

Registrar's Copy

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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SOUTH ESSEX ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Michael Simmonds Keith Pullen Howard Sellick Darren Stoner
Directors	Michael Simmonds, Chair ¹ Simon Harbrow, CEO ¹ Tosca Boothman Vanessa Van Blerk (resigned 20 November 2019) Dominic Carver Julie Denham (resigned 17 July 2019) Christopher Jones, Chair of Finance Committee (appointed 5 November 2018) ¹ Thomas Brighton (appointed 12 December 2018, resigned 5 June 2019)
	¹ Member of the Finance Committee
Company registered number	07681226
Company name	South Essex Academy Trust
Principal and registered office	Westwood Academy Beresford Close Hadleigh Benfleet Essex SS7 2SU
Company secretary	Sharon Littlejohn
Senior management team	S Harbrow, CEO J Archer, Head of Westwood C Wiggs, Head of Parkwood C Stalham, Head of Winter Gardens A Savill, Head of Bardfield H King, Head of Kents Hill Infants (resigned 31 August 2019) G Thurston, Head of Kents Hill Infants (appointed 1 September 2019) C Sellick, Trust CFO G Cahalane, Head of HR
Independent auditors	MWS Chartered Accountants Registered Auditors Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
Bankers	Lloyds Bank PLC 211 London Road Hadleigh Essex SS7 2RD

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Solicitors

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

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The trust operates five primary academies in the Benfleet, Canvey Island, Basildon and Chelmsford areas of Essex. Its academies have a combined pupil capacity of 1530 excluding nursery places and had a roll of 1,660 in the school census in January 2019.

Structure, governance and management

a. Constitution

The multi academy trust is a charitable company limited by guarantee and an exempt charity incorporated by a Memorandum of Association on 24 June 2011.

The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust.

The Directors of South Essex Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Essex Academy Trust.

Details of the Directors who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Method of recruitment and appointment or election of Directors

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

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

New Directors will be appointed to the Board of Directors until the date of the next annual general meeting, at which time maybe become eligible for re-election for a period of four years. At the end of the four-year term, retiring Directors are eligible for re-election for a further term.

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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

d. Policies adopted for the induction and training of Directors

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

e. Organisational structure

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

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

A finance committee of the Board meets at least once a year to set and propose the budget, monitor the budget and scrutinise the annual accounts. The Board also receives regular reports from the CFO and the Finance Director maintains an ongoing monitoring role.

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

The CEO is the Accounting Officer and works closely with the other Directors, the Chief Financial Officer and the senior staff of each academy within the Academy Trust. The day-to-day management of South Essex Academy Trust rests with the CEO who has overall responsibility for the Trust. The CEO is responsible for establishing and supporting the central staff consisting of Finance, HR, Premises and Health and Safety, along with senior leadership teams in each academy.

f. Arrangements for setting pay and remuneration of key management personnel

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

Recommendations are proposed by the panel to the full Board when setting, or awarding any increase to, the pay and remuneration of these senior leaders. The CEO is not part of any decision relating to their own pay which is also subject to the above guidance and Pay range.

g. Trade union facility time

There were no members of staff who were recognised union officials and no time was spent on union activities during the year.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

h. Related parties and other connected charities and organisations

During the year the Academy Trust has been provided with educational advisory support from KIS-Education Solutions a company owned by Keith Pullen, a Member, and purchased governance training materials and other training from GO Ministries Ltd, a company owned by Mike Simmonds, a Director. This is a cost efficient means of obtaining professional support and carried out with due regard to potential conflicts of interest.

i. Principal activities

The principal activity of South Essex Academy Trust as a multi academy trust is to run primary schools for boys and girls located broadly in South East Essex. This currently comprises Westwood Academy, Hadleigh; Parkwood Academy, Chelmsford; Winter Gardens Academy, Canvey Island; Bardfield Academy, Basildon and Kents Hill Infant Academy, Benfleet.

Objectives and activities

a. Objects and aims

The multi academy trust objects ("Objects") are specifically restricted to the following: i) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("The Academies");

ii) To promote for the benefit of the inhabitants of the surrounding areas of the Academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

iii) To promote in the area in which the Academies are situated the physical, intellectual and social development of primarily but not exclusively children under five especially those who are socially and economically disadvantaged.

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DIRECTORS' REPORT (CONTINUED)
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Objectives and activities (continued)

b. Objectives, strategies and activities

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

COLLABORATION

Interdependence whenever it will benefit everyone

INNOVATION

Embracing new ways of working that benefits everyone

PERSEVERANCE

Committed to the best outcomes for everyone

CHALLENGE

Open to the views and needs of everyone

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

We strive for our children to:

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

We encourage the children to:

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

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DIRECTORS' REPORT (CONTINUED)
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Objectives and activities (continued)

c. Public benefit

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

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

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit (including the guidance 'Public benefit: running a charity (PB2)') when reviewing the Academy Trust's objectives and aims in planning future activities for the period. Trustees consider that the Academy Trust's aims are demonstrably to the public benefit.

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DIRECTORS' REPORT (CONTINUED)
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Objectives and activities (continued)

Strategic report:

Achievements and performance

a. Key performance indicators

Outcomes 2019:

Attainment	Westwood	Parkwood	Winter Gardens	Bardfield	Kents Hill Infants	2019 NA
	2019	2019	2019	2019	2019	
GLD	87	71/0	72	71	74/14	72
Phonics	97	69	79	85	83	82
Yr 2	0	97	88	93	93	
Key Stage 1						
Reading	87/37	70/13	72/33	80/32	80/23	75/26
Writing	83/33	70/13	65/14	70/15	68/13	70/16
Maths	87/30	80/13	68/16	80/30	82/18	76/22
Key Stage 2						
Reading	70/27	63/17	47/9	67/22		73/27
Writing	87/27	63/17	76/22	75/17		78/20
Maths	83/23	73/27	66/10	77/8		79/27
EGPS	73/37	70/33	69/19	72/25		78/36
Combined	60/13	53/10	41/3	58/3		65/11
OFSTED	OUTSTANDING (Dec 2017)	GOOD (Sept 2017)	RI (June 2018)	GOOD (May 2019)	OUTSTANDING (2007)	

Progress KS2	Reading	Writing	Maths
Westwood	-1.2	+1.1	-1.3
Bardfield	+0.3	+1.1	-0.1
Winter Gardens	-2.9	+1.1	-2.1
Parkwood	+1.2	-0.6	+2.1

Kents Hill Infant Academy Joined the Trust on January 1st, 2019. It has required significant support from within the resources available to the Directors of the Academy Trust. This has included:

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

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DIRECTORS' REPORT (CONTINUED)
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Strategic report (continued)

Achievements and performance (continued)

Through maintaining the use of a termly single plan, continuous monitoring by the Executive Headteacher, Directors and leadership team members from each Academy, and externally commissioned experts, together with planned continued professional development, the purpose is to support school improvement at all levels. Outcomes for the academic year 2018/19 demonstrate that high standards have been achieved, however there is still some progress to be made at Winter Gardens Academy. Capacity and other benefits are ongoing and will be supported throughout the next academic year.

b. Going concern

After making appropriate enquiries, the board of Directors has a reasonable expectation that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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.

Financial review

a. Financial Review

Most of the Trust's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2019, total expenditure of £8,492,213 was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the period was £1,205,389.

At 31 August 2019 the net book value of fixed assets was £14,235,258. Movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Essex County Council Local Government Pension Fund, in which the Academies participate, showed a deficit of £5,034,000 at 31 August 2019.

The Academy held fund balances at 31 August 2019 of £9,884,278 comprising £9,399,870 of restricted funds and £484,408 of unrestricted general funds. Of the restricted funds £14,284,174 is represented by tangible fixed assets and £149,696 by unspent grants carried forward. The pension reserve which is considered part of restricted funds was £5,034,000 in deficit.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Financial KPI's

	18/19	17/18	16/17
Total GAG Income	5,381,532	4,620,868	4,606,424
Total Government Income	6,999,699	5,990,377	5,883,256
Total Trust Income	7,444,196	6,278,146	6,177,719
Total Staff Costs	6,360,856	5,360,711	5,278,480
Less Service Charges	-818,000	-693,000	-681,000
ERS Contributions	400,000	319,000	304,000
Adjusted Staff Costs	5,942,856	4,986,711	4,901,480
Total Staff Costs against GAG Funding %	110	108	106
Total Staff Costs against total Government Funding %	85	83	83
Total Staff Costs against total Trust Income %	80	79	79
Pupil to Teacher Ratio	21.22	-	-
Average Teacher Cost	£45,044	-	-
Curriculum Resources Spend per Pupil	£246	-	-
Total Reserves - Year End	636,064	562,374	414,367
Total Reserves as % of current GAG Budget	10	12	9
Total Reserves as % of current Total Budget	8	8	7
	(5 Schools)	(4 Schools)	(4 Schools)

The Trust's target is for staffing costs to be at or below 85% of total Government Funding. For the year to 31 August 2019, the trust achieved a staffing cost against total Government Funding of 85% which is within our target. The Trust does not use the GAG income alone to calculate this percentage as it excludes Pupil Premium funding. This funding is a significant proportion of the funding in three out of the five Trust schools and a high percentage of this funding is used against staffing.

b. Reserves policy

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

At the balance sheet date, the Trust had free reserves of £484,408, restricted reserves of £149,696, restricted fixed assets reserves of £14,284,174 and a pension deficit of £5,034,000. The Trust has a financial liability to repay its shares of the LGPS pension deficit.

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

c. Investment policy

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

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

For the period ended 31 August 2019, the Trust's cash balances generated an average income return of less than 0.25%pa.

d. Principal risks and uncertainties

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

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

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

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

Fundraising

The Trust only use techniques that they would be happy to be used on themselves. In doing so, the Trust will adhere to the following standards:

- Fundraising activities carried out by SEAT will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- We do not carry out any cold calling or buy telephone data to call members of the public.
- All monies raised via fundraising activities will be for the stated purpose of the appeal
- We will always respect the supporters' wish to make a restricted donation to a specific programme, e.g. purchase of a particular resource or service
- All personal information collected by SEAT is confidential and is not for sale or to be given away or disclosed to any third party without consent. Please see our Privacy Policy for further information.
- Nobody directly or indirectly employed by or volunteering for SEAT shall accept commissions, bonuses or payments for fundraising activities on behalf of the Trust.
- Fundraising activities will not be undertaken if they could be detrimental to the good name or community standing of any of the SEAT schools.
- Financial contributions will only be accepted from companies, organisations and individuals the Board considers ethical and which are not an attempt to link a donation to an attempt to influence the policy or activities of SEAT either explicitly or implicitly.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

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

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

The strategic plan of the academy Trust includes:

- Actively pursue the growth of the Trust over 2019/20 and beyond to six schools and/or to develop relationships with other multi-academy trusts that may need to a merger
- Develop a continued professional development plan across the Trust involving appropriate training together, known as the Leadership Academy
- Continue to encourage parents to participate in a Parent Consultative Group and the Trust to depend on their insights
- The central budget working effectively - saving money to put back into supporting children
- All leaders primarily focused on teaching and learning, with the Trust providing appropriate support
- Improving outcomes for disadvantaged pupils across the Trust
- Raising attainment across Trust to achieve above national average

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

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

Funds held as custodian on behalf of others

There are no such funds held by the Academy Trust.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The multi academy trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The multi academy trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the multi academy trust's equal opportunities policy, the multi academy trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the multi academy trust's offices.


Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by order of the board of Directors, as the company directors, on 11 December 2019 and signed on its behalf by:


Michael Simmonds
Chair of Trustees


Simon Harbrow
Accounting Officer

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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Directors 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 Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The board of Directors has formally met 18 times during the year.

Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
Michael Simmonds, Chair	18	18
Simon Harbrow, CEO	18	18
Tosca Boothman	17	18
Vanessa Van Blerk	7	17
Dominic Carver	15	17
Julie Denham	9	17
Christopher Jones, Chair of Finance Committee	7	13
Thomas Brighton	1	11

The board meets on separate times for the governance of each school individually as well as for the governance of the trust. This has therefore amounted to 18 separate meetings during the year. Whilst most meetings are attended by all directors some have prioritised those that are particularly relevant to their designated focus.

The Board of Trustees continues to function effectively as a group of education professionals. They constantly keep their performance under review and in particular focus on this at an annual leadership away day with senior leaders from the Academies in February. The strategic focus of the Board's work is decided annually with a 3 year plan that is reviewed and RAG rated annually.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

Review for the Year Ending 31 August 2019

The Trust continues to strive for improved educational outcomes across all five schools. All schools continue work collaboratively, participating in staff training sessions together, providing school to school support and sharing resources. Improved outcomes during 2018-19 include:

- Westwood Academy exceeded national average in GLD, phonics, KS1, writing and maths.
- Bardfield Academy attained above average measures in KS1 and phonics.
- Parkwood Academy exceeded national average in KS1 and maths.
- Winter Gardens Academy met national average in GLD and was broadly national average in every other measure.
- Kents Hill Infant Academy exceeded national average in KS1, phonics and GLD.

The SEAT Leadership Academy initiative that was implemented during 2017 continues its success within the trust and has maintained 100% of teachers attending CPD sessions. The extensive support and in-house training provided and meant that many leadership positions including the requirement for an interim Headteacher have been met within the Trust.

The Trust continues to benefit from the centralisation of core services (Finance/HR/Facilities Management) which was particularly evident when a new academy (Kents Hill Infants) joined the Trust in January 2019. There were a number of key staff who left the school during this period, however the impact of this was minimalised by the adoption of their core services into the central team. The trust has been able to reduce this particular academy's spending on numerous goods and services by incorporating their contracts in the Trust's cheaper agreements, as well as absorbing their finance and HR functions, which alone saved them over £12,000 in IT charges.

New Initiatives

Due to the success of the central services team, the trust will be looking at rolling this out across further areas within the schools, to include Site Maintenance services, classroom support roles such as LSA's and HLTA's, and researching options for an in-house behaviour support facility that could be offered to the wider community within time.

The Trust will continue with investing in software solutions and improvements throughout 2020 to further reduce costs and improve efficiencies.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the multi academy trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

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 Directors
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Essex County Council to carry out a programme of internal checks.

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

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

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

Essex County Council delivered the requisite works during the year and there were no material deficiencies in the controls in place within the academy.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

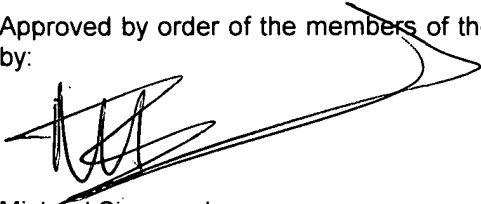
Review of effectiveness

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

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

Approved by order of the members of the board of Directors on 11 December 2019 and signed on their behalf by:



Michael Simmonds
Chair of Trustees



Simon Harbrow
Accounting Officer

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of South Essex Academy Trust I have considered my responsibility to notify the multi academy trust board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the multi academy trust, under the funding agreement in place between the multi academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the multi academy trust board of Directors are able to identify any material irregular or improper use of all 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 2018.

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



Simon Harbrow
Accounting Officer
Date: 11 December 2019

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Directors on 11 December 2019 and signed on its behalf by:



Michael Simmonds
Chair of Trustees

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of South Essex Academy Trust (the 'multi academy trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the multi academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Directors' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the multi academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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 opinions we have formed.

Clive Smith FCA (Senior statutory auditor)
for and on behalf of
MWS

Registered Auditors
Chartered Accountants
Kingsridge House
601 London Road
Westcliff-on-Sea
Essex
SS0 9PE

16 December 2019

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 15 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of South Essex Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Essex Academy Trust's funding agreement with the Secretary of State for Education dated July 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessing the risk of material irregularity in the Academy Trust
- Commissioning a self-assessment review of the Trustees' governance arrangements and consideration of any material non-compliance with the Academies Financial Handbook
- Investigating any areas of significant risk identified
- Consideration of the work performed under our audit engagement and any impact this may have on our regularity conclusion or regularity risk assessment
- A review of the internal controls and internal audit procedures for areas of significant risk and performing further substantive testing where necessary.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH
ESSEX ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

MWS

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

Date: 16 December 2019

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Donation on aquisition of academy trust		45,765	(396,008)	2,603,649	2,253,406	-
Other donations and capital grants		93,525	-	94,113	187,637	477,358
Charitable activities		-	6,999,699	-	6,999,699	5,990,377
Other trading activities		253,922	-	-	253,922	207,086
Investments	6	2,937	-	-	2,937	2,325
Total income		396,149	6,603,691	2,697,762	9,697,602	6,677,146
Expenditure on:						
Charitable activities	8	-	7,881,669	610,544	8,492,213	7,315,397
Total expenditure		-	7,881,669	610,544	8,492,213	7,315,397
Net income/ (expenditure)		396,149	(1,277,978)	2,087,218	1,205,389	(638,251)
Transfers between funds	21	(343,343)	209,902	133,441	-	-
Net movement in funds before other recognised gains/(losses)		52,806	(1,068,076)	2,220,659	1,205,389	(638,251)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(784,000)	-	(784,000)	791,000
Net movement in funds		52,806	(1,852,076)	2,220,659	421,389	152,749

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Reconciliation of funds:					
Total funds brought forward	431,603	(3,032,228)	12,063,515	9,462,890	9,310,141
Net movement in funds	52,806	(1,852,076)	2,220,659	421,389	152,749
Total funds carried forward	<u><u>484,409</u></u>	<u><u>(4,884,304)</u></u>	<u><u>14,284,174</u></u>	<u><u>9,884,279</u></u>	<u><u>9,462,890</u></u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 30 to 59 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	14,235,258	11,657,320
Investment property	16	-	146,970
		14,235,258	11,804,290
Current assets			
Debtors	17	506,744	290,767
Cash at bank and in hand		771,329	948,967
		1,278,073	1,239,734
Creditors: amounts falling due within one year	18	(575,424)	(418,134)
Net current assets		702,649	821,600
Total assets less current liabilities		14,937,907	12,625,890
Creditors: amounts falling due after more than one year	19	(19,629)	-
Net assets excluding pension liability		14,918,278	12,625,890
Defined benefit pension scheme liability	26	(5,034,000)	(3,163,000)
Total net assets		9,884,278	9,462,890
Funds of the multi academy trust			
Restricted funds:			
Fixed asset funds	21	14,284,174	12,063,515
Restricted income funds	21	149,696	130,772
Restricted funds excluding pension asset	21	14,433,870	12,194,287
Pension reserve	21	(5,034,000)	(3,163,000)
Total restricted funds	21	9,399,870	9,031,287
Unrestricted income funds	21	484,408	431,603
Total funds		9,884,278	9,462,890

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 25 to 59 were approved by the Directors, and authorised for issue on 11 December 2019 and are signed on their behalf, by:



Michael Simmonds
Chair of Trustees



Simon Harbrow
Accounting Officer

The notes on pages 30 to 59 form part of these financial statements.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	23	155,244	77,855
Cash flows from investing activities	24	(332,882)	(202,578)
Change in cash and cash equivalents in the year		(177,638)	(124,723)
Cash and cash equivalents at the beginning of the year		948,967	1,073,690
Cash and cash equivalents at the end of the year	25	771,329	948,967

The notes on pages 30 to 59 from 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 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

South Essex Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the multi academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Transfer of existing academies into the multi academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the multi academy trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the multi academy trust. An equal amount of income is recognised for the transfer of an existing academy into the multi academy trust within 'Income from Donations and Capital Grants' to the net assets acquired.

1.4 Expenditure

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

• **Charitable activities**

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

1.6 Interest receivable

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

1.7 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 Part 11, chapter 3 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.

1.8 Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.8 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 45 years straight line
Long-term leasehold property	- 45 years and 15 years straight line
Furniture and equipment	- 25% straight line
Computer equipment	- 33% straight line
Assets under construction	- See below

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the multi academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the multi academy trust's wholly owned subsidiary are held at face value less any impairment.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the multi academy trust. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.14 Operating leases

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

1.15 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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1. Accounting policies (continued)

1.16 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations				
Donations	38,542	-	38,542	40,066
Educational trips and visits	54,983	-	54,983	38,292
	93,525	-	93,525	78,358

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3. Income from donations and capital grants (continued)

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Capital Grants	-	94,113	94,113	399,000
Donated assets on aquisition of academy trust	45,765	2,207,641	2,253,406	-
	<u>45,765</u>	<u>2,301,754</u>	<u>2,347,519</u>	<u>399,000</u>
	<u>139,290</u>	<u>2,301,754</u>	<u>2,441,044</u>	<u>477,358</u>
<i>Total 2018</i>	<u><u>78,358</u></u>	<u><u>399,000</u></u>	<u><u>477,358</u></u>	

4. Funding for the multi academy trust's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	5,381,532	5,381,532	4,620,848
Other DfE/ESFA Grants	1,056,315	1,056,315	857,677
	<u>6,437,847</u>	<u>6,437,847</u>	<u>5,478,525</u>
Other government grants			
Local Authority Grants	561,852	561,852	511,852
	<u>561,852</u>	<u>561,852</u>	<u>511,852</u>
	<u><u>6,999,699</u></u>	<u><u>6,999,699</u></u>	<u><u>5,990,377</u></u>

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5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Hire of facilities	19,662	19,662	25,320
Catering income	94,978	94,978	93,135
Services provided	8,335	8,335	5,123
School sales	4,799	4,799	5,721
Fundraising activities	120,388	120,388	71,832
OFSTED income	5,760	5,760	5,955
	<u>253,922</u>	<u>253,922</u>	<u>207,086</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Investment income	2,937	2,937	2,325
	<u>2,937</u>	<u>2,937</u>	<u>2,325</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>Total 2018 £</i>
Educational Operations:					
Direct costs	4,356,957	-	314,502	4,671,459	3,901,099
Allocated support costs	2,003,899	1,165,013	651,841	3,820,753	3,414,298
	<u>6,360,856</u>	<u>1,165,013</u>	<u>966,343</u>	<u>8,492,212</u>	<u>7,315,397</u>
<i>Total 2018</i>	<u>5,359,361</u>	<u>1,077,785</u>	<u>878,251</u>	<u>7,315,397</u>	

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8. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational Operations	8,404,213	8,404,213	7,227,397
Pension cost	88,000	88,000	88,000
	<u>8,404,213</u>	<u>8,404,213</u>	<u>7,227,397</u>

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational Operations	4,671,459	3,820,753	8,492,212	7,315,397
<i>Total 2018</i>	<u>3,901,099</u>	<u>3,414,298</u>	<u>7,315,397</u>	

Analysis of direct costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	4,356,957	4,356,957	3,607,832
Technology costs	6,968	6,968	3,563
Educational supplies	166,589	166,589	155,266
Staff development	26,353	26,353	30,489
Educational consultancy	114,592	114,592	103,949
	<u>4,671,459</u>	<u>4,671,459</u>	<u>3,901,099</u>

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9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Net pension finance charge	88,000	88,000	88,000
Staff costs	2,003,899	2,003,899	1,751,529
Depreciation	610,518	610,518	763,482
Technology costs	55,602	55,602	42,929
Maintenance of premises	300,833	300,833	118,877
Cleaning	89,206	89,206	79,823
Rent and rates	46,002	46,002	29,627
Energy costs	118,454	118,454	85,976
Insurance	67,225	67,225	101,064
Security and transport	31,711	31,711	34,963
Catering	203,722	203,722	134,245
Bank interest and charges	243	243	160
Legal and professional fees	83,698	83,698	74,191
Other support costs	121,640	121,640	109,432
	<u>3,820,753</u>	<u>3,820,753</u>	<u>3,414,298</u>

During the year ended 31 August 2019, the multi academy trust incurred the following Governance costs: £16,000 (2018 - £12,000) included within the table above in respect of Educational Operations.

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	<i>2018 £</i>
Operating lease rentals	14,857	12,487
Depreciation of tangible fixed assets	610,518	763,482
Fees paid to auditors for:		
- audit	15,000	12,000
- other services	1,000	-
	<u>640,375</u>	<u>787,969</u>

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11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	4,672,435	3,968,978
Social security costs	372,699	318,662
Pension costs	1,222,444	1,042,042
	6,267,578	5,329,682
Agency staff costs	93,278	28,329
Staff restructuring costs	-	1,350
	6,360,856	5,359,361

Staff restructuring costs comprise:

	2019	2018
	£	£
Severance payments	-	1,350
	-	1,350

b. Staff numbers

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

	2019	2018
	No.	No.
Management	6	5
Teachers	65	51
Administration	199	176
	270	232

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff costs (continued)

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £582,592 (2018: £385,551).

12. Central services

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

- Software licenses
- Shared staff

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

Each Academy is charged £55,000 per annum plus 3% of GAG funding. Kents Hill Infant Academy joined the trust part way through the year. In order to best manage the limited funds available upon transfer into the trust, the directors made the decision not to charge Kents Hill Infant Academy for central services relating to the period ending 31 August 2019.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Westwood Academy	78,854	78,447
Parkwood Academy	80,087	80,594
Winter Gardens Academy	98,885	97,592
Bardfield Academy	103,772	102,069
Total	361,598	358,702

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13. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the multi academy trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2019	2018
		£	£
Simon Harbrow, CEO	Remuneration	90,000 -	85,000 -
		95,000	90,000
	Pension contributions paid	15,000 -	10,000 -
		20,000	15,000

During the year, retirement benefits were accruing to 1 Directors (2018 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, expenses totalling £1,675 were reimbursed or paid directly to 4 Directors (2018 - £817 to 3 Directors). Expenditure incurred related to meeting and travel costs.

14. Directors' and Officers' insurance

In accordance with normal commercial practice, the multi academy trust has purchased insurance to protect Directors 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 2019 is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Assets under constructio n £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2018	1,896,857	10,112,522	21,753	1,676,599	452,775	14,160,506
Additions	9,578	69,640	238,887	32,187	79,640	429,932
Inherited on aquisition of academy trust	-	2,589,339	-	16,919	5,296	2,611,554
Transfers between classes	358,156	49,454	(260,640)	-	-	146,970
At 31 August 2019	<u>2,264,591</u>	<u>12,820,955</u>	<u>-</u>	<u>1,725,705</u>	<u>537,711</u>	<u>17,348,962</u>
Depreciation						
At 1 September 2018	265,855	580,192	-	1,245,625	411,513	2,503,185
Charge for the year	39,550	241,621	-	285,646	43,701	610,518
At 31 August 2019	<u>305,405</u>	<u>821,813</u>	<u>-</u>	<u>1,531,271</u>	<u>455,214</u>	<u>3,113,703</u>
Net book value						
At 31 August 2019	<u><u>1,959,186</u></u>	<u><u>11,999,142</u></u>	<u><u>-</u></u>	<u><u>194,434</u></u>	<u><u>82,497</u></u>	<u><u>14,235,259</u></u>
At 31 August 2018	<u><u>1,631,001</u></u>	<u><u>9,532,330</u></u>	<u><u>21,753</u></u>	<u><u>430,975</u></u>	<u><u>41,261</u></u>	<u><u>11,657,320</u></u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2019 £	2018 £
Freehold land	120,000	120,000
Long-term leasehold land	1,453,000	1,453,000
	<u><u>1,573,000</u></u>	<u><u>1,573,000</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. Investment property

	Freehold investment property £	Long term leasehold investment property £	Total £
At 1 September 2018	97,516	49,454	146,970
Transfers between classes	(97,516)	(49,454)	(146,970)
	<hr/>	<hr/>	<hr/>
At 31 August 2019	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The valuations were made by Simon Wright FRICS MCI Arb upon conversion, on an open market value for existing use basis. The above properties have been reallocated to freehold and leasehold property above to reflect their use as operating assets rather than assets held for rental or capital appreciation.

17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	5,324	1,371
Other debtors	337,459	18,878
Prepayments and accrued income	163,961	270,518
	<hr/>	<hr/>
	506,744	290,767
	<hr/> <hr/>	<hr/> <hr/>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	3,116	-
Trade creditors	58,287	78,976
Other taxation and social security	98,150	80,369
Obligations under finance lease and hire purchase contracts	3,958	-
Pension scheme creditors	104,080	83,148
Other creditors	1,586	1,141
Accruals and deferred income	306,247	174,500
	<hr/>	<hr/>
	575,424	418,134
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year (continued)

	2019	2018
	£	£
	2019	2018
	£	£
Deferred income at 1 September 2018	118,783	154,384
Resources deferred during the year	191,579	118,783
Amounts released from previous periods	(118,783)	(154,384)
	191,579	118,783
	<u>191,579</u>	<u>118,783</u>

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

19. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Other loans	18,636	-
Net obligations under finance lease and hire purchase contracts	993	-
	19,629	-
	<u>19,629</u>	<u>-</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019	2018
	£	£
Payable or repayable by instalments	6,174	-
	6,174	-
	<u>6,174</u>	<u>-</u>

The Other loans balance totalling £21,752 at 31 August 2019 represents loans which are provided on the following terms:

£13,752 being a 0% Salix loan repayable over an 8 year period for both roofing and window replacement at Kents Hill Infant Academy.

£8,000 being a 0% Salix loan repayable over an 8 year period for classroom rebuild at Westwood Academy.

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NOTES TO THE FINANCIAL STATEMENTS
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20. Transfers between funds

Funds have been transferred in respect of the following:

£324,213 has been transferred from the unrestricted fund to the restricted fund for the General Annual Grant (GAG) representing unrestricted funds reallocated for restricted purposes.

£19,130 has been transferred from the unrestricted fund to the restricted fund for Central funds representing unrestricted funds reallocated for restricted purposes.

£400,000 has been transferred from the restricted fund for the General Annual Grant (GAG) into the restricted fund for the Pension Reserve representing the employer contributions to the deficit.

£130,460 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.

£361,598 has been transferred from the restricted fund for General Annual Grant (GAG) to the restricted fund for Central funds to represent the topslice paid by each academy.

£299,201 has been transferred out of the restricted fixed asset fund for ESFA capital grants to the restricted fixed asset fund for Tangible fixed assets representing the spending of this grant income on tangible fixed assets.

£2,981 has been transferred out of the restricted fund for General Annual Grant (GAG) to the restricted fixed asset fund representing finance lease repayments made using GAG funding.

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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	431,603	396,148	-	(343,343)	-	484,408
Restricted general funds						
General Annual Grant	34,021	5,382,126	(4,823,423)	(571,884)	-	20,840
Central Funds	1,145	50,000	(431,873)	380,728	-	-
Other DfE/ESFA Grants	-	597,472	(552,500)	-	-	44,972
Pupil Premium	95,606	608,050	(606,021)	-	-	97,635
Local Authority Grants	-	188,273	(188,273)	-	-	-
Nursery	-	373,579	(373,579)	-	-	-
Salix Loan	-	(14,809)	-	1,058	-	(13,751)
Pension reserve	(3,163,000)	(581,000)	(906,000)	400,000	(784,000)	(5,034,000)
	<u>(3,032,228)</u>	<u>6,603,691</u>	<u>(7,881,669)</u>	<u>209,902</u>	<u>(784,000)</u>	<u>(4,884,304)</u>
Restricted fixed asset funds						
Inherited Fixed Assets	10,732,151	2,611,554	(535,333)	-	-	12,808,372
Tangible Fixed Assets	1,072,139	-	(75,185)	429,662	-	1,426,616
ESFA Capital Grants	259,225	102,113	-	(299,202)	-	62,136
Capital Loans	-	(15,905)	(26)	2,981	-	(12,950)
	<u>12,063,515</u>	<u>2,697,762</u>	<u>(610,544)</u>	<u>133,441</u>	<u>-</u>	<u>14,284,174</u>
Total Restricted funds	<u>9,031,287</u>	<u>9,301,453</u>	<u>(8,492,213)</u>	<u>343,343</u>	<u>(784,000)</u>	<u>9,399,870</u>
Total funds	<u><u>9,462,890</u></u>	<u><u>9,697,601</u></u>	<u><u>(8,492,213)</u></u>	<u><u>-</u></u>	<u><u>(784,000)</u></u>	<u><u>9,884,278</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

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

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

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

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

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

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

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

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

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

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

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Westwood Academy	79,128	82,536
Parkwood Academy	155,596	141,655
Winter Gardens Academy	107,414	61,530
Bardfield Academy	265,733	257,384
Kents Hill Infant Academy	18,556	-
Central fund	7,677	19,270

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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

	2019 £	2018 £
Total before fixed asset funds and pension reserve	634,104	562,375
Restricted fixed asset fund	14,284,174	12,063,515
Pension reserve	(5,034,000)	(3,163,000)
Total	9,884,278	9,462,890

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Westwood Academy	524,661	403,384	50,720	126,133	1,104,898	1,073,461
Parkwood Academy	633,601	325,172	41,995	166,789	1,167,557	1,194,452
Winter Gardens Academy	1,106,535	564,889	70,023	184,654	1,926,101	1,892,738
Bardfield Academy	1,229,039	599,049	116,982	242,556	2,187,626	2,005,204
Kents Hill Infant Academy	514,276	190,598	30,529	328,233	1,063,636	-
Central services	348,841	8,805	4,257	69,974	431,877	386,060
Multi academy trust	4,356,953	2,091,897	314,506	1,118,339	7,881,695	6,551,915

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21. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
Unrestricted funds	353,833	287,770	-	(210,000)	-	431,603
Restricted general funds						
General Annual Grant	6,612	4,620,847	(4,085,512)	(507,926)	-	34,021
Central Funds	22,501	6,000	(386,059)	358,703	-	1,145
Other DfE/ESFA Grants	-	265,072	(265,072)	-	-	-
Pupil Premium	31,420	586,606	(522,420)	-	-	95,606
Local Authority Grants	-	132,791	(132,791)	-	-	-
Nursery	-	379,061	(379,061)	-	-	-
Pension reserve	(3,492,000)	-	(781,000)	319,000	791,000	(3,163,000)
	<u>(3,431,467)</u>	<u>5,990,377</u>	<u>(6,551,915)</u>	<u>169,777</u>	<u>791,000</u>	<u>(3,032,228)</u>
Restricted fixed asset funds						
Inherited Fixed Assets	11,426,529	-	(694,378)	-	-	10,732,151
Tangible Fixed Assets	537,341	-	(69,104)	603,902	-	1,072,139
ESFA Capital Grants	423,904	399,000	-	(563,679)	-	259,225
	<u>12,387,774</u>	<u>399,000</u>	<u>(763,482)</u>	<u>40,223</u>	<u>-</u>	<u>12,063,515</u>
Total Restricted funds	<u>8,956,307</u>	<u>6,389,377</u>	<u>(7,315,397)</u>	<u>210,000</u>	<u>791,000</u>	<u>9,031,287</u>

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22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,088,288	14,088,288
Investment property	-	-	146,970	146,970
Current assets	484,408	731,528	62,137	1,278,073
Creditors due within one year	-	(570,467)	(4,957)	(575,424)
Creditors due in more than one year	-	(11,636)	(7,993)	(19,629)
Provisions for liabilities and charges	-	(5,034,000)	-	(5,034,000)
Total	484,408	(4,884,304)	14,284,174	9,884,278

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	11,657,320	11,657,320
Investment property	-	-	146,970	146,970
Current assets	431,604	548,906	259,225	1,239,735
Creditors due within one year	-	(418,134)	-	(418,134)
Provisions for liabilities and charges	-	(3,163,000)	-	(3,163,000)
Total	431,604	(3,032,228)	12,063,515	9,462,891

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of financial activities)	1,205,389	(638,251)
Adjustments for:		
Depreciation	610,518	763,482
Capital grants from DfE and other capital income	(94,113)	(399,000)
Interest receivable	(2,937)	(2,325)
Defined benefit pension scheme cost less contributions payable	418,000	374,000
Defined benefit pension scheme finance cost	88,000	88,000
(Increase)/decrease in debtors	(215,977)	1,714
Increase/(decrease) in creditors	176,918	(109,765)
Fixed assets transferred into the trust	(2,611,554)	-
Pension liability transferred into the trust	581,000	-
Net cash provided by operating activities	155,244	77,855

24. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	2,937	2,325
Purchase of tangible fixed assets	(429,932)	(603,903)
Capital grants from DfE Group	94,113	399,000
Net cash used in investing activities	(332,882)	(202,578)

25. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	771,329	948,967
Total cash and cash equivalents	771,329	948,967

26. Pension commitments

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

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26. Pension commitments (continued)

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

Contributions amounting to £104,080 were payable to the schemes at 31 August 2019 (2018 - £83,148) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £447,525 (2018 - £349,041).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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26. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £507,000 (2018 - £409,000), of which employer's contributions totalled £400,000 (2018 - £319,000) and employees' contributions totalled £ 107,000 (2018 - £90,000). The agreed contribution rates for future years are 20.0 - 23.7 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.70
Inflation assumption (CPI)	2.20	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.3	22.3
Females	23.6	24.8
<i>Retiring in 20 years</i>		
Males	23.0	24.5
Females	25.4	27.1

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	201	138
Discount rate -0.1%	(204)	(142)
Mortality assumption - 1 year increase	(317)	(188)
Mortality assumption - 1 year decrease	305	183

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26. Pension commitments (continued)

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

	At 31 August 2019	<i>At 31 August 2018</i>
	£	£
Equities	2,573,000	1,689,000
Gilts	224,000	141,000
Corporate bonds	230,000	155,000
Property	325,000	236,000
Cash and other liquid assets	119,000	90,000
Alternative assets and other managed funds	609,000	340,000
Total market value of assets	4,080,000	<i>2,651,000</i>

The actual return on scheme assets was £322,000 (2018 - £145,000).

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

	2019	<i>2018</i>
	£	£
Current service cost	(722,000)	(693,000)
Past service cost	(96,000)	-
Interest cost	(88,000)	(88,000)
Total amount recognised in the Statement of financial activities	(906,000)	<i>(781,000)</i>

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

	2019	<i>2018</i>
	£	£
At 1 September	5,814,000	<i>5,628,000</i>
Transferred in on existing academies joining the trust	1,222,000	-
Current service cost	722,000	693,000
Interest cost	176,000	148,000
Employee contributions	107,000	90,000
Actuarial losses/(gains)	1,018,000	(706,000)
Benefits paid	(41,000)	(39,000)
Past service costs	96,000	-
At 31 August	9,114,000	<i>5,814,000</i>

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26. Pension commitments (continued)

Changes in the fair value of the multi academy trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,651,000	2,136,000
Transferred in on existing academies joining the trust	641,000	-
Interest income	88,000	60,000
Actuarial gains	234,000	85,000
Employer contributions	400,000	319,000
Employee contributions	107,000	90,000
Benefits paid	(41,000)	(39,000)
At 31 August	4,080,000	2,651,000

Impact of the McCloud/Sargeant judgement on the Local Government Pension Scheme

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 August 2019 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2019.

This adjustment is an estimate of the potential impact on the Trust's defined benefit obligation as provided by the scheme's actuary. The Actuary's assessment is based on analysis carried out by the Government Actuary's Department (GAD) and the Trust's liability profile.

The GAD assessment is based on a "worst-case" scenario whereby this case impacts on all active members in the scheme as at 31 March 2019. It is the view of the Trustees and their actuary that this is not a realistic estimate. The actuary has therefore adjusted their estimate to only include members who were active at 31 March 2012.

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**NOTES TO THE FINANCIAL STATEMENTS
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27. Operating lease commitments

At 31 August 2019 the multi academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	academy 2019 £	<i>academy 2018 £</i>
Not later than 1 year	14,857	14,857
Later than 1 year and not later than 5 years	10,359	25,217
	25,216	40,074
	25,216	40,074

The following lease payments have been recognised as an expense in the Statement of financial activities:

	academy 2019 £	<i>academy 2018 £</i>
Operating lease rentals	14,857	12,487
	14,857	12,487

28. Members' liability

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

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29. 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 directors 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 £4,350 (2018: £2,700) with Go Ministries Ltd, a company of which a Trustee, M Simmonds, is a controlling director. These services were provided at cost.

During the year the Trust also purchased at cost educational support of £3,250 (2018: £6,600), from KIS Education Solutions Ltd, a company of which a Member of the Trust, K Pullen, is a controlling director.

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

K Harbrow - wife of S Harbrow (a trustee)

K Harbrow was employed by the trust and received remuneration of £3,637 in respect of her employment with the trust.

There were no amounts outstanding in respect of the above at the reporting date.

In entering into this transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

30. Controlling party

There is no ultimate controlling party.

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31. Transfer of existing academies into the multi academy trust

Kents Hill Infant Academy

	Value reported by transferring trust £	Transfer in recognised £
Tangible fixed assets		
Long-term leasehold property	2,589,339	2,589,339
Furniture and equipment	16,919	16,919
Computer equipment	5,296	5,296
Current assets		
Debtors due within one year	81,497	81,497
Cash at bank and in hand	357,873	357,873
Liabilities		
Creditors due within one year	(216,518)	(216,518)
Pensions		
Pensions - pension scheme liabilities	(581,000)	(581,000)
Net assets	<u>2,253,406</u>	<u>2,253,406</u>