

Company Registration No. 07689980 (England and Wales)

SFAET LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



SFAET LIMITED

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SFAET LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

K Pyle
M Gleeson
J Wilkinson

Trustees

A Beddoe
M Gleeson (Resigned 18 October 2017)
T Scully
P Tinsley (Resigned 3 January 2018)
J Wilkinson (Chair)
P Ward (Executive Headteacher and Accounting Officer)
A Stewart (Appointed 22 February 2018)
P Kohli (Appointed 22 March 2018)
Q Lennon (Appointed 22 March 2018)
N Yeomans (Appointed 23 March 2018)

Senior management team Redden Court

P Ward	- Executive Headteacher
L Sexton	- Deputy Headteacher
F Gilgan	- Deputy Headteacher
S Thompson	- Assistant Headteacher
T Greaves	- Assistant Headteacher
A White (Resigned 31 August 2018)	- Assistant Headteacher
S Carrington	- Assistant Headteacher
K Ward (Appointed 01 January 2018)	- Assistant Headteacher
J Barrett	- School Business Manager

The Royal Liberty

A Saunders	- Headteacher
H Desmond	- Deputy Headteacher
L Rafferty	- Assistant Headteacher
L Stutchfield	- Assistant Headteacher
A Henry	- Assistant Headteacher
T Barrett	- School Business Manager

Company secretary

J P Barrett

Company registration number

07689980 (England and Wales)

Registered office

Cotswold Road
Romford
Essex
RM3 0TS

Academies operated

The Royal Liberty School	Romford
Redden Court School	Romford
Sanders School (From 01 September 2018)	Hornchurch

Location

Executive Headteacher

A Saunders
P Ward
S Brooks

SFAET LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Wilkins Kennedy Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

Bankers

Lloyds Bank
1-3 Market Place
Romford
Essex
RM1 3AA

Lloyds Bank
21 - 25 Station Lane
Town Centre
Hornchurch
Essex
RM12 6JL

Solicitors

Ward Hadaway
1A Tower Square
Wellington Street
Leeds
LS1 4DL

SFAET LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Multi Academy Trust operates two Academies for pupils aged 11 to 16 serving a catchment area in the London Borough of Havering. It has a pupil capacity of 1,430 and had a roll of 1,407 in the school census on 4th October 2018.

Structure, governance and management

Constitution

The Multi-Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Multi-Academy Trust. The Board of Trustees direct the charitable activities of SFAET Ltd and are also Directors of the charitable company for the purposes of company law. The charitable company is known as SFAET Ltd formerly Success for All Educational Trust and formerly Redden Court School.

The Multi-Academy Trust is now made up of three academies, being Redden Court School, Sanders School and The Royal Liberty School. The Royal Liberty School joined the Multi-Academy Trust on 1st February 2017. Sanders joined the Multi Academy Trust on 1st September 2018.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

On 2nd October 2017, members passed a resolution to change the company name to 'SFAET Ltd' from 'Success For All Educational Trust'.

Members' liability

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

Trustees' indemnities

Governors benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Multi-Academy Trust. The cost of this insurance in the year was included as part of the Risk Protection Agreement (RPA) set in place by the Department for Education for all Academies that joined this scheme. These costs are based on a cost per pupil ratio.

Method of recruitment and appointment or election of Trustees

Members can appoint up to 12 Trustees. The Academy Ambassadors have been used to recruit new Trustees that have added skills and expertise to the Multi-Academy Trust. The members have reviewed CVs and at least one member has met all new Trustees. Members must pass a resolution to appoint the new Trustee. The resolution documents are passed to the Company Secretary who organises the appointment through Companies House.

Policies and procedures adopted for the induction and training of Trustees

The Trustees have signed up to a support service from Havering Governor Services. This includes induction training plus a suite of other training courses and access to consultancy and on-line training packages. The Board of Trustees has also signed up to support provision from the National Governance Association that provides support for members. The schools also offer training sessions to the Trustees and where a specific need may be identified, provision will be procured to ensure that training takes place. The Chair of Trustees also arranges an induction programme that is tailored to individual need for new Trustees.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The Multi-Academy Trust operates a structure where the Board of Trustees are responsible for the strategic direction of the school and holding the management team to account for delivery of services and financial probity. The Executive Headteacher is responsible for the operational management of all schools within the Multi-Academy Trust and distributes these responsibilities to the Senior Leadership teams of each school.

All schools hold bi-weekly Senior Leadership Team meetings to discuss the operational management of the schools and make operational decisions. Strategic decisions are made by the Board of Trustees who meet at least termly and decisions are delegated to the appropriate committees that also meet at least once per term.

These committees include a Resources committee that met for the first time on the 6th October 2017, all Trustees were on this committee to the end of the financial year. Each school has a Local Governing Body. The Executive Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Academy Trust follows a robust pay policy which is reviewed annually. Remuneration for the Senior Leadership Team follows a structure approved by the Board of Trustees. An independent pay committee has delegated authority to make decisions relating to performance related pay and award of any increase in spine points or retention allowances. On conversion to Academy status, Redden Court School retained the pay structures for maintained schools. The Royal Liberty School also maintained existing terms and conditions that mirror the national conditions for teacher pay and remuneration when it joined the Multi-Academy Trust. All staff are expected to provide a portfolio of evidence to support any requests for pay increments. Any request is considered by the Headteacher and a recommendation is made to the pay committee. The committee may seek evidence to support any recommendation, but it is ultimately the decision of the pay committee in terms of remuneration. Remuneration for the Executive Headteacher, Headteacher and Senior Leadership Teams as above is also approved by the pay committee.

Related parties and other connected charities and organisations

Owing to the nature of the Multi Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees and members of the Local Governing Bodies may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. All Trustees and members of the Local Governing Bodies have been asked to complete a register of pecuniary interests and related parties which are posted on to the schools' and Trust website. No Trustee has identified a pecuniary interest or related party that could result in any profit for them.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and activities

Objects and aims

The Multi-Academy Trust's main objects ("the Objects") are to offer a broad and balanced curriculum, fundraise, employ staff to meet the objects, work with other charities and establishments within the education sector exchanging information and advice with them.

The Multi-Academy Trust is responsible for managing premises and finances of schools, ensuring financial probity and value for money, in line with the published objects within the company's Articles of Association.

The main aims within the financial year included:

- Developing and establishing appropriate tiers of leadership
- Managing the physical expansion of Redden Court and The Royal Liberty schools
- Managing future budgets
- Recruiting and retaining staff
- Managing significant changes to curriculum and assessment
- Future expansion of the Multi-Academy Trust

The Multi-Academy Trust aims to develop a community of aspirational and high achieving schools who will work with families to secure better futures for our students.

The Multi-Academy Trust aims to provide outstanding education for all students in our schools to best serve our communities.

The Multi-Academy Trust will be organic and will grow over time - the longer term aspiration is to work with providers in different educational phases.

Inclusivity is at the heart of all that is done. With parents/carers the Multi-Academy Trust will inculcate respect for others in our students and do this because this is the right thing to do.

All of our schools will focus on the development of resilient, aspirational, independent learners who strive to achieve the highest possible levels of personal success.

Schools will collaborate in a strong and resilient, self-improving structure informed by best practice to provide the best outcomes for students and create local solutions.

The Multi-Academy Trust will be recognised as a regional and national networking hub which makes the best of its resources to be schools which ensure best practice and where staff are keen to develop their vocations.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

The Multi-Academy Trusts main strategy is encompassed in its mission statement which is "Success for All". To this end the strategies delivered mainly included the provision of teaching and learning to ensure that there was a focus on the delivery of education to develop students' skills and knowledge to ultimately succeed in their GCSE exams.

The Trust uses Go for Schools, a database that records student outcomes, to monitor progress and track individuals. The Trust has a focus on delivering an enriched curriculum with the aim of the majority of students accessing the EBACC curriculum which includes English, Mathematics, Science, one Humanities subject and a Modern Language. Where the EBACC curriculum is not appropriate for some students, access to an alternative pathway is offered to provide students with the opportunity of success. Where students have Special Educational Need, access to a pathway that offers qualifications in ASDAN and Life Skills is offered. This may not add to the overall outcomes of the school but is considered important to ensure these students learn skills that will help in their transition and gain a qualification and result that is achievable for them.

The policy of the Multi-Academy Trust is to support recruitment and retention of students and employees with disabilities. The Academy does this by making reasonable adaptations to the physical environment, by making support resources available and through training, wellbeing services and career development. For students services include:

- Pastoral care;
- Careers advice;
- Counselling;
- Home school support.
- Delivery of an enriched curriculum;
- School clubs and
- Mentoring.

Further strategies and activities delivered for students, supported further enrichment, widening participation and provided opportunities to develop social skills and encounter people and places that they may not otherwise have had the opportunity to discover. These strategies were under the umbrella of Extra Curricular and Trips.

The Trust recognises the importance of charity and has engaged with a number of fundraising initiatives that have supported particular charities.

Schools within the trust have a group of volunteers that support fundraising of the school and charitable activities. These groups are named Friends of The Royal Liberty and Friends of Redden Court.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

These groups have delivered activities that include:

- Quiz nights
- Tribute Act
- Psychic nights
- School Disco
- Halloween Ball
- Mistletoe day
- Cake Sales
- Theatre Trips
- Outdoor Cinema
- Father's/Mother's Day Gift Sale
- Christmas Gift Sale

These events have raised money to support the schools with additional resources. Resources purchased by the Friends include:

- Student Wellbeing
- Reward Trips
- English Media Subscription
- Chrome Books
- Gym Mats
- English performance of A Christmas Carol
- Balloons for Year 11 Prom

The values of the Multi- Academy Trust are as follows:

- We believe in the value and potential of every student and are determined to remove barriers to their success.
- We are committed to high standards of achievement - not just academically but in a broader sense so that our young people develop values that will lead to success in life for them and their communities.
- We embrace a positive mindset approach that insists everyone can make progress.
- We believe that the environment(s) of our schools - both physical and emotional - are crucial determinants for success.
- We want student to be engaged, considerate, reflective and innovative.
- We value our staff because outstanding learning requires outstanding teachers and associate staff. The Multi-Academy Trust will provide exceptional professional and career development as well as competitive employment packages. The Multi-academy trust will be an employer of choice where the personal will always matter.
- We will retain the best characteristics and traditions of each school where school development will happen because of ambition and bespoke support.
- We Trust will deliver high quality teaching with a focus on achieving mastery of a wide range of subject knowledge and skills but which pays heed to important 'headline' measures which enhance student life chances.
- We will provide rich extra-curricular and additional opportunities for all to build character and enrich students' social, moral, spiritual and cultural awareness.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The Trustees of the Multi-Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Multi-Academy Trust's purpose for the Public Benefit include the Duke of Edinburgh Award, Holiday clubs, Zumba, Badminton, Dance, Taekwondo, Marching Band, Adult College, Fitness Clubs, Football teams, Futsal teams, Netball and Basketball teams all that hire the premises. The school also offers the premises for community events such as fundraising quiz nights, discos and pamper evenings.

The main purpose of the Multi-Academy Trust is to provide an education to all students admitted to the schools within the Trust. The Multi-Academy provides a varied curriculum to students of all abilities of an age range from 11 to 16 years old. The Multi-Academy prides itself on inclusivity and works hard to ensure accessibility to the majority of students.

The Trustees and Directors also recognise that the Multi Academy Trust is part of community life and as such offers the school resource for fundraising and community charitable events on a cost neutral basis. Students are educated on the services provided by charities and students are leaders in identifying charitable causes they wish to support. The trust has supported Water Aid, The Royal British Legion Poppy Appeal, The Teenage Cancer Trust and St Francis Hospice, as well as Seed Africa, Kids in Need and Havering Food Bank through a range of activities including Mistletoe Day, Non Uniform days and sponsored activities.

The school has supported the Macmillan Cancer Trust and also individuals fundraising for charitable events by offering the school premises at cost.

All schools within the Multi Academy Trust have an admission policy that is available on their websites.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

The Academy Trust has just completed its seventh year of operation and its second as a Multi Academy Trust.

Key performance indicators

For Redden Court School:

In the 2018 examinations the school achieved a Progress 8 within the average band and this places the school in the top 40% of schools nationally for progress. In terms of other KPI's 72% of our Y11 cohort achieved grade 4 or higher in both English and Mathematics (National average 59% in 2017), 45% of students achieved the English Baccalaureate at grade 4 or above (National Average 23% in 2017). In terms of grade 5 and above 48% of the cohort achieved this in both English and Mathematics (National Average 39% in 2017) and 29% achieved the EBacc at this level (National Average 19%). The school remains heavily oversubscribed with over 800 applications for our 180 places in the new Year 7 and significant waiting lists for all other year groups. Overall student attendance remains consistently above 95% (National average 94%) which places us in the upper quartile of schools nationally. Redden Court School continues to recruit staff of a high calibre who contribute to the Academy's overall success. These trends in our main KPI's are consistent over time and regularly significantly above the national average.

The curriculum at Redden Court is structured to offer a 2-year Key Stage 3 with a wide range of subjects. In addition to the baccalaureate subjects, the school offers Design and Technology, Art, Music, Drama PE, RE, Citizenship, and Modern Foreign Languages in KS3. In KS4 the Academy offers a variety of pathways including an applied pathway, a vocational pathway and an academic pathway based on the Ebacc.

Also offered are a wide range of extra-curricular activities, particularly in Sport, The Performing Arts, Duke of Edinburgh and additional GCSE's.

The opportunity for work experience is offered to all students at the end of Year 10. The PE department is extremely successful and hosts a number of teams in all year groups that compete in all the local school leagues.

The school will undergo a significant expansion programme over the next year with two new buildings and enhanced sports facilities.

For The Royal Liberty School:

Examination results improved again in 2018. The percentage of students achieving the basics which are exam GCSE outcomes of level 4+ rose from 49% to 63% and at level 5+ from 31% to 48%. Maths pass rates increased to 77%, a rise of 19% from 2017. English improved from 49% in 2017 to 71% in 2018. The progress 8 figure has risen from -0.42 in 2016 to -0.11 in 2017 and the provisional figure for 2018 is projected as -0.01.

The school has continued to collaborate with Redden Court and through strong leadership has seen significant improvements in the quality of teaching and learning, marking and feedback and more effective use of targeted interventions to address underachievement.

From September 2017 the school moved to a 3 year KS4. We continue to offer GCSEs in the EBacc, Design & Technology, Art, Music, Computing, Drama, PE, Hospitality & Catering, Film Studies and Applied Business BTEC.

From 2018 it is compulsory for all students to study a Humanities subject at KS4.

Overall student attendance is 94.8% and is above National Average(94%).

The school has decided to stop work experience and replace it with a work related learning programme for year 10 during enrichment week. This will form part of a whole school programme of careers based activities to ensure we deliver the Gatsby benchmarks ahead of the 2020 deadline and is being led by Helen Desmond. There is a varied programme of after school activities there is on offer a range of visits to enrich the curriculum in all year groups.

The PE department has established a number of teams who compete successfully in the local authority leagues and also runs an Elite Sports Programme that offers students leadership opportunities within the school and at a borough level in supporting primary school activities

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi-Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Redden Court and Royal Liberty schools have posted a deficit budget in 2018/19. This was approved by Trustees as The Royal Liberty School will expand by 30 students from September 2018 and will generate additional income as a result. Redden Court School has taken on a bulge class of 30 students in September 2018 and will expand by a further 60 students in each year group from September 2019 following a consultation on expansion. Building works will commence in May 2019 on site with a modular build that is part funded through the school priority building programme and the Local Authority for the expansion. Works are due to be completed by September 2019. Expansion at The Royal Liberty will begin in 2019 with works due for completion Easter 2021. This involves both school condition improvement through the priority school building programme and expansion funded by the Local Authority.

Sanders school has converted to the trust from September 2018. Work is required to secure funding for capital improvement and upgrade the quality of the school fabric.

Financial review

Most of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the DfE during the year ended 31st August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Multi-Academy Trust is committed to Success for All. Strong financial management is at the forefront of this success to ensure that all income generated for our students is spent in order to maximise their potential. The current funding climate is one where Redden Court School has seen a significant reduction in income through the Minimum Funding Guarantee since 2013 and eradication of the Educational Services Grant. The Royal Liberty School has seen an increase in pupil numbers over the last four years which has supported their income generation. All schools are impacted by salary increases agreed between Government and the Unions. There will be a limited increase in funding from Government in the 2018/19 financial year with a commitment to additional funds in 2019/20 to fund increases in Employer Teacher Pension contributions, however no detail has been provided in relation to this. The National Funding Formula is also likely to have a negative impact on secondary school budgets in Havering.

During the year ended 31 August 2018, total expenditure of £9,554k (2017: £8,141k) was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income (excluding the FRS102 actuarial adjustment) for the year was £98k (2017: excess of income over expenditure was £12,966k).

The expenditure of the Multi-Academy Trust has fully supported the improvements in results that have been made by the students in both schools in 2017/18. Investment in staff and in to the resources and maintenance of buildings has ensured a safe working environment where staff deliver a well-rounded curriculum. The Royal Liberty School joining the Multi-Academy Trust has been challenging with students achieving progress scores well below average at the point of transfer. Results in 2018 have shown that this has dramatically improved pending final publication of progress 8 scores.

At 31 August 2018, the net book value of fixed assets was £25,543k (2017: £25,543k) and movements in tangible fixed assets are shown in the note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Multi-Academy Trust.

The Multi Academy Trust held fund balances at 31 August 2018 of £25,028k (2017: £24,586k) comprising £24,362k (2017: £24,100k) of restricted funds, £25,715k (2017: £25,733k) of restricted fixed asset funds and £666k (2017: £486k) of unrestricted general funds and a pension reserve deficit of £2,187k (2017: £2,393k).

In accordance with FRS 102, each school within the Multi-Academy Trust received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2018 and is shown in note 18 to the financial statements.

Reserves policy

The Trustees review the reserve levels of the Multi-Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The reserves policy is to hold one months wages costs in reserves which is equivalent to approximately £600k. The Board of Trustees have agreed a reserves policy that ensures there is enough contingency in place to run the payroll of all schools within the Multi-Academy Trust should there be any issue with the payroll provider that may prevent staff from being paid.

The Trust's current level of free reserves is £666k (2017: £486k) (total funds less the amount held in fixed assets and restricted funds) which will be used to provide a cushion against unexpected emergencies such as urgent maintenance.

Furthermore reserves will be used to support the expansion of schools. Evidence from expanding student numbers from 2011 to 2015 at Redden Court provides information on the impact of expansion on school resources. A three year projection demonstrates that there is a need to use these reserves to ensure quality staffing and education provision for our students.

Should there be a need to spend money outside of the agreed budget this would have to be presented to the Resources Committee of the Trust for approval if outside of the Headteacher's agreed limit in line with the Multi-Academy Trust's Financial Policy. Only with approval will reserves be used to fund any project or overspend.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Charity Reserves and Defined Benefit Pension Schemes

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teacher's scheme, separate assets are held to fund future liabilities as discussed in note 18. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

Investment policy and powers

Under the Memorandum and Articles of Association, the Multi-Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit.

The Multi-Academy Trust operated four bank accounts. Two are the main account for all grant income in each school. The other two hold savings that the individual schools have had since conversion to Academy status and hold non-ring-fenced income.

Interest rates are very low and the reserves held remain in the bank as being tied into any schemes realises increased risks and the amounts do not warrant investment, given they will cover one payroll month at present.

Principal risks and uncertainties

The Trustees, together with the Senior Leadership Team, have assessed the major risks to which the Multi Academy Trust is exposed; in particular relating to specific teaching, provision of facilities and other operational areas of the Multi-Academy Trust and its finances. The Trustees consider that various systems are in existence to assess risks that the Multi-Academy Trust faces. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, the Multi-Academy Trust has entered into the Education Funding Agency's Risk Protection Arrangement.

Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Multi-Academy Trust accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The principal risks facing the Multi-Academy Trust are:

Reputational risk – mitigated by:

- Local Governing Body engaged in school life and invited in to the school to support and challenge and feel part of the school. Training to ensure role is understood.
- Ensure goods and services are procured and Best Value principles are put in place.
- Multi-Academy Trust maintains suitable salary structure for the size of the schools within the Trust.
- Multi-Academy Trust ensures allocated budget is spent on students and consider saving where long term project is agreed.

Performance risk – mitigated by:

- Schools to regularly review quality of reports presented to Governors and Trustees. Governors and Trustees to take responsibility for asking for more information where they feel reports may be inadequate.
- Ensure Management Information is extrapolated on time for meaningful review
- Trustees, Governors and Managers to review level of detailed information to inform decision making process.

Financial Risk – The principal financial risks are a freeze on funding and reduction annually of the Minimum Funding guarantee, increases in staff pay awards, a reduction in pupil numbers, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by:

- Budget Forecasting.
- Maximising teaching capacity
- Restructuring the Curriculum to deliver requirements within Funding agreement
- Ensuring Financial Probity

Risks associated with personnel – mitigated by:

Schools to maintain profile through media, marketing and maintain public image through lettings and community engagement.

- Ensure any controversial decisions are well supported by the Board of Trustees.
- Trustees engaged in to school life and invited in to the school to support and challenge and feel part.
- To secure HR advice and guidance regarding employee relations and dismissal procedures.
- To avoid any potential litigation Where litigation is involved to ensure compliance to the law.

Fundraising

The Trust is committed to fundraising in a non-intrusive manner. Most fundraising activities are managed by the Friends of Redden Court and Friends of Royal Liberty. Both sets of Friends are established as a charities in their own right and have their own charitable objects. They make donations to the school or fund activities all for the benefit of students.

When parents join the school, they are invited to an induction where The Friends' charities are communicated to them and these parents are invited to be part of the committee if they choose. The range of planned and past events are explained to the parents including the monies raised and what this has been spent on. There is no compulsion to be involved.

SFAET LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

A staff member is part of each of the committees for the Friends of Redden Court and Friends of Royal Liberty.

The Headteacher also meets regularly with the chair of these committees. This allows for sufficient monitoring of the fundraising activities taking place in the school.

The schools do ask parents for donations and these are made available through a covenant scheme and also via on line payment systems. This is mentioned at the point that families join the school community.

Schools offer non uniform days to raise funds for charities. Student voice influences which charities are supported. There is no compulsion to participate should students not wear uniform and not donate.

The wider public are not directly targeted for any fundraising activity.

Plans for future periods

Sanders School joined the Trust on 1 September 2018. Work will be undertaken to support Sanders and help them to develop the quality of teaching and learning delivered. The Trust will lead on all financial management matters for the school.

The Multi-Academy Trust is currently in the process of commencing due diligence with three further schools that have expressed an interest in joining the Trust. The trust does plan for longer term growth to realise efficiency savings across the Multi Academy Trust.

Redden Court and Royal Liberty schools have plans to expand student numbers. The Royal Liberty School has agreed works to expand and refurbish buildings that commenced during Summer 2018 for completion by Easter 2021.

Redden Court School is currently in the process of agreeing plans for expanding the school accommodation and expanding by two forms of entry by September 2019. Any works will need to be completed by September 2019.

Funds held as custodian trustee on behalf of others

SFAET Ltd does not act as a Custodian Trustee on behalf of others.

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.

A resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12/12/18 and signed on its behalf by:


.....
J Wilkinson
Chair

SFAET LIMITED

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between SFAET Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The SFAET Limited Board of Trustees has formally Redden Court School met 11 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
A Beddoe	11	11
M Gleeson (Resigned 18 October 2017)	3	3
T Scully	9	11
P Tinsley (Resigned 3 January 2018)	4	4
J Wilkinson (Chair)	11	11
P Ward (Executive Headteacher and Accounting Officer)	10	11
A Stewart (Appointed 22 February 2018)	3	5
P Kohli (Appointed 22 March 2018)	3	5
Q Lennon (Appointed 22 March 2018)	4	5
N Yeomans (Appointed 23 March 2018)	2	4

During 2017-18 the Board have performed an internal skills audit of Board members and as a result four new trustees were appointed between February and March 2018. Governance arrangements have also been reviewed. Separate Resources and Standards committees have been created and a standard cycle of matters to be discussed throughout the academic year has been developed. This is being implemented in 2018-19 and will be rolled out to individual academies in 2019-20. A formal self-evaluation of the impact and effectiveness of the Board of Trustees was performed during 2017-2018 with a comprehensive review being planned for 2018-19 given that a further secondary school has recently joined the Multi-Academy Trust.

Review of value for money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Multi Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

SFAET LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 Multi-Academy Trust has delivered improved value for money during the year through:

- Collaboration of all schools within the Trust
- Shared CPD across all schools within the Trust
- Recruiting additional staff to the Trust to support provision of any school within the Trust.
- Consulting on the restructuring the faculties and Teaching and Learning Responsibility awards for these.
- Restructure of the Senior Leadership Team to take account of the move to a MAT.
- Development of a Bring Your Own Device scheme where students are purchasing their own hardware which is embedded into the curriculum.
- Processes and contracts are continually reviewed and goods and services are tendered to ensure Financial Probity.
- All staff are aware of their responsibilities in ensuring value for money.
- Managing a Cover Supervisor Pool that has led to reduced cover costs and additional options.

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 SFAET Limited for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Multi- Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi- Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has appointed Robert West as Responsible Officer. Mr West has an employment background with Coutts Bank and is also a Chair of Finance committee at a partner Primary School.

SFAET LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Responsible Officer role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems.

On a termly basis the Responsible Officer reports to the Board of Trustees, through the Full Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. The Responsible Officer has fulfilled the functions of his role and met with the School Business Manager and Assistant School Business Manager on a termly basis and conducted a number of checks to ensure Financial Probity. Outcomes from these reports are passed to the Business Manager and the Board of Directors. Checks include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- testing charge cards and petty cash systems
- testing information relating to contracts for goods and services
- checking aged creditor and debtor reports

Following these tests and checks the Responsible Officer drafts a report of outcomes that are issued to the Resources Committee. The Board of Trustees are satisfied that actions based on the finding of the Responsible Officer are taken and these findings add value to the internal controls that are in place and are monitored by the Resources Committee.

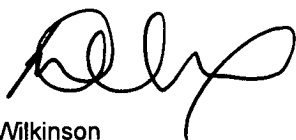
Review of effectiveness

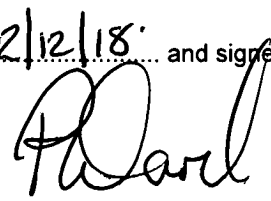
As accounting officer the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 12/12/18 and signed on its behalf by:


J Wilkinson
Chair


P Ward
Executive Headteacher and Accounting Officer

SFAET LIMITED

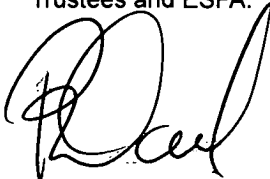
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of SFAET Limited I have considered my responsibility to notify the Multi- Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Multi- Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Multi- Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Multi- Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi- Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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.



P Ward

Accounting Officer

12/12/18

SFAET LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of SFAET Limited 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 & 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 financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the Trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that 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 order of the members of the Board of Trustees on 12/12/18.... and signed on its behalf by:



J Wilkinson
Chair

SFAET LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SFAET LIMITED

Opinion

We have audited the financial statements of SFAET Limited for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

SFAET LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SFAET LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Multi- Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Multi- Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

SFAET LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SFAET LIMITED (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Mandy Wilson FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

18th December 2018

Statutory Auditor

5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

SFAET LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SFAET LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 12 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by SFAET Limited during the period 1 September 2017 to 31 August 2018 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 SFAET Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the SFAET Limited and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than SFAET Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of SFAET Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of SFAET Limited's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 period 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Multi-Academy Trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

SFAET LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SFAET LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy Audit Services

Reporting Accountant

Wilkins Kennedy Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

Dated: *18th December 2018*

SFAET LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total 2018 £'000s	Total 2017 £'000s
Income and endowments from:						
Donations and capital grants	3	24	247	419	690	1,251
Donations - transfer from local authority on conversion		-	-	-	-	12,433
Charitable activities:						
- Funding for educational operations	4	-	8,596	-	8,596	7,336
Other trading activities	5	150	-	-	150	86
Investments	6	20	-	-	20	1
Total		194	8,843	419	9,456	21,107
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	9,301	253	9,554	8,141
Total	7	-	9,301	253	9,554	8,141
Net income/(expenditure)		194	(458)	166	(98)	12,966
Transfers between funds	16	-	184	(184)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	17	-	540	-	540	1,106
Net movement in funds		194	266	(18)	442	14,072
Reconciliation of funds						
Total funds brought forward		486	(1,633)	25,733	24,586	10,514
Total funds carried forward		680	(1,367)	25,715	25,028	24,586

SFAET LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total 2017 £'000s
Income and endowments from:					
Donations and capital grants	3	107	238	906	1,251
Donations - transfer from local authority on conversion		-	(711)	13,144	12,433
Charitable activities:					
- Funding for educational operations	4	-	7,336	-	7,336
Other trading activities	5	86	-	-	86
Investments	6	1	-	-	1
Total		<u>194</u>	<u>6,863</u>	<u>14,050</u>	<u>21,107</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	32	7,884	225	8,141
Total	7	<u>32</u>	<u>7,884</u>	<u>225</u>	<u>8,141</u>
Net income/(expenditure)		162	(1,021)	13,825	12,966
Transfers between funds	16	-	294	(294)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	17	-	1,106	-	1,106
Net movement in funds		162	379	13,531	14,072
Reconciliation of funds					
Total funds brought forward		324	(2,012)	12,202	10,514
Total funds carried forward		<u>486</u>	<u>(1,633)</u>	<u>25,733</u>	<u>24,586</u>

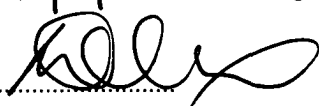
SFAET LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000s	£'000s	£'000s	£'000s
Fixed assets					
Tangible assets	12		25,542		25,543
Current assets					
Debtors	13	326		203	
Cash at bank and in hand		1,932		1,969	
		<u>2,258</u>		<u>2,172</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(585)		(736)	
Net current assets			<u>1,673</u>		<u>1,436</u>
Net assets excluding pension liability			27,215		26,979
Defined benefit pension scheme liability	17		(2,187)		(2,393)
Net assets			<u>25,028</u>		<u>24,586</u>
Funds of the Multi- Academy Trust:					
Restricted funds	16				
- Fixed asset funds			25,715		25,733
- Restricted income funds			820		760
- Pension reserve			(2,187)		(2,393)
Total restricted funds			<u>24,348</u>		<u>24,100</u>
Unrestricted income funds	16		<u>680</u>		<u>486</u>
Total funds			<u>25,028</u>		<u>24,586</u>

The financial statements on pages 25 to 48 were approved by the Trustees and authorised for issue on 12/12/18 and are signed on their behalf by:


J Wilkinson
Chair

Company Number 07689980

SFAET LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000s	2017 £'000s
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(224)	240
Cash funds transferred on conversion		-	387
		<u>(224)</u>	<u>627</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		20	1
Capital grants from DfE and EFA		274	491
Capital funding from sponsors and others		145	415
Payments to acquire tangible fixed assets		<u>(252)</u>	<u>(447)</u>
		187	460
Change in cash and cash equivalents in the reporting period		<u>(37)</u>	<u>1,087</u>
Cash and cash equivalents at 1 September 2017		1,969	882
Cash and cash equivalents at 31 August 2018		<u>1,932</u>	<u>1,969</u>

SFAET LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 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.

1.1 Basis of preparation

The financial statements of the Multi- 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 financial statements 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

SFAET Limited meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 Multi- Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Multi- Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Multi- Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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.

Sponsorship income

Sponsorship income provided to the Multi- Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 period it is receivable and to the extent the Multi- Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Transfer of a lease

On conversion to Academy Status the Local Authority gifted the school buildings to the Academy Trust with a 125 year long lease. The properties have been professionally valued as at October 2011. The valuation is underpinned by SORP 2005 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land. As the land and buildings are of specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

During the year Royal Liberty School was transferred into the MAT. The freehold land and building was gifted by the Local Authority and has been included at the value provided by the Local Authority.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Multi- Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Multi- Academy Trust's educational operations, including support costs and costs relating to the governance of the Multi- Academy Trust apportioned to charitable activities.

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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 life, as follows:

Land and buildings	50 years
Assets under construct'n	Not depreciated
Computer equipment	3 years straight line
Motor vehicles	10 years straight line

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

1.6 Liabilities

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

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

The Multi- Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Multi- Academy Trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Taxation

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

1.10 Pensions benefits

Retirement benefits to employees of the Multi- Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Multi- Academy Trust.

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

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

1.11 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Multi- Academy Trust at the discretion of the Trustees.

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

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

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

Accounting 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 Multi- 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.

Useful economic life of assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. These are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the asset. See note 12 for the carrying amount of property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

LGPS

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

Critical areas of judgement

There are no critical areas of judgement.

3 Donations and capital grants

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Capital grants	-	419	419	906
Other donations	24	247	271	345
	<u>24</u>	<u>666</u>	<u>690</u>	<u>1,251</u>

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Multi- Academy Trust's educational operations

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
DfE / ESFA grants				
General annual grant (GAG)	-	7,807	7,807	6,564
Other DfE group grants	-	406	406	402
	-	8,213	8,213	6,966
Other government grants				
Local authority grants	-	383	383	332
Special educational projects	-	-	-	38
	-	383	383	370
Total funding	-	8,596	8,596	7,336

5 Other trading activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Hire of facilities	150	-	150	86

6 Investment income

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Short term deposits	3	-	3	1
Other investment income	17	-	17	-
	20	-	20	1

7 Expenditure

	Staff costs £'000s	Premises & equipment £'000s	Other costs £'000s	Total 2018 £'000s	Total 2017 £'000s
Academy's educational operations					
- Direct costs	6,189	-	797	6,986	6,095
- Allocated support costs	1,147	892	529	2,568	2,046
	7,336	892	1,326	9,554	8,141

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

(Continued)

Net income/(expenditure) for the year includes:	2018 £'000s	2017 £'000s
Fees payable to auditor for:		
- Audit	14	12
- Other services	2	2
Operating lease rentals	16	16
Depreciation of tangible fixed assets	253	225
Net interest on defined benefit pension liability	63	58
	<u> </u>	<u> </u>

Central services

No central services were provided by the Multi- Academy Trust to its academies during the year and no central charges arose.

8 Charitable activities

	2018 £'000s	2017 £'000s
All from restricted funds:		
Direct costs - educational operations	6,986	6,095
Support costs - educational operations	2,568	2,046
	<u> </u>	<u> </u>
	9,554	8,141
	<u> </u>	<u> </u>

Analysis of costs

	2018 £'000s	2017 £'000s
Direct costs		
Teaching and educational support staff costs	6,189	5,414
Technology costs	143	99
Educational supplies and services	372	310
Examination fees	84	82
Other direct costs	198	190
	<u> </u>	<u> </u>
	6,986	6,095
	<u> </u>	<u> </u>

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities (Continued)

Support costs

Support staff costs	1,147	803
Depreciation and amortisation	253	225
Maintenance of premises and equipment	639	672
Security and transport	-	19
Catering	9	7
Finance costs	63	58
Other support costs	379	196
Governance costs	78	66
	<u>2,568</u>	<u>2,046</u>

9 Staff costs

	2018 £'000s	2017 £'000s
Wages and salaries	5,374	4,494
Social security costs	543	440
Operating costs of defined benefit pension schemes	1,220	1,174
Staff costs	<u>7,137</u>	<u>6,108</u>
Supply staff costs	199	109
Total staff expenditure	<u>7,336</u>	<u>6,217</u>

Staff numbers

The average number of persons, by headcount, employed by the Multi- Academy Trust during the year was as follows:

	2018 Number	2017 Number
Teachers	96	77
Administration and support	80	95
Management	15	15
	<u>191</u>	<u>187</u>

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff costs

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	6	4
£70,001 - £80,000	3	1
£90,001 - £100,000	-	1
£110,001- £120,000	1	-
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the Multi- Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Multi- Academy Trust was £1,101,419 (2017 - £950,015).

10 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Multi- Academy Trust. The Executive Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

P Ward (Headteacher and Accounting officer)

Remuneration £110,000 - £115,000 (2017: £95,000 - £100,000)

Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

N Goodey

Remuneration £NIL (2017: £3,412)

Employer's pension contributions £NIL (2017: £782)

M Hoque

Remuneration £NIL (2017: £7,946)

Employer's pension contributions £NIL (2017: £NIL)

T Scully

Remuneration £NIL (2017: £5,171)

Employer's pension contributions £NIL (2017: £1,264)

During the year, no Trustees received any reimbursement of expenses (2017: £nil)

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Trustees and officers insurance

In accordance with normal commercial practice, the Multi- Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Multi- Academy Trust business. The insurance 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.

12 Tangible fixed assets

	Land and buildings	Assets under construct'n	Computer equipment	Motor vehicles	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Cost					
At 1 September 2017	26,167	-	151	47	26,365
Additions	145	63	43	1	252
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2018	26,312	63	194	48	26,617
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation					
At 1 September 2017	679	-	117	26	822
Charge for the year	218	-	30	5	253
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2018	897	-	147	31	1,075
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 31 August 2018	25,415	63	47	17	25,542
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2017	25,488	-	34	21	25,543
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included in land and buildings is land at valuation of £15,300k (2017 - £15,300k) which is not being depreciated.

13 Debtors

	2018 £'000s	2017 £'000s
Trade debtors	16	-
VAT recoverable	20	32
Other debtors	83	-
Prepayments and accrued income	207	171
	<u> </u>	<u> </u>
	326	203
	<u> </u>	<u> </u>

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

14	Creditors: amounts falling due within one year	2018 £'000s	2017 £'000s
	Trade creditors	50	52
	Other taxation and social security	270	248
	Other creditors	-	223
	Accruals and deferred income	265	213
		<u>585</u>	<u>736</u>
15	Deferred income	2018 £'000s	2017 £'000s
	Deferred income is included within:		
	Creditors due within one year	<u>147</u>	<u>43</u>
	Deferred income at 1 September 2017	43	107
	Released from previous years	(43)	(100)
	Resources deferred in the year	<u>147</u>	<u>36</u>
	Deferred income at 31 August 2018	<u>147</u>	<u>43</u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to school trips which are due to take place in 2018/19.

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

	Balance at 1 September 2017 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2018 £'000s
Restricted general funds					
General Annual Grant (GAG)	702	7,807	(7,977)	184	716
Other DfE / ESFA grants	58	406	(362)	-	102
Other government grants	-	383	(383)	-	-
Other restricted funds	-	247	(245)	-	2
Pension reserve	(2,393)	-	(334)	540	(2,187)
	<u>(1,633)</u>	<u>8,843</u>	<u>(9,301)</u>	<u>724</u>	<u>(1,367)</u>
Restricted fixed asset funds					
DfE group capital grants	25,733	419	(253)	(184)	25,715
	<u>25,733</u>	<u>419</u>	<u>(253)</u>	<u>(184)</u>	<u>25,715</u>
Total restricted funds	<u>24,100</u>	<u>9,262</u>	<u>(9,554)</u>	<u>540</u>	<u>24,348</u>
Unrestricted funds					
General funds	486	194	-	-	680
	<u>486</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>680</u>
Total funds	<u>24,586</u>	<u>9,456</u>	<u>(9,554)</u>	<u>540</u>	<u>25,028</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants: This includes the pupil premium, Year 7 Catch up and role relief.

Other government grants: This includes Higher Needs funding and Out of Borough Funding from various local authorities.

Other restricted funds: This includes donations and parental contributions for specific purposes.

The transfer of funds relates to the costs of repairs being funding by capital improvement schemes.

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

	Balance at 1 September 2016 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2017 £'000s
Restricted general funds					
General Annual Grant (GAG)	185	6,564	(6,341)	294	702
Other DfE / ESFA grants	-	402	(344)	-	58
Other government grants	-	370	(370)	-	-
Other restricted funds	-	598	(598)	-	-
Pension reserve	(2,197)	(1,071)	(231)	1,106	(2,393)
	<u>(2,012)</u>	<u>6,863</u>	<u>(7,884)</u>	<u>1,400</u>	<u>(1,633)</u>
Restricted fixed asset funds					
Transfer on conversion	-	13,144	-	-	13,144
DfE group capital grants	12,202	906	(225)	(294)	12,589
	<u>12,202</u>	<u>14,050</u>	<u>(225)</u>	<u>(294)</u>	<u>25,733</u>
Total restricted funds	<u>10,190</u>	<u>20,913</u>	<u>(8,109)</u>	<u>1,106</u>	<u>24,100</u>
Unrestricted funds					
General funds	324	194	(32)	-	486
Total funds	<u>10,514</u>	<u>21,107</u>	<u>(8,141)</u>	<u>1,106</u>	<u>24,586</u>

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2018 £'000s
Restricted general funds					
General Annual Grant (GAG)	185	14,371	(14,318)	478	716
Other DfE / ESFA grants	-	808	(706)	-	102
Other government grants	-	753	(753)	-	-
Other restricted funds	-	845	(843)	-	2
Pension reserve	(2,197)	(1,071)	(565)	1,646	(2,187)
	<u>(2,012)</u>	<u>15,706</u>	<u>(17,185)</u>	<u>2,124</u>	<u>(1,367)</u>
Restricted fixed asset funds					
Transfer on conversion	-	13,144	-	-	13,144
DfE group capital grants	12,202	1,325	(478)	(478)	12,571
	<u>12,202</u>	<u>14,469</u>	<u>(478)</u>	<u>(478)</u>	<u>25,715</u>
Total restricted funds	<u>10,190</u>	<u>30,175</u>	<u>(17,663)</u>	<u>1,646</u>	<u>24,348</u>
Unrestricted funds					
General funds	324	388	(32)	-	680
	<u>324</u>	<u>388</u>	<u>(32)</u>	<u>-</u>	<u>680</u>
Total funds	<u>10,514</u>	<u>30,563</u>	<u>(17,695)</u>	<u>1,646</u>	<u>25,028</u>

Total funds analysis by academy

	2018 £'000s	2017 £'000s
Fund balances at 31 August 2018 were allocated as follows:		
The Royal Liberty School	456	253
Redden Court School	1,044	993
Total before fixed assets fund and pension reserve	<u>1,500</u>	<u>1,246</u>
Restricted fixed asset fund	25,715	25,733
Pension reserve	(2,187)	(2,393)
Total funds	<u>25,028</u>	<u>24,586</u>

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
The Royal Liberty School	2,061	420	142	783	3,406
Redden Court School	4,128	727	230	810	5,895
	<u>6,189</u>	<u>1,147</u>	<u>372</u>	<u>1,593</u>	<u>9,301</u>

17 Pensions and similar obligations

The Multi-Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Havering. 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 that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £70,600 (2017: £65,504) were payable to the schemes at 31 August 2018 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' 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.

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Pensions and similar obligations

(Continued)

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%

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

The employer's pension costs paid to the TPS in the period amounted to £589k (2017: £545k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 22.86% for Redden Court School employers contributions and 25.26% for Royal Liberty School employers contributions.

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.

Total contributions made	2018 £'000s	2017 £'000s
Employer's contributions	360	284
Employees' contributions	94	69
Total contributions	454	353
Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	2.7	2.7
Rate of increase for pensions in payment	2.4	2.4
Discount rate	2.8	2.5

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pensions and similar obligations

(Continued)

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

	2018 Years	2017 Years
Retiring today		
- Males	22	22.0
- Females	24.2	24.2
Retiring in 20 years		
- Males	23.9	23.9
- Females	26.3	26.3

	2018 £'000s	2017 £'000s
0.5% decrease in the discount rate	777	540
0.5% increase in the salary increase rate	120	184
0.5% increase in the pension increase rate	649	340

The Multi- Academy Trust's share of the assets in the scheme

	2018 Fair value £'000s	2017 Fair value £'000s
Equities	2,185	2,709
Bonds	1,177	614
Cash	336	72
Property	504	217
Total market value of assets	4,202	3,612

Actual return on scheme assets - gain/(loss)	179	231
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Amounts recognised in the statement of financial activities

	2018 £'000s	2017 £'000s
Current service cost	631	457
Interest income	(95)	(68)
Interest cost	158	115
Total operating charge	694	504

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Pensions and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2018 £'000s	2017 £'000s
Obligations at 1 September 2017	6,005	4,433
Obligations acquired on conversion	-	1,916
Current service cost	631	457
Interest cost	158	115
Employee contributions	94	69
Actuarial gain	(456)	(932)
Benefits paid	(43)	(53)
At 31 August 2018	6,389	6,005

Changes in the fair value of the Multi- Academy Trust's share of scheme assets

	2018 £'000s	2017 £'000s
Assets at 1 September 2017	3,612	2,236
Assets acquired on conversion	-	845
Interest income	95	57
Actuarial gain	84	174
Employer contributions	360	284
Employee contributions	94	69
Benefits paid	(43)	(53)
At 31 August 2018	4,202	3,612

18 Analysis of net assets between funds

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	25,542	25,542
Current assets	680	1,368	210	2,258
Creditors falling due within one year	-	(548)	(37)	(585)
Defined benefit pension liability	-	(2,187)	-	(2,187)
Total net assets	680	(1,367)	25,715	25,028

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	25,543	25,543
Current assets	1,222	760	190	2,172
Creditors falling due within one year	(736)	-	-	(736)
Defined benefit pension liability	-	(2,393)	-	(2,393)
Total net assets	486	(1,633)	25,733	24,586

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

	2018 £'000s	2017 £'000s
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(98)	12,966
Adjusted for:		
Net surplus on conversion to academy	-	(12,433)
Capital grants from DfE/ESFA and other capital income	(419)	(906)
Investment income receivable	(20)	(1)
Defined benefit pension costs less contributions payable	271	173
Defined benefit pension net finance cost	63	58
Depreciation of tangible fixed assets	253	225
(Increase) in debtors	(123)	(91)
(Decrease)/increase in creditors	(151)	249
Net cash (used in)/provided by operating activities	(224)	240

20 Commitments under operating leases

At 31 August 2018 the total of the Multi- Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000s	2017 £'000s
Amounts due within one year	16	16
Amounts due in two and five years	23	40
	39	56

SFAET LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Capital commitments

	2018 £'000s	2017 £'000s
Expenditure contracted for but not provided in the financial statements	190	168

22 Related party transactions

Owing to the nature of the Multi- Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Multi- Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Multi- Academy Trust's financial regulations and normal procurement procedures. There were no related party transactions that took place in the year.

23 Post balance sheet events

After the year end, the following school converted to academy trust status and joined SFAET Limited.

Academy	Location	Date of conversion
Sanders School (From 01 September 2018)	Hornchurch	1 September 2018

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.