



South Suffolk Learning Trust
formerly East Bergholt High School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

for the Year ended 31 August 2017



Company Registration Number: 7682993
(England and Wales)

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South Suffolk Learning Trust

Reference and Administrative Details of the Academy, its Trustees and Advisors

The Governance of East Bergholt High School was in place from 01 September 2016 until 31 May 2017 at which point the current roles were replaced by a new Governance structure as South Suffolk Learning Trust.

East Bergholt High School Governance and Leadership:

Members

The Governors were also the members

Governors / Trustees'

*=members of the Resources Committee

**= stood down and appointment terminated on 31 May 2017 prior to the introduction of the new governance structure established on becoming a multi-academy trust with effect from 1 June 2017.

Mr Colin Turner (Headteacher)* **
Mr Robert Bowyer **
Ms Louise Bury **
Mr Antonio Carrino **
Prof Ian Colbeck (resigned 03 October 2016)
Mr Peter Espley *(resigned 02 June 2017)
Mr Ian Evans **
Mrs Alison Huard **
Mr Michael Huard **
Mrs Jasmine Kennel **
Mrs Judi Lock * **
Mr Paul McGrath (elected 11 October 2016) **
Mrs Di Owen (resigned 04 October 2016)
Sara Parry **
Mr Mark Scott * (resigned 16 November 2016)
Mr Chris Smith*
Mr Gareth Spinner
Rev Stephne van der Toorn **
Mr Ralph Tyldesley *

Company Secretary

Miss Kylie Sayer

Senior Managers

- Headteacher
- Deputy Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Business Manager (Director of Finance)

Mr Colin Turner
Mr Christopher Burns
Mr Kevin Cook
Mrs Susan Reeve
Mr Gavin Hetherington
Mr Robert Barnes

South Suffolk Learning Trust Governance and Leadership:

Members

Mr Neil Watts
Mr Martin Redbond
Mr Ralph Tyldesley
Mr Peter Espley
Mr Stephen Carr (Chair and Trustee)

Trustees'

Mr Chris Smith
Ms Michelle Kirk (appointed 1 June 2017; resigned 27 November 2017)
Mr Gareth Spinner
Mr David Fox (appointed 1 June 2017)
Ms Linda Bamford (appointed 1 June 2017)
Mr Nick Wilding (appointed 1 June 2017)
Mrs Olga Lancaster (appointed 1 June 2017; resigned 15 September 2017)
Mrs Sarah Skinner (CEO) (appointed 1 June 2017)

Company Secretary

Miss Kylie Sayer
Mr Rob Barnes (appointed 1 August 2017)

Reference and Administrative Details of the Academy, its Trustees and Advisors

Senior Managers

- Chief Executive Officer
- Chief Finance Officer
- Headteacher Claydon High School
- Headteacher East Bergholt High School
- Headteacher Hadleigh High School

Mrs Sarah Skinner
Mr Rob Barnes
Ms Maéve Taylor
Mr Colin Turner
Mrs Caroline Gibson

Registered Office

Heath Road, East Bergholt,
Colchester, Essex CO7 6RJ

Company Registration Number

7682993

Auditors

Izod Bassett
105 High Street
Needham Market
IP6 8DQ

Bankers

National Westminster (Until 30 May 2017)
25 High Street
Colchester
CO1 1DG

Lloyds Bank plc (From 01 June 2017)
High Street
Colchester

Solicitors

Stone King
Wellington House
East Road
Cambridge
CB1 1BH

South Suffolk Learning Trust

Trustees' Report

The South Suffolk Learning Trust trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both the trustees' report and directors' report under company law.

The academy trust operates with three secondary academies in South Suffolk and the surrounding area, with the aim of developing self-sustaining outstanding schools that develop:

- Successful learners
- Confident individuals
- Responsible citizens.

Its academies have a combined pupil roll of approximately 2,170.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee (registration number 7682993) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. East Bergholt High School was incorporated on 27 June 2011 and on 2 May 2017 it changed its name to South Suffolk Learning Trust. From 01 June 2017 it is comprised of Claydon High School, East Bergholt High School and Hadleigh High School.

From 01 June 2017 five members have been appointed to the Multi academy trust for the purposes of company law. Directors act as the trustees for the charitable activities of South Suffolk Learning Trust. The charitable company is known as South Suffolk Learning Trust.

Details of the trustees who served throughout the period except as noted are included in the reference and administrative details on page 3.

The five members are:

- Chair of Trust Board: Stephen Carr
Neil Watts
Martin Redbond
Ralph Tyldesley
Peter Espley

The Academy Trust has the following trustees:

- *denotes Resources committee Stephen Carr (Chair)*
Chris Smith*
Michelle Kirk*
Gareth Spinner*
David Fox
Linda Bamford
Nick Wilding*
Olga Lancaster
Sarah Skinner (CEO)

Members' Liability

Each member of the academy trust undertakes to contribute to the assets of the academy trust 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.

Trustees' Indemnities

The trustees are directors of the charitable company for the purpose of the Companies Act 2006 and trustees for the purposes of charity legislation.

Trustees of the company are covered by the Education Skills and Funding Agency's Risk Protection Arrangements under their trustees' indemnity policy.

Method of Recruitment and Appointment of Trustees

The management of the academy trust is the responsibility of the trustees who are appointed under the terms of the articles of association. The members can appoint up to 6 trustees through such process as they may determine.

South Suffolk Learning Trust

Trustees' Report (continued)

Structure, Governance and Management (continued)

Trustees are subject to retirement after a term of 4 years. After the term they are eligible for re-election at the meeting at which they retire. The make-up of the board includes experienced professionals, many of whom have a good understanding of the operational and legal requirements of running an establishment such as South Suffolk Learning Trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. Trustees will have access to the Local Authority Governor Training opportunities.

Organisational Structure

South Suffolk Learning Trust has established a unified structure to enable its efficient running. The structure consists of different levels: the board committees, the leadership group and local governing bodies at each academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The board of trustees is responsible for making major decisions about the strategic direction of the trust, ensuring that its aims are met and its ethos is maintained. Specifically, this includes setting general policy, adopting an annual plan and budget, monitoring the trust's financial performance and educational outcomes, making senior staff appointments and approving major investment programmes.

The CEO is the accounting officer.

There is a leadership group which consists of Head Teacher's at each academy. They are responsible for the day to day operation of the academies, in particular organising the teaching staff, facilities and students.

The local governing bodies are made up of a mix of local people including staff, parents and community governors. They act as a 'critical friend' to the head and academy, a 'sounding' board at a local level.

Each layer of the organisation is structured according to a set of terms of reference with associated delegation of authority for all decision making matters. The board meets regularly throughout the academic year through a series of structured and systematic meetings.

Arrangements for setting pay and remuneration of key management personnel

- Key management personnel salaries are set in accordance with the trust's pay policy. The trust's pay scales are set in accordance with the national Teaching and Support staff pay scales. These are reviewed annually in line with other trusts.

Connected Organisations including Related Party Relationships

The academy trust operates under the Seven Principles of Public Life, known as the Nolan Principles. These are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

These principles are reflected in the way we declare and deal with related party transactions so that we are operating fairly, transparently and open to scrutiny. Potential for conflict of interest arises when an individual could gain, or be perceived to gain, from an aspect of the academy trust business. All potential conflicts of interest and pecuniary interests are declared at the start of each meeting. All purchasing decisions made by the academy trust follow the same procurement and/or commissioning procedures. Any business links with Trustees or other trust officers have been made in accordance with these procedures.

The academy trust board is confident that conflict of interest is handled according to the Seven Principles of Public Life and in accordance with The Academies Financial Handbook.

South Suffolk Learning Trust

Trustees' Report (continued)

Objectives and Activities

Objectives and Aims

At South Suffolk Learning Trust we aim to provide a happy, caring and secure environment where young people are able to develop and work as members of a learning community. Learning is at the heart of our work and we are committed to celebrating the achievements of students and fostering a positive ethos based on equality of opportunity, self-discipline and consideration for others. High expectations underpin all aspects of the life and work of the schools. We encourage all our students to take full advantage of the many opportunities open to them at South Suffolk Learning Trust and to see themselves as valued members of their school and the wider community.

Within this positive learning environment we aim to:

- Offer a broad and balanced curriculum which meets statutory requirements and provides programmes of study which are relevant and which promote progression in skills, attitudes, knowledge and understanding.
- Provide a range of stimulating, challenging and applied learning experiences which will meet the individual needs of all students, helping them achieve their full potential in all curriculum areas and encouraging them to enjoy value and appreciate their education.
- Encourage students to recognise their responsibilities as citizens and to appreciate and value others.
- Help students to develop rational thinking skills that enable them to make informed decisions on their own.
- Create independent learners with the capacity and enthusiasm to continue learning throughout their lives.
- Provide students with opportunities to develop their leadership skills.
- Give young people a voice in decision making processes.
- Help students to acquire knowledge and skills relevant to responsible adult life at home, at leisure and at work in a fast changing world.
- Encourage students to develop spiritual, moral, social and cultural values.
- Encourage students to develop tolerant and sensitive attitudes towards people who are different in terms of their gender, age, race, religion and/or culture, for example, fostering recognition that diversity enriches our society.
- Encourage students to respect that everyone in the school community and beyond has a right to equality of opportunity.
- Encourage students to understand and exercise a successful balance between their own rights and their responsibility for others.
- Help students to understand the world in which we live and the interdependence of individuals, groups and nations.
- Foster a respect for the environment.
- Encourage students to develop a sense of self-esteem and help them to derive satisfaction from their own achievements individually and collectively.
- Celebrate the achievements of students.
- Work in partnership with parents and the wider community.
- Promote a healthy life style.

Strategies and Activities

Our growth strategy is in development with two schools interested in joining the trust. We aim to grow for April 2018.

Public Benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. The trustees consider that the academy trust's aims are demonstrably to the public benefit.

Strategic Report

Achievements and Performance

Prior to the formation of the SSLT, East Bergholt High school continued to enjoy much success. The promotion of students' spiritual, moral and social and cultural development continued to be a real strength of the school. Students took full advantage of the many opportunities available to them to develop their leadership skills, such as mentoring and prefecting duties, and participation in the almost 100 extra-curricular activities offered per week was high. The school enjoyed considerable sporting success and students performed in public in several musical events such as the Tendring Show, and the Suffolk Schools Festival of Music at Snape Maltings.

South Suffolk Learning Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance

As a MAT a development plan has been written to address key areas. The 3 schools continue to write detailed SDPs. Throughout the period the schools within the trust have continued to offer students a wide range of extra-curricular trips, visits and clubs. The schools continue to actively promote student leadership. Since becoming a MAT on 1st June we have held a PiXL Edge celebration event, we have written and delivered an 'Essential skills for Middle Leaders' programme with 20 participants across the Trust Schools and other partners.

The collaborative working, which is an essential part of our ethos, has been happening with the following groups of staff; Teaching and Learning Leads, Data Leads, Safeguarding Leads, English teams, Science teams and DT leads.

Key Financial Performance Indicators

Public examination performance

DfE Performance Indicator	Claydon High School	East Bergholt High School	Hadleigh High School	National
Progress 8	+0.01	-0.12	+0.04	0
Attainment 8	44.8	46.6	49.6	44.2
% of students achieving 9-5 in Eng & Ma	42	50	39	39.1
% of students entered for the EBacc	46	34	31	34.9
% of students achieving the EBacc	24	14	24	19.5

Going Concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Financial Review

The trust's financial statements for the year ended on 31 August 2017 include financial activities for 12 months for East Bergholt High School and 3 months for both Claydon High School and Hadleigh High School. The comparative figures only include the financial activities for East Bergholt High School for the year ended 31 August 2016.

Most of the academy's income is obtained from the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the ESFA during the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31st August 2017, income also includes transfers from Hadleigh High School and Claydon High School on joining the multi-academy trust of £20,883,290. Excluding these transfers, grant funding from the ESFA and other income amounted to £6,996,517 which was exceeded by total expenditure of £7,433,205. The resultant overall net deficit of £436,688 is after charging net pension costs under FRS102 of £162,000 and depreciation, net of capital funding, of £312,642. The in-year result (excluding transfers in and movements on the pension reserve and restricted fixed asset funds) was an overall surplus of £37,954 comprising a surplus on unrestricted funds of £85,788 and a deficit on restricted general funds of £47,834.

In the last two years additional funding has been obtained via successful bids to the ESFA's CIF programme for both Hadleigh High School and East Bergholt High School. This has brought in capital income for projects completed in the 2016-17 financial year as well as in 2017-18, as follows:

	Completed in 2016-17		For completion in 2017-18	
	£		£	
Hadleigh High School	92,114	Safeguarding-fencing & CCTV	424,943	Roofing
East Bergholt HS	320,774	Roofing	477,220	Replace 2 classes
Total	412,888		902,163	

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

At 31st August 2017 the net book value of fixed assets was £33,259,701. 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 students of the academy trust.

South Suffolk Learning Trust

Trustees' Report (continued)**Financial Review (continued)**

In accordance with FRS102, the academy trust received an actuarial assessment of pension scheme deficit. The deficit balance of £1,897,000 is included within the balance sheet as at 31st August 2017 and supporting notes to the financial statements.

Fund surplus balances excluding pension and restricted fixed asset reserves at 31 August 2017 were:

	£
Claydon High School	370,630
East Bergholt High School	484,290
Hadleigh High School	708,711
Total	1,563,631

Use of Reserves**East Bergholt High School**

- £45,000 towards a 3G Replacement Fund, which was in the development Plan for the Football Foundation as part of our grant package. This is the third full year of building this renewals fund which is being 50/50 generated on an annual basis between direct school funding and income received from the Sports Centre that is now managed by South Suffolk Leisure. It is estimated that the pitch carpet is likely to need replacement within 7 years at a cost of £100,000 at today's prices.
- A dip in student numbers in the catchment for 2017 intake will result in a reduced budget for 2018/19 in which reserves will be required to balance that year's budget.

Claydon High School

- A figure of c£60,000 will be used to cover the cost of toilet refurbishment that will be transferred from the balance from the LA (included in the £370,630 surplus) to their Fixed Assets account.
- To be retained to cover future uncertainty on funding, the need to support pay awards and inflation.

Hadleigh High School

- Due to current lower student numbers, and predicted falling numbers over coming year's, reserves will be used to cushion a year on year deficit recovery plan.

Central Trust Costs

For the first 3 months of the MAT being established it was decided to recharge between schools for central charges etc. The only staffing costs were for the CEO for 1/5 of a week and the CFO for 1/5 of a week. Both staff were still being paid from respective substantive roles in schools in the MAT with recharges made between the others.

Reserves Policy

- The East Bergholt High School Governors have agreed that a contingency reserve of a minimum £150,000 should be held year on year in order to cover a temporary loss of income and therefore maintain staffing levels.
- A figure across the whole MAT has yet to be confirmed.

Principal Risks and Uncertainties

- Lower student numbers coming through the Primary Schools and outer catchment in the Hadleigh area.
- Proposed changes to the Suffolk Transport regulations will, potentially, have a significant effect on student numbers to East Bergholt High School.
- Tiring buildings in all 3 founding schools and the inability to bid for CIF funding if/as we grow to 5 schools and 3,000 students.

The Trustees have decided not to have a separate Audit Committee but the resources Committee have bought in the service of an Internal Auditing service via Schools choice, which is a trading arm of Suffolk County Council. This will comprise of 3 'termly' audits that will provide a thorough report that will be fed back to the Resources Committee.

This provides the Governing Body with assurance that:

- the financial responsibilities of the Governing Body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

These arrangements can provide only reasonable and not absolute assurance that assets are safe guarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

There is an ongoing Risk Assessment process that is reviewed at all meetings between the Leadership Team, Resources Committees and Full Trustee Meetings.

South Suffolk Learning Trust

Trustees' Report (continued)**Investment Policy**

Trustees have ensured that only one bank account is held for the Trust that does pay a higher interest rate on its Business Current Account than its main competitors. By running the one account any interest gained is centralised into the MAT central Funds. Since the year end, following the receipt of funds on the closure of Hadleigh High School's bank account and Claydon High School's, Suffolk County Council, bank account the trust has opened higher interest deposit accounts.

Plans for Future Periods

Plans for 2017-18 include:

- development of the trust's growth strategy,
- appointment of a permanent CEO,
- further centralising contracts.
- capital funding "CIF" bids for 2018-19:
 - Hadleigh – roofing
 - Claydon – Window replacement and Boilers
 - East Bergholt High School – Heating system in A block, roofing in A block

Auditor

In so far as the trustees are aware:

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

The auditors, Izod Bassett, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 7 December 2017 and signed on its behalf by:

SS Carr

Stephen Carr
Chair of Trustees

South Suffolk Learning Trust

Governance Statement**Scope of Responsibility**

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

The board of trustees has delegated the day to day responsibility to the Chief Executive Officer, 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 Suffolk Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees for any material weaknesses or breakdowns in internal control.

Governance**East Bergholt High School: - until 31 May 2017**

Governor	Meetings attended	Out of a possible
Mr Colin Turner (Headteacher)*	3	3
Mr Antonio Carrino	1	3
Mr Peter Espley *	3	3
Mr Ian Evans	3	3
Mrs Alison Huard	2	3
Mr Michael Huard	3	3
Mrs Judi Lock *	3	3
Mr Paul McGrath (elected Oct 2016)	3	3
Mr Chris Smith *	2	3
Mr Gareth Spinner*	3	3
Rev Stephne van der Toorn	2	3
Mr Ralph Tyldesley*	3	3

The **Finance and Resources Committee** is a sub -committee of the main board of Governors. Its purpose is to have strategic oversight of the Academy's finances and capital development and maintenance including Health and Safety. The Committee also has an audit function to monitor expenditure and internal accounting controls. Full terms of reference for this committee are agreed annually by the Full Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Colin Turner	2	2
Mr Peter Espley	1	2
Mrs Judi Lock	1	2
Mr Chris Smith	1	2
Mr G Spinner	1	2
Mr Ralph Tyldesley	2	2

South Suffolk Learning Trust: – from 01 June 2017

Trustee	Meetings attended	Out of a possible
Stephen Carr	2	2
Chris Smith	1	2
Gareth Spinner	2	2
Michelle Kirk	2	2
Linda Bamford	2	2
David Fox	2	2
Nick Wilding	1	2
Olga Lancaster	1	2
Sarah Skinner	2	2

South Suffolk Learning Trust

Governance Statement (continued)

The resources committee as a subcommittee of the main board of trustees met on 27th June 2017. and 26th September 2017.. Attendance at the meetings of the resources committee were as follows:

Director	Meetings attended	Out of a possible
Stephen Carr	1	1
Gareth Spinner	0	1
Michelle Kirk	0	1
Nick Wilding	1	1
Chris Smith	1	1
Sarah Skinner	1	1

The terms of reference for the Resources Committee are:

- to prepare and recommend to the trust board the Trust Financial Regulations and Procedures to comply with relevant statute and regulation, the trust's scheme of delegation and the decisions of the trustees;
- to review, recommend to the trust board and monitor the individual school annual budgets that are proposed by each local governing body with a specific responsibility to ensure that budgets do not go into deficit;
- to review, recommend to the trust board and monitor the trust annual budget that consolidates individual academy budgets with trust central costs and charges, with a specific responsibility to ensure the trust budget does not go into deficit;
- to identify and propose to the trust board opportunities for the trust to achieve financial and resource efficiencies for member academies through joint commissioning and procurement;
- to review and approve the trust and academy interim year end financial reports prior to audit;
- to review and recommend to the trust members the appointment and re-appointment of the trust's auditors;
- to plan and oversee the statutory audit of annual accounts for the trust and each academy;
- to review and recommend to the trust board the audited annual accounts and financial statements in accordance with relevant statute and regulation;
- to review and recommend to the trust board the trustees report;
- to prepare and recommend to the trust board and implement the trust action plan in response to the auditor's management letter;
- to plan, oversee and monitor the internal audit of trust and academy compliance with the trust's financial regulations and procedures and to recommend and implement appropriate action to enhance compliance;
- to prepare and approve policies relating to the trust's financial governance and operation including:
 - Procurement
 - Anti-Fraud and Corruption
 - Audit
 - Investment
 - Disposals and write-off of stock assets
 - Risk Analysis and Risk Management
 - Pay and Performance
- to recommend to the trust board expenditure above the OJEU limit having completed the necessary procurement
- to consider and respond to local governing body recommendations for compensation payments up to £50,000 or the limit set by the Education Skills and Funding Agency. The committee shall ensure that the proposals are compliant with relevant legal and regulatory requirements and with the trust's relevant policies;
- to guide and support the trust board in fulfilling its legal and regulatory responsibilities for the employment of staff in ways that are appropriate to the trust's vision, ethos and values;
- to guide and support the trust board in developing a staff body with appropriate knowledge, skills and expertise to enable the trust to fulfil its vision and achieve its strategic objectives;
- to guide and support the trust board in monitoring and managing the working conditions, work/life balance and well-being of trust employees including absence and sickness;
- to review and recommend to the trust board policies relating to the employment and management of trust staff as per policy matrix;
- to review and recommend to the trust board the annual pay awards for Teachers and Support staff, the committee shall consider relevant local and national agreements and ensure that the proposals are compliant with relevant legal and regulatory requirements and with the trust's relevant policies, including consultation with unions and professional associations;
- to oversee and recommend to the trust board the performance management review of the CEO;
- to review and respond to the local governing body proposals for the restructuring and redundancy of staff. The committee shall ensure that the proposals are compliant with relevant legal and regulatory requirements and with the trust's relevant policies.

South Suffolk Learning Trust

Governance Statement (continued)***Review of Value for Money***

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

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

- long term contracts being regularly reviewed and compared against other providers, in order to achieve the best price without compromising quality;
- a full tender process took place to review the trust's occupational health provision which resulted in a better service at a lower price;
- as a multi academy trust we are able to save money using economies of scale with purchases for example broadband and IT equipment;
- we have also undertaken a review of external services we are currently purchasing to look at opportunities to provide services internally and therefore save money.

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 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 Suffolk Learning Trust for the year ended 31st August 2017 and up to the date of approval for the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period to 31st August 2017 and up to the date of approval for the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks

The trustees have procured the Internal Audit Service from Schools' Choice. On a quarterly basis Schools' Choice undertake an independent review of the financial systems and provide a written report providing feedback on how the academy trust's financial affairs are being discharged. The Chief Executive Officer/Chief Finance Officer presents this report to the Audit Committee which comprises of 4 members of the board of trustees. The report includes action points identifying any areas for improvement.

South Suffolk Learning Trust

Governance Statement (continued)

Review of Effectiveness

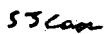
As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control.

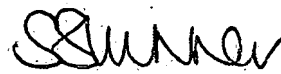
During the year in question the review has been informed by:

- the internal audit service from Schools' Choice
- the work of the external auditor
- the previous Accounting Officer for East Bergholt High School
- the financial management and governance self-assessment process
- the work of the executive managers within the 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 resources committee and a plan to address the weaknesses (if relevant) and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 7 December 2017 and signed on its behalf by:


Stephen Carr
Chair of Trustees


Sarah Skinner
Accounting Officer

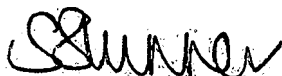
South Suffolk Learning Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of South Suffolk Learning Trust Academy Trust I have considered my responsibility to notify the academy board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Financial Academies Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Sarah Skinner
Accounting Officer
7 December 2017

Statement of Trustees' Responsibilities

The Trustees (who act as Trustees for charitable activities of South Suffolk Learning Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS102] have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by the order of the board of trustees on 7 December 2017 and signed on its behalf by:



Stephen Carr
Chair of Trustees

South Suffolk Learning Trust

Independent Auditor's Report to the members of South Suffolk Learning Trust

We have audited the financial statements of South Suffolk Learning Trust for the year ended 31 August 2017 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Annual Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Annual Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

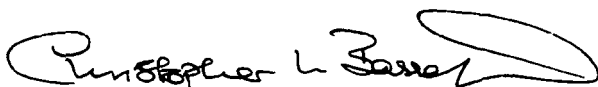
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Christopher L Bassett (Senior Statutory Auditor)

For and on behalf of Izod Bassett, Statutory Auditor, 105 High Street, Needham Market, Suffolk, IP6 8DQ
7 December 2017

South Suffolk Learning Trust

Independent Reporting Accountant's Assurance Report on Regularity to South Suffolk Learning Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 27 September 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Suffolk Learning Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of South Suffolk Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Suffolk Learning Trust's funding agreement with the Secretary of State for Education dated 01 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

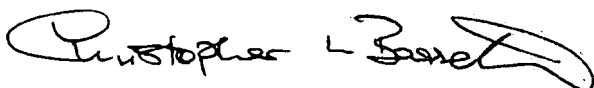
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- enquiry of trustees, officers and staff;
- inspection of accounting records and related documentation;
- review of responsible officer reports, meeting minutes, policy and other relevant documents.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Christopher L Bassett (Senior Statutory Auditor)
Izod Bassett, Chartered Accountants
105 High Street, Needham Market, Suffolk, IP6 8DQ
7 December 2017

South Suffolk Learning Trust

Statement of Financial Activities for the year ended 31 August 2017
(including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Fund £	Total Year ended 31 August 2017 £	Total Year ended 31 August 2016 £
Income from:						
Donations and capital grants	3	9,939	-	185,844	195,783	223,149
Transfer on academy joining the trust	4	545,429	(447,173)	9,644,914	9,743,170	-
Transfer from local authority on conversion	5	365,267	(508,000)	11,282,852	11,140,119	-
Charitable activities:						
Funding for the academies' educational operations	6	4,813	6,260,901	-	6,265,714	4,319,693
Other income	7	163,057	229,461	-	392,518	312,954
Other trading activities	8	79,576	61,544	-	141,120	224,275
Investment income	9	1,383	-	-	1,383	3,576
Total income		1,169,464	5,596,733	21,113,610	27,879,807	5,083,647
Expenditure on:						
Raising funds		1,840	17,645	-	19,485	141,455
Charitable activities:						
Academies' educational operations	11	171,140	6,744,094	498,486	7,413,720	5,076,123
Total expenditure	10	172,980	6,761,739	498,486	7,433,205	5,217,578
Net income/(expenditure)		996,484	(1,165,006)	20,615,124	20,446,602	(133,931)
Transfers between funds		-	-	-	-	-
Other recognised gains and losses:						
Actuarial (losses)/gains on defined benefit pension scheme	28	-	864,000	-	864,000	(578,000)
Net movement in funds		996,484	(301,006)	20,615,124	21,310,602	(711,931)
Reconciliation of funds						
Total funds brought forward		365,638	(1,394,485)	12,687,977	11,659,130	12,371,061
Total funds carried forward		1,362,122	(1,695,491)	33,303,101	32,969,732	11,659,130

All of the trust's activities derive from continuing operations during the above two financial years.
An analysis by fund of the comparative figures for 2016 is shown in note 2.

South Suffolk Learning Trust

Balance Sheet as at 31 August 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	15	<u>33,259,701</u>	<u>12,692,814</u>
Current assets			
Stocks		2,586	2,520
Debtors	16	<u>712,076</u>	<u>120,206</u>
Cash at bank and in hand		<u>1,804,364</u>	<u>716,443</u>
		<u>2,519,026</u>	<u>839,169</u>
Liabilities			
Creditors: amounts falling due within one year	17	<u>(778,292)</u>	<u>(277,068)</u>
Net current assets		<u>1,740,734</u>	<u>562,101</u>
Total assets less current liabilities		35,000,435	13,254,915
Creditors: amounts falling due after more than one year	18	<u>(133,703)</u>	<u>(126,785)</u>
Net assets excluding pension liability		34,866,732	13,128,130
Pension scheme liability	28	<u>(1,897,000)</u>	<u>(1,469,000)</u>
Net assets including pension liability		<u>32,969,732</u>	<u>11,659,130</u>
Funds of the trust:			
Restricted funds			
- Fixed asset fund	19	<u>33,303,101</u>	<u>12,687,977</u>
- General funds	19	<u>201,509</u>	<u>74,515</u>
- Pension reserve	19	<u>(1,897,000)</u>	<u>(1,469,000)</u>
Total restricted funds		<u>31,607,610</u>	<u>11,293,492</u>
Unrestricted funds			
- General fund	19	<u>1,317,122</u>	<u>255,638</u>
- Designated fund	19	<u>45,000</u>	<u>110,000</u>
Total unrestricted funds		<u>1,362,122</u>	<u>365,638</u>
Total Funds		<u>32,969,732</u>	<u>11,659,130</u>

The financial statements on pages 19 to 36 were approved by the trustees, and authorised for issue on 7 December 2017 and are signed on their behalf by:

SS Carr

Stephen Carr
Chair of Trustees

Cash Flow Statement for the year ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	(99,054)	144,983
Cash transferred on academy joining trust		821,568	-
Cash transferred on conversion of an academy trust		393,366	-
Cash flows from investing activities	24	(23,702)	(61,448)
Cash flows from financing activities	25	(4,257)	126,785
Change in cash and cash equivalents in the year	26	1,087,921	210,320
Cash and cash equivalents at 1 September 2016		716,443	506,123
Cash and cash equivalents at 31 August 2017		1,804,921	716,443

Notes to the Financial Statements for the Year Ended 31 August 2017**1. Statement of Accounting Policies**

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

Basis of Preparation

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

South Suffolk Learning Trust meets the definition of a public benefit entity under FRS102.

Going Concern

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

Income

All income is recognised when the 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 period 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 academy trust has provided the goods or services.

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, 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 trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

- **Transfer of existing academies into the trust**

Where assets are received on the transfer of an existing academy into the 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 trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (continued)****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.

- **Raising funds** - includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities** - costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1000 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Leasehold land and buildings	2%
Plant and Machinery	20%
Furniture and equipment	20%
Computer equipment and software	33%
Motor vehicles	20%

No depreciation is charged on assets that are not brought into use by the balance sheet date.

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.

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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on straight line basis over the lease term.

Taxation

The 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 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.

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**1. Statement of Accounting Policies (continued)****Pensions Benefits**

Retirement benefits to employees of the 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 academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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 charity's wholly owned subsidiary are held at face value less any impairment.

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

2 Statement of Financial Activities for the year ended 31 August 2016

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Fund £	Total 2016 £
Income from:				
Donations and capital grants	3,533	-	219,616	223,149
Charitable activities:				
Funding for the academy's educational operations	8,250	4,311,443	-	4,319,693
Other income	145,038	167,916	-	312,954
Other trading activities	161,028	63,247	-	224,275
Investment income	3,576	-	-	3,576
Total income	321,425	4,542,606	219,616	5,083,647
Expenditure on:				
Raising funds	129,764	11,691	-	141,455
Charitable activities:				
Academy educational operations	178,393	4,523,451	374,279	5,076,123
Total expenditure	308,157	4,535,142	374,279	5,217,578
Net income(expenditure)	13,268	7,464	(154,663)	(133,931)
Transfers between funds	-	(60,187)	60,187	-
Other recognised gains and losses:				
Actuarial (losses)/gains on defined benefit pension scheme	-	(578,000)	-	(578,000)
Net movement in funds	13,268	(630,723)	(94,476)	(711,931)
Reconciliation of funds				
Total funds brought forward	352,370	(763,762)	12,782,453	12,371,061
Total funds carried forward	365,638	(1,394,485)	12,687,977	11,659,130

3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital grants	-	185,844	185,844	219,616
Donations	9,939	-	9,939	3,533
	9,939	185,844	195,783	223,149

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**4 Transfers on academy joining the Trust**

On 1 June 2017 Hadleigh High School, previously in a single academy trust, joined South Suffolk Learning Trust Limited. The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities were transferred at their fair value, as reported by the transferring trust, and no fair value adjustments have been made to the values recognised in these financial statements.

The following table sets out the fair values of the identifiable assets and liabilities transferred.

	Transfers in recognised	
	£	£
Tangible fixed assets		
Leasehold land and buildings	8,436,216	
Leasehold improvements	1,027,495	
Plant and machinery	60,272	
Furniture and equipment	17,259	
Computer equipment	30,350	
		9,571,592
Current assets		
Prepayments and accrued income	211,184	
Cash at bank and in hand	821,568	
		1,032,752
Liabilities		
Accruals and deferred income	(197,085)	
Loans	(42,089)	
		(239,174)
Pensions		
Pension scheme assets	2,102,000	
Pension scheme liabilities	(2,724,000)	
		(622,000)
Net assets transferred		9,743,170
		=====

5 Transfer from local authority on conversion

On 1 June 2017 Claydon High School, converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to South Suffolk Learning Trust Limited from Suffolk County Council for £nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
			£	£
Tangible fixed assets				
Leasehold land and buildings			11,199,169	11,199,169
Other tangible fixed assets			83,683	83,683
Budget surplus on LA funds	365,267	28,099		393,366
Other current assets/(liabilities)		(28,099)		(28,099)
LGPS pension deficit		(508,000)		(508,000)
	365,267	(508,000)	11,282,852	11,140,119
	=====	=====	=====	=====

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,982,680	5,982,680	4,166,303
Other DfE/ESFA grants	-	240,744	240,744	129,757
	-	6,223,424	6,223,424	4,296,060
Other Government grants				
Local authority grants	4,813	37,477	42,290	23,633
	4,813	6,260,901	6,265,714	4,319,693

7 Other income from educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Educational trips	-	229,461	229,461	167,916
Catering income	163,057	-	163,057	138,622
Insurance claim proceeds	-	-	-	6,416
	163,057	229,461	392,518	312,954

8 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Income from services provided	53,548	41,490	95,038	181,826
Items sold	13,523	20,054	33,577	32,661
Hire of facilities	12,505	-	12,505	9,788
	79,576	61,544	141,120	224,275

9 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Short term deposits	1,383	-	1,383	3,576

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

10 Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds			19,485	19,485	141,455
Academy's educational operations:					
Direct costs	4,647,245	384,857	869,148	5,901,250	4,140,794
Allocated support costs	738,819	346,459	427,192	1,512,470	935,329
Total expenditure	5,386,064	731,316	1,315,825	7,433,205	5,217,578

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Operating lease rentals	3,994	34,626
Depreciation	498,486	374,279
Fees payable to auditor for:		
- audit	11,500	4,800
- other services	6,925	4,763

11 Charitable Activities – Academy's educational operations

	Total 2017 £	Total 2016 £
Direct Costs - educational operations	5,901,250	4,140,794
Support costs - educational operations	1,512,470	935,329
	7,413,720	5,076,123
Analysis of Support Costs		
Support staff costs	738,819	425,789
Technology	19,735	1,381
Premises costs	346,459	235,618
Other support costs	302,247	229,748
Governance costs	105,210	42,793
	1,512,470	935,329

12 Staff

a. Staff costs

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	4,008,049	2,834,518
Social security costs	382,547	228,351
Other pension costs	872,890	485,601
Apprenticeship levy	5,764	
	5,269,250	3,548,470
Supply teacher costs	116,814	135,089
	5,386,064	3,683,559

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

12 Staff

b. Staff numbers

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

	2017	2016
Charitable Activities		
Teachers	146	53
Administration and support	131	35
Management	19	6
	<u>296</u>	<u>94</u>

c. Higher paid staff

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

	2017	2016
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1

The above figures relate to the staff employed in East Bergholt High School. Claydon High School and Hadleigh High School joined the trust on 1 June and consequently no member of staff employed in those academies had employee benefits in excess of £60,000 in the three month period ended 31 August 2017.

d. Key management personnel

The key management personnel of the trust comprises the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension costs) received by key management personnel for their services to the trust was:

	2017 £	2016 £
East Bergholt High School (for the nine month period to 31 May 2017)	321,687	444,356
South Suffolk Learning Trust (for the three month period to 31 August 2017)	111,633	-

13 Related Party Transactions – Trustees' Remuneration and Expenses

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

The value of trustees' remuneration and other benefits was as follows:

	Remuneration		Employer's pension contributions	
	2017	2016	2017	2016
a. East Bergholt High School (for the nine month period to 31 May 2017)				
C Turner (principal and trustee)	£80,000-£85,000	£80,000-£85,000	£10,000-£15,000	£10,000-£15,000
T Carrino	£50,000-£55,000	£50,000-£55,000	£5,000-£10,000	£5,000-£10,000
J Lock	£25,000-£30,000	£25,000-£30,000	£0-£5,000	£0-£5,000
D Owen	£5,000-£10,000	£50,000-£55,000	£0-£5,000	£5,000-£10,000
J Kennell	£5,000-£10,000	-	£0-£5,000	-
M Taylor	-	£40,000-£45,000	-	£5,000-£10,000
b. South Suffolk Learning Trust (for the three month period to 31 August 2017)				
S Skinner (Chief Executive Officer)	£20,000-£25,000	-	£5,000-£10,000	-

14 Trustees and officers' Insurance

The trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**15 Tangible fixed assets**

	Leasehold land and Buildings £	Plant and machinery £	Furniture and equipment £	Computer equipment and software £	Motor vehicles £	Total £
Cost:						
At 1 September 2016	13,875,912	299,203	72,495	157,883	8,500	14,413,993
Transfers in:						
- from academy joining trust	9,463,711	60,272	17,259	30,350	-	9,571,592
- from SCC on conversion	11,199,169			83,683		11,282,852
Additions	202,724	-	-	8,205	-	210,929
At 31 August 2017	<u>34,741,517</u>	<u>359,475</u>	<u>89,754</u>	<u>280,121</u>	<u>8,500</u>	<u>34,479,367</u>
Depreciation:						
At 1 September 2016	1,344,561	196,640	41,765	131,413	6,800	1,721,179
Charge for year	392,418	58,798	18,240	27,331	1,700	498,486
At 31 August 2017	<u>1,736,979</u>	<u>255,438</u>	<u>60,005</u>	<u>158,744</u>	<u>8,500</u>	<u>2,219,666</u>
Net written down values						
At 31 August 2017	<u>33,004,539</u>	<u>104,037</u>	<u>29,749</u>	<u>121,377</u>	<u>-</u>	<u>33,259,701</u>
At 31 August 2016	<u>12,531,351</u>	<u>102,563</u>	<u>30,730</u>	<u>26,470</u>	<u>1,700</u>	<u>12,692,814</u>

16 Debtors

	2017 £	2016 £
Trade debtors	8,456	3,513
VAT recoverable	80,132	25,463
Prepayments and accrued income	623,488	91,230
	<u>712,076</u>	<u>120,206</u>

17 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	131,779	68,688
Taxation and social security	182,674	68,533
Other creditors	201,305	61,678
Accruals and deferred income	262,534	78,169
	<u>718,292</u>	<u>277,068</u>
Deferred income		
Deferred income at 1 September 2016	66,188	50,055
Resources deferred in year	171,802	66,188
Amounts released from previous year	(66,188)	(50,055)
Deferred income at 31 August 2017	<u>171,802</u>	<u>66,188</u>

Deferred income relates to income received in advance for educational trips and school events and productions.

18 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors - loans	133,703	126,785

Included within other creditors are interest free loans, as follows:

- two loans from ESFA under Condition Improvement Fund of £130,928 repayable in monthly instalments over 8 to 10 years respectively;
- a loan from Salix of £26,785 repayable in monthly instalments over 8 years.

The future loan repayments are:

Amounts due within one year	30,914	1,674
Amounts due between one and five years	73,877	58,413
Amounts due after five years	59,826	68,372

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19 Funds

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	74,515	6,157,508	(5,818,817)	(222,000)	191,205
Other DfE/ESFA Grants	-	233,441	(233,441)	-	-
Pension reserve	(1,469,000)	(1,130,000)	(384,000)	1,086,000	(1,897,000)
Other restricted funds	-	335,784	(325,481)	-	10,303
	<u>(1,394,485)</u>	<u>5,596,733</u>	<u>(6,761,739)</u>	<u>864,000</u>	<u>(1,695,491)</u>
Restricted Fixed Assets					
Gifted on conversion and joining academies	11,328,983	19,759,693	(375,605)	-	30,713,072
DfE/ESFA capital grants	767,412	1,077,791	(52,999)	-	1,792,203
Capital expenditure from GAG	219,275	167,390	(58,275)	-	328,391
Capital expenditure from other funds	372,307	108,735	(11,607)	-	469,435
	<u>12,687,977</u>	<u>21,113,610</u>	<u>(498,486)</u>	<u>-</u>	<u>33,303,101</u>
Total Restricted Funds	<u>11,293,492</u>	<u>26,710,343</u>	<u>(7,260,226)</u>	<u>864,000</u>	<u>31,607,609</u>
Unrestricted funds					
General funds	255,368	1,169,464	(172,980)	65,000	1,317,123
Designated fund	110,000	-	-	(65,000)	45,000
Total unrestricted funds	<u>365,368</u>	<u>1,169,464</u>	<u>(172,980)</u>	<u>-</u>	<u>1,362,123</u>
Total Funds	<u>11,659,130</u>	<u>27,879,807</u>	<u>(7,433,205)</u>	<u>864,000</u>	<u>32,969,732</u>

Other ESFA Grants includes Pupil Premium of £209,686 which was fully spent as at 31 August 2017. Under the funding agreement with the Secretary of State, the Academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. The Trust is carrying forward a balance on the General Annual Grant fund of £191,205, a balance of £10,303 on other restricted general funds and a net surplus of £1,362,123 of unrestricted funds, of which £45,000 has been designated for future expenditure.

Analysis of academies by fund balance

Fund balances as at 31 August 2017 were allocated as follows:

	Total £
East Bergholt High School	484,290
Hadleigh High School	708,711
Claydon High School	370,630
	<u>1,563,631</u>
Restricted Fixed Asset Fund	33,303,101
Pension reserve	(1,897,000)
Total	<u>32,969,732</u>

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 £	Total £
East Bergholt High School	3,277,383	469,780	339,516	1,154,679	5,241,358
Hadleigh High School	706,675	81,167	184,222	177,624	1,149,688
Claydon High School	657,423	105,872	41,832	155,032	960,159
Central costs	-	82,000	-	-	82,000
	<u>4,641,481</u>	<u>738,819</u>	<u>565,570</u>	<u>1,487,335</u>	<u>7,433,205</u>

Other than the pension costs arising under FRS102 shown above, the Trust did not have a central management or services function and no central charges arose.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**20 Analysis of net assets between funds**

	Unrestricted funds £	Restricted General funds £	Restricted Fixed asset funds £	Total Funds £
Funds balances at 31 August 2017 are represent by				
Tangible fixed assets	-	-	33,259,701	33,259,701
Current assets	1,440,948	455,771	268,925	2,165,645
Current liabilities	(78,825)	(254,263)	(91,823)	(424,911)
Non-current liabilities	-	-	(133,703)	(133,703)
Pension scheme liabilities	-	(1,897,000)	-	(1,897,000)
Total net assets	1,362,123	(1,695,491)	33,303,101	32,969,732

21 Capital Commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements:		
- to be met from CIF funding	902,163	-
- to be met from trust's reserves	44,781	-
	946,944	-

22 Commitments under operating leases**Operating leases**

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

	2017 £	2016 £
Amounts due within one year	12,696	15,401
Amounts due between one and five years	9,389	-
Amounts due after five years	-	-

23 Reconciliation of net income to net cash inflows

	2017 £	2016 £
Net income / (expenditure) for year	20,446,601	(133,931)
Fixed asset transferred on academy joining trust	(9,571,592)	-
Fixed asset transferred on conversion	(11,199,169)	-
Depreciation	498,486	374,279
Capital grants from DfE and other capital income	(185,844)	(219,616)
Interest receivable	(1,383)	(3,576)
Defined benefit pension scheme cost less contributions payable	126,000	14,000
Defined benefit pension scheme finance cost	36,000	31,000
(Increase) decrease in stocks	(66)	616
(Increase)/(decrease) in debtors	(591,870)	11,397
Increase /(decrease) in creditors	501,224	70,814
Net cash inflow/(outflow) from operating activities	(99,054)	144,983

24 Cash flows from investing activities

	2017 £	2016 £
Interest received	1,383	3,576
Purchase of tangible fixed assets	(210,929)	(284,640)
Capital grants from DfE/ESFA	185,844	219,616
Net cash flow provided by /(used in) investing activities	(23,702)	(61,448)

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25 Cash flows from financing activities

	2017 £	2016 £
Cash outflows from loan repayments	(4,257)	126,785
	=====	=====

26 Analysis of charges in net funds

	At 1 September 2016	Cash flows £	At 31 August 2017 £
Cash at bank and in hand	716,443	1,087,921	1,804,364
	=====	=====	=====

27 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.

28 Pensions and similar obligations

The 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 Suffolk County Council. Both are multi-employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £165,165 (2016:£ 61,178) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

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

Previously the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**26 Pensions and similar obligations (continued)**

The pension costs paid to TPS in the period amounted to £487,645 (2016: £331,483).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £223,000 (2016: £191,000), of which employer's contributions totalled £222,000 (2016: £154,000) and employees' contributions totalled £53,000 (2016: £37,000). The agreed contribution rates for future years are 25.5% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,700	5.50%
£13,701 - £21,400	5.80%
£21,401 - £34,700	6.50%
£34,701 - £43,900	6.80%
£43,901 - £61,300	8.50%
£61,301 - £86,800	9.90%
£86,801 - £102,200	10.50%
£102,201 - £153,500	11.40%
Above £153,500	12.50%

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

	At 31 August 2017 % p.a.	At 31 August 2016 % p.a.
Pension increase rate	2.50	2.10
Salary increase rate	2.80	4.10
Discount rate	2.50	2.00

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2017

	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	11%	826
0.5% increase in Salary increase rate	2%	156
0.5% increase in Pension increase rate	9%	657

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

	At 31 August 2017 Years	At 31 August 2016 Years
<i>Current pensioners</i>		
Male	21.9	22.4
Female	24.4	24.4
<i>Future pensioners</i>		
Male	23.9	24.3
Female	26.9	26.9

South Suffolk Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**26 Pensions and similar obligations (continued)**

The Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	3,601,000	1,323,000
Bonds	1,112,000	383,000
Property	530,000	192,000
Cash	53,000	19,000
Total market value of assets	5,296,000	1,917,000
Present value of scheme liabilities	(7,193,000)	(3,386,000)
Deficit in the scheme	(1,897,000)	(1,469,000)

None of the fair values of the assets shown above include any of the Trust's own financial instruments or any property occupied by, or other assets used by, the Trust.

The return on the Fund in market value terms for the year to 31 August 2017 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. The actual return on scheme assets was 7.85% (2016: 17.5%).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost	348	168
Net interest cost	36	31
Total operating charge	384	199

Changes in the present value of defined benefit obligations:

	2017 £000	2016 £000
At 1 September	3,386	2,328
Current service cost	348	168
Transferred from academy joining trust	2,724	-
Transferred on conversion	1,278	-
Interest cost	97	89
Employee contributions	53	37
Actuarial (gain)/loss	(633)	793
Benefits paid	(60)	(29)
At 31 August	7,193	3,386

Changes in the fair value of trust's share of scheme assets:

	2017 £000	2016 £000
At 1 September	1,917	1,482
Transferred from academy joining trust	2,102	-
Transferred on conversion	770	-
Interest income	61	58
Actuarial gain/(loss)	231	215
Employer contributions	222	154
Employee contributions	53	37
Benefits paid	(60)	(29)
At 31 August	5,296	1,917

The estimated value of employer contributions for the year ended 31 August 2017 is £451,000.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

29 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. No related party transaction took place in the period of account, other than certain trustees' remuneration as disclosed in note 13.