

Registrar's Copy

Company Registration Number: 07681226 (England & Wales)

SOUTH ESSEX ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

FRIDAY



A9Y6K77T

A11

12/02/2021

#170

COMPANIES HOUSE

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 12
Governance statement	13 - 16
Statement on regularity, propriety and compliance	17
Statement of Directors' responsibilities	18
Independent auditors' report on the financial statements	19 - 21
Independent reporting accountant's report on regularity	22 - 23
Statement of financial activities incorporating income and expenditure account	24 - 25
Balance sheet	26 - 27
Statement of cash flows	28
Notes to the financial statements	29 - 59

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Keith Pullen Howard Sellick Darren Stoner
Directors	Michael Simmonds (resigned 20 November 2020) ¹ Simon Harbrow, CEO ¹ Tosca Boothman (resigned 25 November 2020) Vanessa Van Blerk (resigned 20 November 2019) Dominic Carver Christopher Jones, Chair of Finance Committee ¹ Catherine Burnside, Vice Chair (appointed 27 January 2020) ¹ Julie Mulcahy, Chair (appointed 13 July 2020) ¹ 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	Catherine Barratt
Senior management team	S Harbrow, CEO J Archer, Head of Westwood C Wiggs, Head of Parkwood (resigned April 2020) C Stalham, Head of Winter Gardens A Savill, Head of Bardfield (resigned December 2019) D Dry, Head of Bardfield (appointed January 2020) G Thurston, Head of Kents Hill Infants C Sellick, Trust CFO G Cahalane, Head of HR M Clarke, Head of Parkwood (appointed May 2020)
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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Solicitors

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' 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 1,489 in the school census in January 2020.

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, amended 10 November 2014, 30 June 2015 and 21 March 2016.

The charitable company's memorandum and articles of association are the primary governing documents of the 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 they may 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.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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 the 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 twice 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.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

g. Engagement with employees (including disabled persons)

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.

h. 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.

Objectives and activities

a. Objects and aims

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

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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;
- Be responsible, independent and supportive of each other;
- Be tolerant and open minded and not prejudiced;
- Be determined to have a strong work ethic;
- Have good communication skills; and
- Strive for high achievement standards.

We encourage the children to:

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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.

Strategic report

Achievements and performance

a. Key performance indicators

Outcomes 2020:

As a result of COVID 19 and the subsequent lockdown from March 2020 and the closure of schools the Department of Education cancelled all tests.

Throughout the year the Trust continued to use the 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 which supported the schools improvement at all levels despite the lockdown.

Outcomes for the academic year 2019/20 were not reported as required by the DFE and our own internal monitoring showed that attainment was mixed; understandably not as high as in previous years due to the lockdown. Although Home and Blended learning was provided which maintained knowledge and understanding in the core subjects, for some pupils the loss of attending school made a significant impact on their attainment. The schools remained open to key workers during the lockdown except for Parkwood Academy which did not have the demand to stay open.

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.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Financial review

a. Reserves policy

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

At the balance sheet date, the Trust had free reserves of £522,742, restricted reserves of £164,218, restricted fixed assets reserves of £14,540,329 and a pension deficit of £6,097,000. 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.

b. Investment policy

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

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

For the period ended 31 August 2020, the Trust's cash balances generated an average income return of less than 0.25%pa.

c. Principal risks and uncertainties

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

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

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

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

d. 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 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

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 2019), 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 2020, total expenditure of £8,882,870 was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period was £231,989. This figure includes accounting provisions such as depreciation charges of fixed assets and provisions provided by the actuary concerning the cost of servicing the trusts share of the LGPS liability.

At 31 August 2020 the net book value of fixed assets was £13,987,059. 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 £6,097,000 at 31 August 2020.

The Academy held fund balances at 31 August 2020 of £9,130,289 comprising £8,607,547 of restricted funds and £522,742 of unrestricted general funds. Of the restricted funds £14,540,329 is represented by tangible fixed assets and £164,218 by unspent grants carried forward. The pension reserve which is considered part of restricted funds was £6,097,000 in deficit.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

Financial KPI's

	19/20	18/19	17/18
Total GAG Income	5,796,726	5,381,532	4,620,868
Total Government Income	7,659,955	6,999,699	5,990,377
Total Trust Income	8,650,881	7,444,196	6,278,146
Total Staff Costs	7,120,036	6,360,856	5,360,711
Less Service Charges	-904,000	-818,000	-693,000
ERS Contributions	457,000	400,000	319,000
Adjusted Staff Costs	6,673,036	5,942,856	4,986,711
Total Staff Costs against GAG Funding %	115	110	108
Total Staff Costs against total Government Funding %	87	85	83
Total Staff Costs against total Trust Income %	77	80	79
Pupil to Teacher Ratio	22	21.22	-
Average Teacher Cost	£52,442	£45,044	-
Curriculum Resources Spend per Pupil	£192	£246	-
Spend on Teaching as % of total spend	44.7	-	-
Spend on Supply as % of total spend	1.0	-	-
Spend on Educational Support Staff as % of total spend	23.3	-	-
Spend on Admin/Clerical as % of total spend	9.3	-	-
Spend on Premises (incl. staff) as % of total spend	8.2	-	-
Spend on Learning & Development as % of total spend	0.3	-	-
Spend on Curriculum Resources as % of total spend	3.6		
Total Reserves- Year End	686,960	636,064	562,374
Total Reserves as % of current GAG Budget	11	10	12
Total Reserves as % of current Total Budget	9	8	8
	(5 Schools)	(5 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 2020, the trust achieved a staffing cost against total Government Funding of 87% which is just outside our target. This is due to increases in staff pay and the teachers' pension scheme outside of the Trust's control.

Ongoing staffing reviews are performed to ensure staffing is kept at the optimum level to provide a quality teaching provision for our children. The target will be reviewed to determine if this is a reasonable target going forward.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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.

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:

- Recover from the COVID 19 pandemic by delivering a recovery curriculum that brings the majority of pupils to age-related levels in reading, writing and maths by July 2021
- Ensure that our most vulnerable pupils are supported and developed to make up from the six months lost from not attending school
- Actively pursue the growth of the Trust 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
- To review the Governance structures across the Trust to develop local accountability and responsibility with Academies and their communities
- The central budget working effectively - saving money to put back into supporting children
- Improving outcomes for disadvantaged pupils across the Trust

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); and enabling the expertise in each academy to provide support and development for all the academies.

All financial resources are allocated by a robust system of conversations led by the CEO with senior leaders and

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods (continued)

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.

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 8 December 2020 and signed on its behalf by:

Julie Mulcahy - Chair of Trustees

Julie Mulcahy
Chair of Trustees

Simon Harbrow - Accounting Officer

Simon Harbrow
Accounting Officer

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

As Directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 15 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	14	14
Simon Harbrow, CEO	15	15
Tosca Boothman	14	14
Vanessa Van Blerk	1	3
Dominic Carver	12	15
Christopher Jones, Chair of Finance Committee	14	15
Catherine Burnside, Vice Chair	3	8
Julie Mulcahy, Chair	2	2

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 15 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.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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 2020

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. The unprecedented situation (COVID-19) that the Trust found itself in during the year has led to additional innovative solutions and developments to the way the curriculum has been delivered across the trust. This has included investing in additional IT equipment as well as additional subscriptions to online learning platforms to allow the schools to deliver teaching and learning remotely to pupils in their homes.

In addition, Bardfield Academy has developed an alternative provision for their most high needs children. This allows them to keep these children in school and provide them with a higher quality of care suited to their needs.

The Trust Central Team commenced a home working initiative in March 2020 due to the coronavirus outbreak and have invested in the development of their infrastructure to allow for an efficient and effective service. It has been such a successful restructure of the way these teams work, that this is now being considered as a long term solution.

New Initiatives

An additional alternative provision facility is being planned and developed at Winter Gardens to work in a similar way to the Bardfield provision. In the longer term, the Trust plans to be able to offer some of the services to the wider community for the benefit of other high needs children in the area.

A new HR platform is being developed and rolled out across the Trust to facilitate a more automated and efficient way of managing many aspects of our HR service. This includes recruitment, sickness absence management, staff contracts, joiners, leavers and maternities to name a few. It will reduce the workload of the HR team and the HR links within each school by automating some of these tasks. It will also provide for easier and clearer reporting to the schools, CEO and board of Directors.

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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

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 2019 to 31 August 2020 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
- 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 Juniper Education 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.

Juniper Education 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:

- on discharge of the Board of Directors financial decisions to help the committee consider actions and assess year on year progress
- the work of the reviewer;
- the work of the external auditors;
- 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 8 December 2020 and signed on their behalf by:

Julie Mulcahy - Chair of Trustees

Julie Mulcahy
Chair of Trustees

Simon Harbrow - Accounting Officer

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 2019.

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 2019.

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

Simon Harbrow
Accounting Officer
Date: 8 December 2020

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 8 December 2020 and signed on its behalf by:

Julie Mulcahy - Chair of Trustees

Julie Mulcahy
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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the multi academy trust's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

Clive Smith FCA (Senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants

Registered Auditors

Kingsridge House

601 London Road

Westcliff-on-Sea

Essex

SS0 9PE

Date: 15 December 2020

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 AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MWS

Reporting Accountant

MWS

Chartered Accountants

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

Date: 18 December 2020

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

		Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
	Note					
Income from:						
Donations and capital grants:	3					
Donation on acquisition of academy trust		-	-	-	-	2,253,406
Other donations and capital grants		57,468	-	729,418	786,886	187,637
Charitable activities		-	7,659,955	-	7,659,955	6,999,699
Other trading activities		202,316	-	-	202,316	253,922
Investments	6	1,724	-	-	1,724	2,937
Total income		261,508	7,659,955	729,418	8,650,881	9,697,601
Expenditure on:						
Charitable activities	8	-	8,365,438	517,432	8,882,870	8,492,213
Total expenditure		-	8,365,438	517,432	8,882,870	8,492,213
Net income/ (expenditure)		261,508	(705,483)	211,986	(231,989)	1,205,388
Transfers between funds	20	(223,170)	179,002	44,168	-	-
Net movement in funds before other recognised gains/(losses)		38,338	(526,481)	256,154	(231,989)	1,205,388
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	28	-	(522,000)	-	(522,000)	(784,000)
Net movement in funds		38,338	(1,048,481)	256,154	(753,989)	421,388
Reconciliation of funds:						
Total funds brought forward		484,404	(4,884,301)	14,284,175	9,884,278	9,462,890
Net movement in funds		38,338	(1,048,481)	256,154	(753,989)	421,388
Total funds carried forward		522,742	(5,932,782)	14,540,329	9,130,289	9,884,278

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 2020

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

The notes on pages 29 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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	15	13,987,059	14,235,258
		<u>13,987,059</u>	<u>14,235,258</u>
Current assets			
Debtors	16	866,113	506,744
Cash at bank and in hand		1,167,033	771,329
		<u>2,033,146</u>	<u>1,278,073</u>
Creditors: amounts falling due within one year	17	(777,395)	(575,424)
Net current assets		<u>1,255,751</u>	<u>702,649</u>
Total assets less current liabilities		<u>15,242,810</u>	<u>14,937,907</u>
Creditors: amounts falling due after more than one year	18	(15,521)	(19,629)
Net assets excluding pension liability		<u>15,227,289</u>	<u>14,918,278</u>
Defined benefit pension scheme liability	28	(6,097,000)	(5,034,000)
Total net assets		<u><u>9,130,289</u></u>	<u><u>9,884,278</u></u>
Funds of the multi academy trust			
Restricted funds:			
Fixed asset funds	20	14,540,329	14,284,175
Restricted income funds	20	164,218	149,699
		<u>14,704,547</u>	<u>14,433,874</u>
Restricted funds excluding pension asset	20	14,704,547	14,433,874
Pension reserve	20	(6,097,000)	(5,034,000)
Total restricted funds	20	<u>8,607,547</u>	<u>9,399,874</u>
Unrestricted income funds	20	522,742	484,404
Total funds		<u><u>9,130,289</u></u>	<u><u>9,884,278</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 24 to 59 were approved by the Directors, and authorised for issue on 08 December 2020 and are signed on their behalf, by:

Julie Mulcahy - Chair of Trustees

Julie Mulcahy
Chair of Trustees

Simon Harbrow - Accounting Officer

Simon Harbrow
Accounting Officer

The notes on pages 29 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 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	22	617,774	155,244
Cash flows from investing activities	24	(214,997)	(332,882)
Cash flows from financing activities	23	(7,073)	-
Change in cash and cash equivalents in the year		395,704	(177,638)
Cash and cash equivalents at the beginning of the year		771,329	948,967
Cash and cash equivalents at the end of the year	25, 26	<u>1,167,033</u>	<u>771,329</u>

The notes on pages 29 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 2020

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 2019 to 2020 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 2020**

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.

All resources expended are inclusive of irrecoverable VAT.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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 2020

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	- 50/45/15 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 16. 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.

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 17 and 18. 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 2020

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.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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 28, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations					
Donations	45,308	-	-	45,308	38,542
Educational trips and visits	12,160	-	-	12,160	54,983
	<u>57,468</u>	<u>-</u>	<u>-</u>	<u>57,468</u>	<u>93,525</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Income from donations and capital grants (continued)

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Capital Grants	-	-	729,418	729,418	94,113
Donated assets on acquisition of academy trust	-	-	-	-	2,253,406
	-	-	729,418	729,418	2,347,519
	57,468	-	729,418	786,886	2,441,044
<i>Total 2019</i>	139,290	(396,008)	2,697,762	2,441,044	

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

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	5,796,726	5,796,726	5,381,532
Other DfE/ESFA Grants	1,281,431	1,281,431	1,056,315
	7,078,157	7,078,157	6,437,847
Other government grants			
Local Authority Grants	576,716	576,716	561,852
	576,716	576,716	561,852
Exceptional government funding			
Coronavirus Exceptional Support	5,082	5,082	-
	5,082	5,082	-
	7,659,955	7,659,955	6,999,699
<i>Total 2019</i>	6,999,699	6,999,699	

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

The trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'Exceptional government funding'.

The funding received for coronavirus exceptional support covers free school meal vouchers purchased prior to the implementation of the government scheme. These costs are included in note 7 - 9 below as appropriate.

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Hire of facilities	15,329	15,329	19,662
Catering income	61,880	61,880	94,978
Services provided	4,434	4,434	8,335
School sales	2,505	2,505	4,799
Fundraising activities	114,370	114,370	120,388
OFSTED income	3,798	3,798	5,760
	<u>202,316</u>	<u>202,316</u>	<u>253,922</u>
<i>Total 2019</i>	<u>253,922</u>	<u>253,922</u>	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Investment income	1,724	1,724	2,937
	<u>1,724</u>	<u>1,724</u>	<u>2,937</u>
<i>Total 2019</i>	<u>2,937</u>	<u>2,937</u>	

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Educational Operations:					
Direct costs	4,860,662	-	236,435	5,097,097	4,671,459
Allocated support costs	2,259,374	882,572	643,827	3,785,773	3,820,753
	<u>7,120,036</u>	<u>882,572</u>	<u>880,262</u>	<u>8,882,870</u>	<u>8,492,212</u>
<i>Total 2019</i>	<u>6,360,856</u>	<u>1,165,013</u>	<u>966,343</u>	<u>8,492,212</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Educational Operations	<u>8,882,870</u>	<u>8,882,870</u>	<u>8,492,213</u>
<i>Total 2019</i>	<u>8,492,213</u>	<u>8,492,213</u>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational Operations	<u>5,097,097</u>	<u>3,785,773</u>	<u>8,882,870</u>	<u>8,492,212</u>
<i>Total 2019</i>	<u>4,671,459</u>	<u>3,820,753</u>	<u>8,492,212</u>	

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	4,860,662	4,860,662	4,356,957
Technology costs	4,403	4,403	6,968
Educational supplies	123,236	123,236	166,589
Staff development	12,843	12,843	26,353
Educational consultancy	95,953	95,953	114,592
	<u>5,097,097</u>	<u>5,097,097</u>	<u>4,671,459</u>
<i>Total 2019</i>	<u><u>4,671,459</u></u>	<u><u>4,671,459</u></u>	

Analysis of support costs

	Educational Operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Net pension finance charge	90,000	90,000	88,000
Staff costs	2,259,374	2,259,374	2,003,899
Depreciation	517,415	517,415	610,518
Technology costs	69,335	69,335	55,602
Maintenance of premises	105,976	105,976	300,833
Cleaning	108,273	108,273	89,206
Rent and rates	56,572	56,572	46,002
Energy costs	94,336	94,336	118,454
Insurance	52,048	52,048	67,225
Security and transport	25,833	25,833	31,711
Catering	210,769	210,769	203,722
Bank interest and charges	3,969	3,969	243
Legal and professional fees	71,298	71,298	83,698
Other support costs	120,575	120,575	121,640
	<u>3,785,773</u>	<u>3,785,773</u>	<u>3,820,753</u>
<i>Total 2019</i>	<u><u>3,820,753</u></u>	<u><u>3,820,753</u></u>	

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

During the year ended 31 August 2020, the multi academy trust incurred the following Governance costs: £16,500 (2019 - £16,000) included within the table above in respect of Educational Operations.

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	14,857	14,857
Depreciation of tangible fixed assets	517,415	610,518
Fees paid to auditors for:		
- audit	15,000	15,000
- other services	1,500	1,000
	<u>15,000</u>	<u>15,000</u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	5,103,955	4,672,435
Social security costs	407,200	372,699
Pension costs	1,532,417	1,222,444
	<u>7,043,572</u>	<u>6,267,578</u>
Agency staff costs	76,464	93,278
	<u>7,120,036</u>	<u>6,360,856</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff (continued)

b. Staff numbers

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

	2020	2019
	No.	No.
Management	6	6
Teachers	70	65
Administration	200	199
	276	270

c. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	2
In the band £90,001 - £100,000	1	1

d. Key management personnel

The key management personnel of the multi academy trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the multi academy trust was £710,666 (2019 £641,483).

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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 7.5% of GAG funding. Kents Hill Infant Academy joined the trust part way through the year ended 31 August 2019. 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:

	2020 £	2019 £
Westwood Academy	60,583	78,854
Parkwood Academy	60,528	80,087
Winter Gardens Academy	112,212	98,885
Bardfield Academy	127,790	103,772
Kents Hill Infant Academy	73,642	-
Total	434,755	361,598

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:

		2020 £	2019 £
Simon Harbrow, CEO	Remuneration	95,000 -	90,000 -
		100,000	95,000
	Pension contributions paid	20,000 -	15,000 -
		25,000	20,000

During the year, retirement benefits were accruing to 1 Directors (2019 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2020, expenses totalling £263 were reimbursed or paid directly to 2 Directors (2019 - £1,675 to 4 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 2020 is included in the total insurance cost.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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 2019	2,264,591	12,820,955	-	1,725,705	537,711	17,348,962
Additions	-	49,606	202,423	3,000	14,186	269,215
At 31 August 2020	<u>2,264,591</u>	<u>12,870,561</u>	<u>202,423</u>	<u>1,728,705</u>	<u>551,897</u>	<u>17,618,177</u>
Depreciation						
At 1 September 2019	305,405	821,813	-	1,531,271	455,214	3,113,703
Charge for the year	47,658	255,161	-	166,101	48,495	517,415
At 31 August 2020	<u>353,063</u>	<u>1,076,974</u>	<u>-</u>	<u>1,697,372</u>	<u>503,709</u>	<u>3,631,118</u>
Net book value						
At 31 August 2020	<u>1,911,528</u>	<u>11,793,587</u>	<u>202,423</u>	<u>31,333</u>	<u>48,188</u>	<u>13,987,059</u>
At 31 August 2019	<u>1,959,186</u>	<u>11,999,141</u>	<u>-</u>	<u>194,434</u>	<u>82,497</u>	<u>14,235,258</u>

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

	2020 £	2019 £
Freehold land	120,000	120,000
Long-term leasehold land	1,453,600	1,453,600
	<u>1,573,600</u>	<u>1,573,600</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	4,717	5,324
Other debtors	47,697	337,459
Prepayments and accrued income	813,699	163,961
	<u>866,113</u>	<u>506,744</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	3,116	3,116
Trade creditors	301,237	58,287
Other taxation and social security	85,181	98,150
Obligations under finance lease and hire purchase contracts	993	3,958
Other creditors	121,034	105,666
Accruals and deferred income	265,834	306,247
	<u>777,395</u>	<u>575,424</u>

	2020 £	2019 £
Deferred income at 1 September 2019	191,579	118,783
Resources deferred during the year	185,910	191,579
Amounts released from previous periods	(191,579)	(118,783)
	<u>185,910</u>	<u>191,579</u>

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

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

	2020 £	2019 £
Other loans	15,521	18,636
Net obligations under finance lease and hire purchase contracts	-	993
	<u>15,521</u>	<u>19,629</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

	2020 £	2019 £
Payable or repayable by instalments	3,058	6,174
	<u>3,058</u>	<u>6,174</u>

The Other loans balance totalling £18,637 at 31 August 2020 represents loans which are provided on the following terms:

£11,637 being a 0% Salix loan repayable over an 8 year period for both roofing and window replacement at Kents Hill Infant Academy.

£7,000 being a 0% Salix loan repayable over an 8 year period for classroom rebuild at Westwood Academy.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

Within one year	£993 (2019 £3,958)
Between one and five years	£nil (2019 £993)

19. Transfers between funds

Funds have been transferred in respect of the following:

£209,968 has been transferred from the unrestricted fund to the restricted fund for the General Annual Grant (GAG) representing unrestricted funds reallocated for restricted purposes.

£13,202 has been transferred from the unrestricted fund to the restricted fund for Central funds representing unrestricted funds reallocated for restricted purposes.

£457,000 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.

£39,192 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.

£434,753 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.

£230,293 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.

£4,976 has been transferred out of the restricted fund for General Annual Grant (GAG) to the restricted fixed asset fund representing loan repayments made using GAG funding.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

20. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	484,404	261,508	-	(223,170)	-	522,742
Restricted general funds						
General Annual Grant	20,843	5,796,725	(5,013,625)	(728,071)	-	75,872
Central Funds	-	-	(450,862)	447,957	-	(2,905)
Other DfE/ESFA Grants	44,972	668,629	(713,601)	-	-	-
Pupil Premium	97,635	612,803	(607,552)	-	-	102,886
Local Authority Grants	-	177,135	(177,135)	-	-	-
Nursery	-	399,581	(399,581)	-	-	-
Salix Loan	(13,751)	-	-	2,116	-	(11,635)
Coronavirus Exceptional Support	-	5,082	(5,082)	-	-	-
Pension reserve	(5,034,000)	-	(998,000)	457,000	(522,000)	(6,097,000)
	<u>(4,884,301)</u>	<u>7,659,955</u>	<u>(8,365,438)</u>	<u>179,002</u>	<u>(522,000)</u>	<u>(5,932,782)</u>
Restricted fixed asset funds						
Inherited Fixed Assets	12,808,371	-	(429,505)	-	-	12,378,866
Tangible Fixed Assets	1,426,617	-	(87,909)	269,485	-	1,608,193
ESFA Capital Grants	62,137	729,418	-	(230,293)	-	561,262
Capital Loans	(12,950)	-	(18)	4,976	-	(7,992)
	<u>14,284,175</u>	<u>729,418</u>	<u>(517,432)</u>	<u>44,168</u>	<u>-</u>	<u>14,540,329</u>
Total Restricted funds	<u>9,399,874</u>	<u>8,389,373</u>	<u>(8,882,870)</u>	<u>223,170</u>	<u>(522,000)</u>	<u>8,607,547</u>
Total funds	<u><u>9,884,278</u></u>	<u><u>8,650,881</u></u>	<u><u>(8,882,870)</u></u>	<u><u>-</u></u>	<u><u>(522,000)</u></u>	<u><u>9,130,289</u></u>

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Statement of funds (continued)

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 2020.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Westwood Academy	125,135	79,128
Parkwood Academy	71,323	155,596
Winter Gardens Academy	107,622	107,414
Bardfield Academy	448,087	265,733
Kents Hill Infant Academy	(62,310)	18,556
Central fund	(2,897)	7,676
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	686,960	634,103
Restricted fixed asset fund	14,540,329	14,284,175
Pension reserve	(6,097,000)	(5,034,000)
	<hr/>	<hr/>
Total	9,130,289	9,884,278
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Kents Hill Infant Academy	62,310
Central Fund	2,897
	<hr/> <hr/>

The small deficit reported on the central fund has arisen due to reduced levels of additional self generated income received during the year as a result of the disruption caused by the COVID pandemic.

The deficit reported at Kents Hill Infant Academy is as a result of unsustainable staffing costs at the academy present upon Kents Hill Infant Academy joining South Essex Academy Trust in the previous financial year.

The multi academy trust is taking the following action to return the academies to surplus:

Pooled GAG funding contribution rates to cover central trust costs will increase from 7.5% to 8% contribution per academy in the year ended 31 August 2021 to recover the central fund deficit.

A comprehensive staffing restructure programme is currently being implemented at Kents Hill Infant Academy which will result in reduced staffing costs to levels in line with the other academies within the trust. Reviews of additional funding streams as well as a marketing initiative to increase pupil numbers are all forecast to have a positive impact on the overall funds position at the academy. This is a three year plan and the trust do not expect the academy to return to surplus position until 2023/24.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Statement of funds (continued)

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 2020 £	Total 2019 £
Westwood Academy	535,159	420,215	27,773	117,177	1,100,324	1,104,898
Parkwood Academy	730,870	345,934	27,009	168,437	1,272,250	1,167,557
Winter Gardens Academy	1,193,645	591,373	49,966	189,376	2,024,360	1,926,101
Bardfield Academy	1,212,127	649,626	80,974	252,642	2,195,369	2,187,626
Kents Hill Infant Academy	792,546	331,723	46,945	151,076	1,322,290	1,063,636
Central services	396,315	10,503	1,528	42,516	450,862	431,877
Multi academy trust	4,860,662	2,349,374	234,195	921,224	8,365,455	7,881,695

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

20. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	431,603	396,144	-	(343,343)	-	484,404
Restricted general funds						
General Annual Grant	34,021	5,382,126	(4,823,420)	(571,884)	-	20,843
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>(7,881,666)</u>	<u>209,902</u>	<u>(784,000)</u>	<u>(4,884,301)</u>
Restricted fixed asset funds						
Inherited Fixed Assets	10,732,151	2,611,554	(535,332)	-	-	12,808,373
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>(610,543)</u>	<u>133,441</u>	<u>-</u>	<u>14,284,175</u>
Total Restricted funds	<u>9,031,287</u>	<u>9,301,453</u>	<u>(8,492,209)</u>	<u>343,343</u>	<u>(784,000)</u>	<u>9,399,874</u>
Total funds	<u>9,462,890</u>	<u>9,697,597</u>	<u>(8,492,209)</u>	<u>-</u>	<u>(784,000)</u>	<u>9,884,278</u>

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	13,987,059	13,987,059
Current assets	522,742	949,143	561,261	2,033,146
Creditors due within one year	-	(775,404)	(1,991)	(777,395)
Creditors due in more than one year	-	(9,521)	(6,000)	(15,521)
Provisions for liabilities and charges	-	(6,097,000)	-	(6,097,000)
Total	522,742	(5,932,782)	14,540,329	9,130,289

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,235,258	14,235,258
Current assets	484,408	731,799	61,866	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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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

	2020 £	2019 £
Net (expenditure)/income for the period (as per Statement of financial activities)	(231,989)	1,205,388
Adjustments for:		
Depreciation	517,415	610,518
Capital grants from DfE and other capital income	(82,561)	(94,113)
Interest receivable	(1,723)	(2,937)
Defined benefit pension scheme cost less contributions payable	451,000	418,000
Defined benefit pension scheme finance cost	90,000	88,000
Decrease/(increase) in debtors	287,485	(215,976)
(Increase) in capital debtors	(646,857)	-
Increase in creditors	235,004	176,918
Fixed assets transferred into the trust	-	(2,611,554)
Pension liability transferred into the trust	-	581,000
Net cash provided by operating activities	617,774	155,244

23. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(7,091)	-
Interest paid	18	-
Net cash (used in)/provided by financing activities	(7,073)	-

24. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	1,724	2,937
Purchase of tangible fixed assets	(299,282)	(429,932)
Capital grants from DfE Group	82,561	94,113
Net cash used in investing activities	(214,997)	(332,882)

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

25. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,167,033	771,329
Total cash and cash equivalents	1,167,033	771,329

26. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Other non- cash changes £	At 31 August 2020 £
Cash at bank and in hand	771,329	395,704	-	1,167,033
Debt due within 1 year	(3,116)	3,115	(3,115)	(3,116)
Debt due after 1 year	(18,636)	-	3,115	(15,521)
Finance leases	(4,951)	3,958	-	(993)
	744,626	402,777	-	1,147,403

27. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	87,789	-

28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £118,612 were payable to the schemes at 31 August 2020 (2019 - £104,080) and are included within creditors.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

28. Pension commitments (continued)

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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £669,575 (2019 - £447,525).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

28. 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 2020 was £576,000 (2019 - £507,000), of which employer's contributions totalled £457,000 (2019 - £400,000) and employees' contributions totalled £ 119,000 (2019 - £107,000). The agreed contribution rates for future years are 21.0 - 25.0 per cent for employers and 5.5 - 12.5 per cent for employees.

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

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

Essex Pension Fund

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.30	2.20
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:

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	21.3
Females	23.8	23.6
<i>Retiring in 20 years</i>		
Males	23.2	23.0
Females	25.2	25.4

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

Sensitivity analysis

Essex Pension Fund

	2020	2019
	£000	£000
Discount rate +0.1%	257	201
Discount rate -0.1%	(262)	(204)
Mortality assumption - 1 year increase	(405)	(317)
Mortality assumption - 1 year decrease	389	305
	=====	=====

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

	2020	2019
	£	£
Equities	3,020,000	2,573,000
Gilts	208,000	224,000
Corporate bonds	273,000	230,000
Property	378,000	325,000
Cash and other liquid assets	132,000	119,000
Alternative assets and other managed funds	862,000	609,000
Total market value of assets	4,873,000	4,080,000
	=====	=====

The actual return on scheme assets was £115,000 (2019 - £322,000).

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

	2020	2019
	£	£
Current service cost	(904,000)	(722,000)
Past service cost	-	(96,000)
Interest cost	(90,000)	(88,000)
Administrative expenses	(4,000)	-
Total amount recognised in the Statement of financial activities	(998,000)	(906,000)
	=====	=====

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	9,114,000	5,814,000
Transferred in on existing academies joining the trust	-	1,222,000
Current service cost	904,000	722,000
Interest cost	171,000	176,000
Employee contributions	119,000	107,000
Actuarial losses	725,000	1,018,000
Benefits paid	(63,000)	(41,000)
Past service costs	-	96,000
At 31 August	10,970,000	9,114,000

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

	2020 £	2019 £
At 1 September	4,080,000	2,651,000
Transferred in on existing academies joining the trust	-	641,000
Interest income	81,000	88,000
Actuarial gains	203,000	234,000
Employer contributions	457,000	400,000
Employee contributions	119,000	107,000
Benefits paid	(63,000)	(41,000)
Administration expenses	(4,000)	-
At 31 August	4,873,000	4,080,000

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

28. Pension commitments (continued)

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

An allowance was made in 2019 for the 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 was allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2020.

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.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. It is not anticipated that there are any material differences between the approach underlying the estimated allowance in 2019 and the proposed remedy.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

It is anticipated that the Fund will pay limited increases for members that have reached State Pension Age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase. It is not therefore necessary to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Goodwin case

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

It is anticipated that the impact on the value of LGPS liabilities as a whole, and for the majority of employers participating in the LGPS, will not be material. However, the impact on individual employers will vary depending on their specific membership profile.

Sufficient information is not currently available to assess the actual impact on the Academy Trust but as the worst case scenario for the scheme as whole is expected to be in the region of be 0.025% no provision has been included within these financial statements.

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

29. Operating lease commitments

At 31 August 2020 the multi academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	7,748	14,857
Later than 1 year and not later than 5 years	2,611	10,359
	<u>10,359</u>	<u>25,216</u>

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

	2020	2019
	£	£
Operating lease rentals	<u>14,857</u>	<u>14,857</u>

30. Members' liability

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

SOUTH ESSEX ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

31. Related party transactions

Owing to the nature of the multi academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the multi academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the Academy purchased governor training materials at cost of £2,950 (2019: £4,350) 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 £3,900 (2019: £3,250), 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 £4,332 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.

32. Controlling party

There is no ultimate controlling party.