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 School.

The Executive Headteacher is the Accounting Officer and works closely with both the other Directors and the senior staff of each Academy within the Academy Trust.

The day-to-day management of South Essex Academy Trust rests with the Executive Headteacher who has overall responsibility for the Trust. The Executive Headteacher is responsible for establishing and supporting Senior Leadership Teams in each school, including the Head of School or Headteacher, School Business Manager and any Deputy and Assistant Headteachers.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

South Essex Academy Trust is part of the BATIC (Benfleet and Thundersley Interschool Cluster Trust). This is a group of nineteen schools; comprising of two special, three secondary and a mix of primary, infant and junior schools. The main function of the cluster is to develop extended services, develop training for all staff and support Governance and share expertise.

During the year the Academy Trust has also purchased governor training materials and training from GO Ministries Ltd, a company owned by Mike Simmonds, a Director.

g. RISK MANAGEMENT

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

- Teaching and Learning
- Facilities
- Operating
- Financial systems and practices.

The risk register is reviewed at each Directors meeting.

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

h. TRUSTEES' INDEMNITIES

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

i. PRINCIPAL ACTIVITIES

The principal activity of South Essex Academy Trust as a Multi-Academy Trust is currently to run primary schools for boys and girls located in South East Essex. This currently comprises Westwood Academy, Hadleigh,

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Parkwood Academy, Chelmsford and Winter Gardens Academy, Canvey Island.

Objectives and Activities

a. OBJECTS AND AIMS

The Multi Academy Trust's objects ("Objects") are specifically restricted to the following:

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");

To promote for the benefit of the inhabitants where the Academies are located and the surrounding areas 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.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Directors' vision is to be outstanding in all they do. This is captured in the guiding principle of enabling a partnership of schools.

The school'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 and 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, open minded and not prejudiced;
- Be determined to have a strong work ethic;
- Have good communication skills; and
- Strive for high achievement and standards.

We encourage our children to:

- Develop their emotional, spiritual and cultural awareness;
- Not be involved in bullying, racism or any forms of harassment;
- Achieve outstanding results in Key Stage One and Key Stage Two;
- Achieve well regardless of their ability, home background, gender or ethnicity;
- Understand and respect others' feelings, value and beliefs; and
- Be enterprising and willing to take responsibility.

c. PUBLIC BENEFIT

The Directors have taken the Charity Commission's 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 Governors' annual report.

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

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

Strategic report

Achievements and performance

a. GOING CONCERN

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

b. REVIEW OF ACTIVITIES

During the year Westwood Academy, as the lead school within the Academy Trust, has sponsored two schools. Parkwood Academy converted on 1st December 2014 and Winter Gardens Academy on 1 July 2015. Both these Academies have required significant support within the resources available to the Directors of the Academy Trust. This has included the use of capacity funding provided by the Department of Education, the leadership of the Executive Headteacher and teacher led support from the staff at Westwood Academy and other commissioned activity. The intention is to move these Academies to a Good Ofsted category. At the same time continued improvement at Westwood Academy is moving towards an Outstanding Ofsted category.

Through introducing and maintaining the use of a termly Single Plan; continuous monitoring by the Executive Headteacher, leadership team members in each Academy, the Directors and external commissioned experts; Together with ongoing continuous professional development the purpose is to support school improvement at all levels.

Latest Results for South Essex Academy Trust 2014-2015

Parkwood Academy – KS1 SATs results 2015

	L2+ Parkwood	L2+ National	L2b+ Parkwood	L2b+ National	L3+ Parkwood	L3+ Parkwood
Reading %	76%	90%	62%	82%	10%	32%
Writing %	62%	88%	52%	72%	0%	18%
Maths %	90%	93%	72%	82%	10%	26%

Parkwood Academy – KS2 SATs results 2015

	L4+ Parkwood	L4+ National	L4b+ Parkwood	L4b+ National	L5+ Parkwood	L5+ National	L6+ Parkwood	L6+ National
Reading	88%	89%	88%	80%	21%	48%	0%	0%
Writing	79%	87%	50%	—	25%	36%	0%	2%
Maths	92%	87%	88%	77%	29%	42%	4%	9%
GPS	88%	80%	79%	73%	58%	56%	4%	4%

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	Level 4+ Parkwood	Level 4+ National	Level 5+ Parkwood	Level 5+ National
Reading, Writing & Maths combined	79%	80%	17%	24%
Reading & Writing combined		84%		31%

	2 Levels Progress Parkwood	2 Levels Progress National	3 Levels Progress Parkwood	3 Levels Progress National
Reading	95%	91%	50%	—
Writing	100%	94%	40%	—
Maths	95%	90%	40%	—

Westwood Academy

KS2

Over the past three years Westwood Academy has attained well over the national and local average for English and Maths. The following table shows this attainment.

Year	Reading			Writing			Maths			English, Grammar, Punctuation & Spelling		
	L4+	L5+	L6+	L4+	L5+	L6+	L4+	L5+	L6+	L4+	L5+	L6+
2013	92	51	0	90	23	0	95	56	0	87	61	0
2014	94	65	0	94	44	0	91	59	21	74	65	3
2015 school (v NA)	97 (+8)	66 (+18)	0	97 (+10)	41 (+5)	17 (+15)	93 (+6)	59 (+18)	14 (=5)	93 (+13)	72 (+16)	14 (+10)
2015 NA	89	48	0	87	36	2	87	42	9	80	56	4

The following table highlights the progress made in reading, writing and maths.

Year	Reading	Writing	Maths
	<i>2 levels progress</i>	<i>2 levels progress</i>	<i>2 levels progress</i>
2013	92	95	100
2014	97	97	94
2015 school (v NA)	100 (+9)	97 (+3)	93 (+3)
2015 NA	91	94	90
	<i>3 levels progress</i>	<i>3 levels progress</i>	<i>3 levels progress</i>
2015 school (v NA)	41	41	52

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KS1 2014

The following tables show previous results compared to national average (NA).

Level 2c+	Results (v NA)	National Average
Reading	90 (=)	90
Writing	87 (+1)	86
Maths	93 (+1)	92
Level 3		
Reading	37 (+6)	31
Writing	23 (+7)	16
Maths	37 (+13)	24

KS1 2015

The following tables show our latest results compared to national average (NA).

Level 2c+	Results	National Average
Reading	95 (+4)	91
Writing	95 (+7)	88
Maths	100 (+7)	93
Level 3		
Reading	43 (+11)	32
Writing	38 (+20)	18
Maths	43 (+17)	26

Phonics 2014

	Results	National Average
Year 1	90 (+16)	74

Phonics 2015

	Results	National Average
Year 1	84 (+7)	77

EYFS 2014

	Results	National Average
Good level of development	83 (+23)	60

EYFS 2015

	Results	National Average
Good level of development	83 (+23)	60

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

c. INVESTMENT POLICY AND PERFORMANCE

The Directors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the charitable company 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 charitable company's current policy is to invest surplus fund in short-term cash deposits.

For the period ended 31 August 2015, the charitable company's cash balances generated an average income return of less than 0.10% pa (2013: 0.10% pa).

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Executive Headteacher along with the senior management teams of each Academy and the Directors have assessed the major risks to which the Academy Trust is exposed and have compiled a risk register which summarises the level of risk, associated control measure including the transfer of risk by using insurance policies. The major risks examined covered the following areas:

- Teaching and Learning
- Facilities
- Operations
- Financial systems and practices

The risk register is reviewed at each Directors meeting.

The Academy Trust use systems, procedures and internal controls in order to minimise risk.

c. 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 charitable company had free reserves of £329,259 (2014: £109,374), restricted reserves of £173,628 (2014: £93,392), restricted fixed assets reserves of £8,600,934 (2014: 1,800,717) and a pension deficit of £1,512,000 (2014: £395,000). The Multi Academy 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.

d. PRINCIPAL FUNDING

The principal source of the Academy Trust's funding is provided by the Education Funding Agency (EFA) in the

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

Plans for future periods

a. FUTURE DEVELOPMENTS

Our long term strategic goal is for all Academies to become consistently outstanding schools, to ensure that all pupils make at least the age related progress, consistently across their journey through their school, and across the whole curriculum. Resources will be prioritised so that they are targeted effectively and have a demonstrable impact.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 1 December 2015 and signed on the board's behalf by:


Michael Simmonds
Chair of Trustees


Simon Harbrow
Principal

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, 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 Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 13 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Michael Simmonds, Chair	13	13
Tosca Boothman, Standards Director	13	13
Simon Harbrow, Executive Headteacher	12	13
Darren Stoner, Finance Director	13	13

Governance reviews:

All Directors competency is reviewed by colleague Directors. In addition the Academy Trust reviews on a regular basis the any members of Local Governing Bodies', abilities and competency.

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

Attendance at meetings in the year was as follows:

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

REVIEW OF VALUE FOR MONEY

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

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

Improving Educational Results:

We have ensured that resources are directed where they are most needed and most effective in meeting educational requirements, for example by:

- Supporting the delivery of the new National Curriculum, especially Literacy and Numeracy due to the significant increase in expectations by providing training to staff to give them the required skills and knowledge to enable the delivery of the curriculum.
- Recruitment of high quality teachers to reduce class size in year six in order to focus learning, improve

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GOVERNANCE STATEMENT (continued)

outcomes and address previous underachievement.

- Purchasing interactive whiteboards for every classroom at Parkwood Academy.
- Continuing one to one tuition for Pupil Premium funded children who are at risk of underachieving

Financial Governance and Oversight:

The Trust's governance arrangements include regular monitoring by the Directors, Local Governing Body (Westwood Academy) and the Finance and Audit Committees. They receive regular financial reports and ask relevant questions as evidenced in the minutes. The Finance Director is an experienced finance specialist.

The Directors also receive regular Responsible Officer reports for all schools, provided by the Internal Controls Evaluation team within Essex County Council.

Purchasing:

We have ensured that value for money is achieved when purchasing by:

- Exploring purchasing options both on-line and through suppliers directly to find best value
- Regularly reviewing contracts to ensure they are fit for purpose and best value, e.g. grounds maintenance, utilities, telephones
- Ordering equipment in bulk across all three schools where possible to reduce costs further, for example the installation of visitor management systems across all three schools resulted in a saving in excess of £1K.

Income Generation:

We have taken steps to maximise income through:

- Continuing to provide consultancy services to other local schools and the Local Authority from the Headteacher and other senior teaching staff.
- Continuing to advertise our Before and After school clubs in each school
- Continuing to hire out school facilities to external clubs such as Karate, Yoga and Bowls
- Introducing 'Bring your parent to lunch' days to increase catering income at Westwood Academy.

New Initiatives:

- The Trust was successful in obtaining CIF grants in excess of £70K to replace the school roof and purchase two new ovens at Westwood Academy and to undergo extensive electrical improvements and toilet refurbishments at Parkwood Academy.
- Developing links with other Multi Academy Trusts to enhance and develop knowledge and understanding of best practise
- The Trust hosted a whole MAT training day to focus on strengths and areas for development for all settings and to share the Trusts ethos and values.

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 2014 to 31 August 2015 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

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GOVERNANCE STATEMENT (continued)

academy trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 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.

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 Trustees have appointed Essex County Council, 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 the Academies' internal controls and accounting systems.

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

Steps have been taken by the Trust to correct any control issues identified.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the board of trustees on 1 December 2015 and signed on its 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 multi academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the multi academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the multi academy trust board of trustees are able to identify any material, irregular or improper use of funds by the multi academy trust, or material non-compliance with the terms and conditions of funding under the multi academy trust's funding agreement and the Academies Financial Handbook (2014).

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

- Parkwood Academy, which converted 1st December 2014, and Winter Gardens, which converted 1st July 2015, both joined the trust upon their conversion. During the audit they were found to have internal controls that were not to the standard expected by the Education Funding Agency, and therefore, by the Trustees. The Trustees became aware during the year and prior to the year end, had taken proactive steps to correct the internal control weaknesses identified.


Simon Harbrow
Accounting Officer

Date: 1st December 2015

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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

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

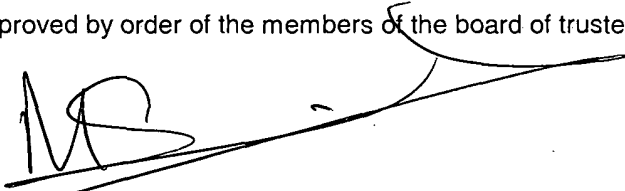
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on 1 December 2015 and signed on its behalf by:



Michael Simmonds
Chair of Trustees

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

We have audited the financial statements of South Essex Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charitable 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 charitable multi academy trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable multi academy trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable multi academy trust's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

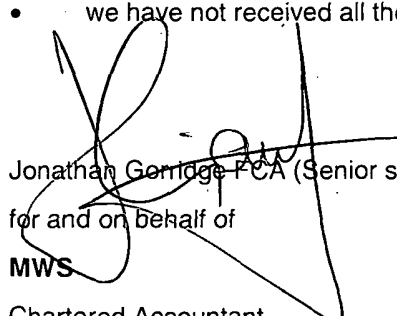
SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Jonathan Gorridge 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
1 December 2015

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 19 February 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Essex Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Essex Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SOUTH ESSEX ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

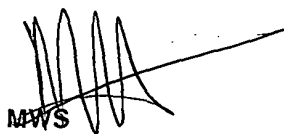
CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Parkwood Academy, which converted 1st December 2014, and Winter Gardens, which converted 1st July 2015, both joined the trust upon their conversion. During the audit they were found to have internal controls that were not to the standard expected by the Education Funding Agency, and therefore, by the Trustees. The Trustees became aware during the year and prior to the year end, had taken proactive steps to correct the internal control weaknesses identified.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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



MWS

Chartered Accountant
Reporting Accountant

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

1 December 2015

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	312,839	(1,099,000)	6,863,649	6,077,488	22,685
Activities for generating funds	3	104,784	-	-	104,784	51,446
Investment income	4	525	-	-	525	261
Incoming resources from charitable activities	5	-	2,141,908	299,210	2,441,118	989,916
TOTAL INCOMING RESOURCES		418,148	1,042,908	7,162,859	8,623,915	1,064,308
RESOURCES EXPENDED						
Charitable activities		234,494	2,108,348	320,963	2,663,805	972,877
Governance costs	6	-	22,772	-	22,772	7,000
TOTAL RESOURCES EXPENDED	9	234,494	2,131,120	320,963	2,686,577	979,877
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		183,654	(1,088,212)	6,841,896	5,937,338	84,431
Transfers between Funds	22	36,231	5,448	(41,679)	-	-
NET INCOME FOR THE YEAR		219,885	(1,082,764)	6,800,217	5,937,338	84,431
Actuarial gains and losses on defined benefit pension schemes		-	46,000	-	46,000	42,000
NET MOVEMENT IN FUNDS FOR THE YEAR		219,885	(1,036,764)	6,800,217	5,983,338	126,431
<i>Total funds at 1 September 2014</i>		<i>109,374</i>	<i>(301,608)</i>	<i>1,800,717</i>	<i>1,608,483</i>	<i>1,482,052</i>
TOTAL FUNDS AT 31 AUGUST 2015		329,259	(1,338,372)	8,600,934	7,591,821	1,608,483

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 46 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	2014 £
FIXED ASSETS				
Tangible assets	17		8,438,924	1,728,094
Investment property	18		97,516	97,516
			<u>8,536,440</u>	<u>1,825,610</u>
CURRENT ASSETS				
Debtors	19	223,571		47,618
Cash at bank and in hand		681,513		275,709
		<u>905,084</u>		<u>323,327</u>
CREDITORS: amounts falling due within one year	20	(337,703)		(145,454)
NET CURRENT ASSETS			<u>567,381</u>	<u>177,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,103,821</u>	<u>2,003,483</u>
Defined benefit pension scheme liability	29	(1,512,000)		(395,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>7,591,821</u></u>	<u><u>1,608,483</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	22	173,628		93,392
Restricted fixed asset funds	22	8,600,934		1,800,717
Restricted funds excluding pension liability		8,774,562		1,894,109
Pension reserve		<u>(1,512,000)</u>		<u>(395,000)</u>
Total restricted funds			<u>7,262,562</u>	<u>1,499,109</u>
Unrestricted funds	22		<u>329,259</u>	<u>109,374</u>
TOTAL FUNDS			<u><u>7,591,821</u></u>	<u><u>1,608,483</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2015 and are signed on their behalf, by:


Michael Simmonds
Chair of Trustees


Simon Harbrow
Accounting Officer

The notes on pages 24 to 46 form part of these financial statements.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	24	3,306	94,857
Returns on investments and servicing of finance	25	525	261
Capital expenditure and financial investment	25	131,065	(23,154)
Acquisitions and disposals	25	270,908	-
INCREASE IN CASH IN THE YEAR		<u><u>405,804</u></u>	<u><u>71,964</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
Increase in cash in the year	405,804	71,964
MOVEMENT IN NET FUNDS IN THE YEAR	<u>405,804</u>	<u>71,964</u>
Net funds at 1 September 2014	275,709	203,745
NET FUNDS AT 31 AUGUST 2015	<u><u>681,513</u></u>	<u><u>275,709</u></u>

The notes on pages 24 to 46 form part of these financial statements.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 Trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the multi academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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 in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the multi academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the multi academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the multi academy trust's policies.

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015.

1. ACCOUNTING POLICIES (continued)

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 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the multi academy trust's educational operations.

Governance costs include the costs attributable to the multi academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the multi academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the multi academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Freehold buildings are valued at depreciated replacement costs; land is valued at market value at time of conversion.

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.

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.7 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the Trustees, necessary in order to give a true and fair view of the financial position of the multi academy trust.

1.8 Operating leases

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

1.9 Taxation

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

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 29, the TPS is a multi-employer scheme and the multi academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the multi 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Parkwood Academy and Winter Gardens Academy to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for South Essex Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational trips and visits	36,674	-	36,674	16,114
Other capital income	-	-	-	4,157
Government grants - transferred on conversion	271,359	5,764,649	6,036,008	-
Donations	4,806	-	4,806	2,414
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<u>312,839</u>	<u>5,764,649</u>	<u>6,077,488</u>	<u>22,685</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	28,245	-	28,245	20,717
Catering income	32,370	-	32,370	948
School sales	1,077	-	1,077	-
Fundraising activities	43,092	-	43,092	29,781
	<u>104,784</u>	<u>-</u>	<u>104,784</u>	<u>51,446</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	<u>525</u>	<u>-</u>	<u>525</u>	<u>261</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational Operations	<u>-</u>	<u>2,441,118</u>	<u>2,441,118</u>	<u>989,916</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	1,672,824	1,672,824	803,764
Capital Grants	-	299,210	299,210	84,356
Other DfE/EFA Grants	-	376,566	376,566	80,615
Special Educational Projects	-	26,035	26,035	21,181
	-	2,374,635	2,374,635	989,916
Other government grants				
Local Authority Grants	-	62,414	62,414	-
	-	62,414	62,414	-
Other funding				
Nursery	-	4,069	4,069	-
	-	4,069	4,069	-
	-	2,441,118	2,441,118	989,916

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Governance Auditors' remuneration	-	17,700	17,700	7,000
Governance travel expenses	-	5,072	5,072	-
	-	22,772	22,772	7,000

7. DIRECT COSTS

	Educational Operations £	Total 2015 £	Total 2014 £
Educational supplies	85,142	85,142	59,651
Staff development	20,164	20,164	16,521
Other direct costs	48,727	48,727	5,893
Wages and salaries	1,090,946	1,090,946	408,403
National insurance	66,000	66,000	29,614
Pension cost	113,959	113,959	51,172
	1,424,938	1,424,938	571,254

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. DIRECT COSTS (continued)

8. SUPPORT COSTS

	Educational Operations	Total 2015	Total 2014
	£	£	£
Pension income	29,000	29,000	17,000
Recruitment and support	3,998	3,998	478
Maintenance of premises	65,800	65,800	43,029
Cleaning	9,628	9,628	4,799
Rent and rates	15,695	15,695	8,795
Energy costs	40,193	40,193	18,439
Insurance	16,607	16,607	22,748
Security and transport	13,766	13,766	2,996
Catering	41,865	41,865	5,916
Bank interest and charges	1,759	1,759	396
Legal and professional fees	138,270	138,270	40,150
Other support costs	43,655	43,655	19,199
Wages and salaries	354,910	354,910	125,033
National insurance	14,187	14,187	4,495
Pension cost	128,571	128,571	45,575
Depreciation	320,963	320,963	42,575
	1,238,867	1,238,867	401,623

9. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2015	Premises	Other costs	2015	2014
	£	2015	2015	£	£
		£	£		
Educational Operations	1,270,905	-	154,033	1,424,938	571,254
Support costs - Educational Operations	497,668	469,272	271,927	1,238,867	384,623
Charitable activities	1,768,573	469,272	425,960	2,663,805	955,877
Governance	-	-	22,772	22,772	7,000
	1,768,573	469,272	448,732	2,686,577	962,877

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FOR THE YEAR ENDED 31 AUGUST 2015**

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Educational Operations	<u>1,424,938</u>	<u>1,238,867</u>	<u>2,663,805</u>	<u>972,877</u>

11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	320,964	42,575
Auditors' remuneration	17,700	7,000
Operating lease rentals:		
- other operating leases	<u>4,544</u>	<u>6,217</u>

12. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	1,397,084	527,438
Social security costs	80,187	34,109
Other pension costs (Note 29)	<u>242,530</u>	<u>96,747</u>
	<u>1,719,801</u>	<u>658,294</u>
Supply teacher costs	48,772	6,000
Honorarium	-	8,510
	<u>1,768,573</u>	<u>672,804</u>

b. Staff numbers

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

	2015 No.	2014 No.
Management	12	5
Teachers	32	7
Administration	71	14
	<u>115</u>	<u>26</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF (continued)

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015	2014
	No.	No.
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for this staff member amounted to £10,982 (2014: £10,712)

13. CENTRAL SERVICES

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

14. TRUSTEES' REMUNERATION AND EXPENSES

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

	2015 £	2014 £
Simon Harbrow, Executive Headteacher	75,000-80,000	75,000-80,000
- Employers pension contributions	10,000-15,000	10,000-15,000
Catherine Stalham (to resignation as trustee)	5,000-10,000	20,000-25,000
- Employers pension contributions	0-5,000	0-5,000
John Archer (to resignation as trustee)	10,000-15,000	35,000-40,000
- Employers pension contributions	0-5,000	5,000-10,000

During the year, no Trustees received any benefits in kind (2014 - £NIL).

During the year ended 31 August 2015, expenses totalling £93 (2014 - £NIL) were reimbursed to 1 Trustee (2014 - #).

Details of any other related party transactions with directors can be found in note 30.

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the multi academy trust 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 2015 was included in the total insurance cost.

16. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	18,000	12,000
Interest on pension scheme liabilities	(47,000)	(29,000)
	<u>(29,000)</u>	<u>(17,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2014	1,780,779	-	20,640	47,629	1,849,048
Additions	41,903	5,029,042	1,640,806	320,043	7,031,794
At 31 August 2015	1,822,682	5,029,042	1,661,446	367,672	8,880,842
Depreciation					
At 1 September 2014	111,822	-	1,192	7,940	120,954
Charge for the year	37,576	43,563	180,543	59,282	320,964
At 31 August 2015	149,398	43,563	181,735	67,222	441,918
Net book value					
At 31 August 2015	1,673,284	4,985,479	1,479,711	300,450	8,438,924
At 31 August 2014	1,668,957	-	19,448	39,689	1,728,094

Included in land and buildings is freehold and leasehold land at valuation of £193,600 (2014 - £120,000), which is not depreciated.

18. INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 September 2014 and 31 August 2015	97,516

The 2015 valuations were made by Simon Wright in 2011 upon conversion of Westwood Academy, on an open market value for existing use basis.

19. DEBTORS

	2015 £	2014 £
Trade debtors	2,157	201
VAT recoverable	18,782	29,679
Other debtors	194,442	17,738
Prepayments and accrued income	8,190	-
	<u>223,571</u>	<u>47,618</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. CREDITORS:
Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	59,152	60,604
Other taxation and social security	46,560	10,186
Other creditors	187,831	49,600
Accruals and deferred income	44,160	25,064
	<u>337,703</u>	<u>145,454</u>
		£
Deferred income		
Deferred income at 1 September 2014		18,064
Resources deferred during the year		31,563
Amounts released from previous years		<u>(18,064)</u>
Deferred income at 31 August 2015		<u>31,563</u>

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

21. TRANSFERS BETWEEN FUNDS

Funds have been transferred in respect of the following:

£157,000 has been transferred from the unrestricted fund to the restricted pension fund representing the LGPS service charge during the year.

£93,000 has been transferred from the restricted fund for the General Annual Grant to the restricted pension fund representing employers LGPS contributions.

£125,000 has been transferred from the unrestricted fund to the restricted fund for the General Annual Grant representing unrestricted funds reallocated for restricted purposes.

£21,901 has been transferred from the restricted fund for conversion grants to the restricted fund for the General Annual Grant to cover additional expenditure on this fund in the central accounts.

£44,503 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.

£86,182 has been transferred from the restricted fixed asset fund to the restricted fund for the General Annual Grant (GAG) representing fixed asset creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	109,374	418,148	(234,494)	36,231	-	329,259
Restricted funds						
General Annual Grant (GAG)	48,754	1,672,824	(1,783,956)	92,591	-	30,213
Conversion Grants	-	140,000	(65,498)	(23,143)	-	51,359
Other government and DfE/EFA grants	12,375	34,494	(46,869)	-	-	-
Pupil premium	-	142,072	(110,072)	-	-	32,000
MAT funding grant	32,263	60,000	(32,207)	-	-	60,056
Special educational projects	-	26,035	(26,035)	-	-	-
Nursery	-	66,483	(66,483)	-	-	-
Pension reserve	(395,000)	(1,099,000)	-	(64,000)	46,000	(1,512,000)
	<u>(301,608)</u>	<u>1,042,908</u>	<u>(2,131,120)</u>	<u>5,448</u>	<u>46,000</u>	<u>(1,338,372)</u>
Restricted fixed asset funds						
Inherited fixed assets	1,692,025	6,863,649	(291,842)	-	-	8,263,832
Expenditure from capital grants	90,633	299,210	(26,358)	(86,182)	-	277,303
Capital expenditure from GAG	18,059	-	(2,763)	44,503	-	59,799
	<u>1,800,717</u>	<u>7,162,859</u>	<u>(320,963)</u>	<u>(41,679)</u>	<u>-</u>	<u>8,600,934</u>
Total restricted funds	<u>1,499,109</u>	<u>8,205,767</u>	<u>(2,452,083)</u>	<u>(36,231)</u>	<u>46,000</u>	<u>7,262,562</u>
Total of funds	<u>1,608,483</u>	<u>8,623,915</u>	<u>(2,686,577)</u>	<u>-</u>	<u>46,000</u>	<u>7,591,821</u>

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

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

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

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

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

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

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

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

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

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

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

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

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Westwood Academy	166,639
Parkwood Academy	217,493
Winter Gardens Academy	92,298
Central	26,457
	<hr/>
Total before fixed asset fund and pension reserve	502,887
Restricted fixed asset fund	8,600,934
Pension reserve	(1,512,000)
	<hr/>
Total	7,591,821
	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

22. 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 £	Total £
Westwood Academy	541,331	222,275	763,606
Parkwood Academy	507,878	145,973	653,851
Winter Gardens Academy	214,553	66,815	281,368
	<u>1,263,762</u>	<u>435,063</u>	<u>1,698,825</u>

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	109,374	418,148	(234,494)	36,231	-	329,259
Restricted funds	(301,608)	1,042,908	(2,131,120)	5,448	46,000	(1,338,372)
Restricted fixed asset funds	1,800,717	7,162,859	(320,963)	(41,679)	-	8,600,934
	<u>1,608,483</u>	<u>8,623,915</u>	<u>(2,686,577)</u>	<u>-</u>	<u>46,000</u>	<u>7,591,821</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	8,438,923	8,438,923	1,728,092
Investment property	-	-	97,516	97,516	97,516
Current assets	341,567	408,329	155,188	905,084	323,327
Creditors due within one year	(12,308)	(234,701)	(90,693)	(337,702)	(145,452)
Provisions for liabilities and charges	-	(1,512,000)	-	(1,512,000)	(395,000)
	<u>329,259</u>	<u>(1,338,372)</u>	<u>8,600,934</u>	<u>7,591,821</u>	<u>1,608,483</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	5,937,338	84,431
Returns on investments and servicing of finance	(525)	(261)
Assets transferred from Local Authority and others	(6,863,649)	-
Cash transferred from local authorities	(270,908)	-
Depreciation of tangible fixed assets	320,964	-
Capital grants from DfE	(299,209)	(79,945)
Increase in debtors	(175,955)	(504)
Increase in creditors	192,250	63,136
Pension liability transferred from Local Authority	1,099,000	-
FRS 17 adjustments	64,000	28,000
Net cash inflow from operations	3,306	94,857

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	525	261
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(168,144)	(136,558)
Capital grants from DfE	299,209	113,404
Net cash inflow/(outflow) capital expenditure	131,065	(23,154)
Acquisitions and disposals		
Cash transferred from local authorities on conversion	270,908	-

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	275,709	405,804	-	681,513
Net funds	275,709	405,804	-	681,513

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**NOTES TO THE FINANCIAL STATEMENTS
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27. CONVERSION TO AN ACADEMY TRUST

On 1st December 2014 Parkwood Academy 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 using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	1,983,600	1,983,600
- Other tangible fixed assets	-	-	850,049	850,049
Other assets	120,078	-	-	120,078
LGPS pension surplus/(deficit)	-	(487,000)	-	(487,000)
Net assets/(liabilities)	<u>120,078</u>	<u>(487,000)</u>	<u>2,833,649</u>	<u>2,466,727</u>

The above net assets include £118,074 that were transferred as cash.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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On 1st July 2015 Winter Gardens Academy 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 using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	-
- Freehold/leasehold land and buildings	-	-	2,980,000	2,980,000
- Other tangible fixed assets	-	-	1,050,000	1,050,000
Other assets	182,631	-	-	182,631
LGPS pension surplus/(deficit)	-	(624,000)	-	(624,000)
Other liabilities	(31,348)	-	-	(31,348)
Net assets/liabilities	<u>151,283</u>	<u>(624,000)</u>	<u>4,030,000</u>	<u>3,557,283</u>

The above net assets include £152,834 that were transferred as cash.

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

28. CAPITAL COMMITMENTS

At 31 August 2015 the multi academy trust had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	34,427

29. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £40,060 were payable to the scheme at 31 August 2015 (2014 - 10,250) and are included within creditors.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

All pension costs paid to TPS in the period amounted to £199,000 (2014: £83,700).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The multi academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The multi academy 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 2015 was £121,000, of which employer's contributions totalled £93,000 and employees' contributions totalled £28,000. The agreed contribution

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29. PENSION COMMITMENTS (continued)

rates for future years are 12.3% for employers and 5.5 - 7.5% for employees.

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

As described in note 27 the LGPS obligation relates to the employees of the multi academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the multi academy trust at the balance sheet date.

The multi academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	-	411,000	6.10	161,000
Gilts	-	26,000	3.00	16,000
Other bonds	-	62,000	3.60	28,000
Property	-	74,000	5.10	29,000
Cash	-	16,000	2.90	7,000
Alternative Assets	-	46,000	3.60	10,000
Total market value of assets		635,000		251,000
Present value of scheme liabilities		(2,147,000)		(646,000)
(Deficit)/surplus in the scheme		(1,512,000)		(395,000)

The expected return was 5.3%, which has been used to determine the profit and loss charge for the year ended 31 August 2015.

The expected return on assets is based on the long-term future expected investment return for each asset classes as at the beginning of the period (i.e. as at 1 September 2014) for the year to 31 August 2015. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,147,000)	(646,000)
Fair value of scheme assets	635,000	251,000
Net liability	(1,512,000)	(395,000)

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

The amounts recognised in the Statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(128,000)	(47,000)
Interest on obligation	(47,000)	(29,000)
Expected return on scheme assets	18,000	12,000
	<u>(157,000)</u>	<u>(64,000)</u>
Total	(157,000)	(64,000)
	<u>(157,000)</u>	<u>(64,000)</u>
Actual return on scheme assets	(4,000)	26,000
	<u>(4,000)</u>	<u>26,000</u>

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

	2015 £	2014 £
Opening defined benefit obligation	646,000	600,000
Current service cost	128,000	47,000
Interest cost	47,000	29,000
Contributions by scheme participants	28,000	10,000
Actuarial Gains	(54,000)	(40,000)
Benefits paid	(2,000)	-
Inherited liability	1,354,000	-
	<u>2,147,000</u>	<u>646,000</u>
Closing defined benefit obligation	2,147,000	646,000

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

	2015 £	2014 £
Opening fair value of scheme assets	251,000	191,000
Expected return on assets	18,000	12,000
Actuarial gains and (losses)	(8,000)	2,000
Contributions by employer	93,000	36,000
Contributions by employees	28,000	10,000
Benefits paid	(2,000)	-
Inherited assets	255,000	-
	<u>635,000</u>	<u>251,000</u>
	635,000	251,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £16,000 (2014 - £(30,000)).

The multi academy trust expects to contribute £165,000 to its Defined benefit pension scheme in 2016.

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29. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	65.00 %	64.00 %
Gilts	4.00 %	6.00 %
Other Bonds	10.00 %	11.00 %
Property	12.00 %	12.00 %
Cash	2.00 %	3.00 %
Alternative Assets	7.00 %	4.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Rate of increase in salaries	4.40 %	4.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %
Inflation assumption (CPI)	2.60 %	2.60 %
Increase in RPI	3.50 %	3.40 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(2,147,000)	(646,000)	(600,000)	(497,000)
Scheme assets	635,000	251,000	191,000	125,000
Deficit	(1,512,000)	(395,000)	(409,000)	(372,000)
Experience adjustments on scheme liabilities	54,000	40,000	(31,000)	-
Experience adjustments on scheme assets	(8,000)	2,000	15,000	1,000

Comparative figures have not been restated as permitted by FRS 17.

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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30. OPERATING LEASE COMMITMENTS

At 31 August 2015 the multi academy trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Between 2 and 5 years	<u>11,561</u>	<u>3,140</u>

31. RELATED PARTY TRANSACTIONS

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

During the year the Academy purchased governor training materials at cost of £447 with Go Ministries Ltd, a company of which a Trustee, Michael Simmonds, is a controlling director.

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

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

32. CONTROLLING PARTY

There is no ultimate controlling party.