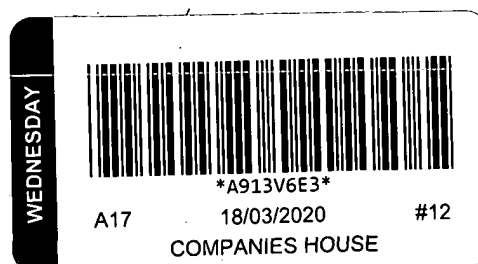


Company Registration No. 07693309 (England and Wales)

**SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

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



# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

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# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Trustees**

Mr R Moore  
Mr S J Munday (Accounting Officer)  
Mr D J Gotobed  
Mr J King (Chair of the Trustees)  
Mrs V E Northall  
Mr P J Melville  
Ms C Pumfrey  
Mr D Pavitt (Appointed 6 November 2018)  
Mr G Tapsell (Appointed 6 November 2018)

### **Members**

A Higgs  
J King  
L Martin  
P Smith  
R Henderson

### **Senior leadership team**

S J Munday	- Chief Executive Officer
N Frost	- Headteacher Marshalls Park Academy
C Pumfrey	- Headteacher Stifford Clays Primary School, Executive Headteacher Deneholm Primary School & Chadwell St Mary Primary School
S Bell	- Headteacher William Edwards School
P J Melville	- Chief Operating Officer

### **Company secretary**

Mr P J Melville

### **Company registration number**

07693309 (England and Wales)

### **Registered office**

Stifford Clays Road  
Grays  
Essex  
RM16 3NJ

### **Academies operated**

William Edwards School  
Stifford Clays Primary School  
Deneholm Primary School  
Chadwell St Mary Primary School  
Marshalls Park Academy

### **Location**

Grays  
Grays  
Grays  
Grays  
Romford

### **Headteacher**

S Bell  
C Pumfrey  
L Robinson  
J Lloyd  
N Frost

### **Independent auditor**

Wilkins Kennedy Audit Services  
1-5 Nelson Street  
Southend on Sea  
Essex  
SS1 1EG

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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**Bankers**

Lloyds Bank  
34 High Street  
Grays  
Essex  
RM17 6LX

**Solicitors**

T A Capron & Co  
88 Orsett Road  
Grays  
Essex  
RM17 5EJ

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# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees present their Annual Report together with the financial statements and auditor's report of South West Essex Community Education Trust (The Trust or the Charitable Company) for the year 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates 3 primary schools and 2 secondary academies within the Thurrock & Havering local authority areas. The Academies have a combined pupil capacity of 3,530 and had a roll of 3,497 in the 2019 census, including nurseries.

#### **Principal activities**

The Principal activity of the Trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing academies offering a broad and balanced curriculum.

#### **Structure, governance and management**

##### Constitution

The 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 academy trust.

The Charitable Company includes the following Academies:

- Chadwell St Mary Primary School, converted and joined the Trust on 1 September 2016
- Deneholm Primary School, converted on 1 April 2015
- Marshalls Park Academy, converted and joined the Trust on 1 April 2016
- Stifford Clays Primary School, converted on 1 April 2015
- William Edwards School, converted on 1 August 2011

The trustees of South West Essex Community Education Trust Limited are also the directors of the charitable company for the purposes of company law. The terms Trustee and Director are interchangeable. Details of the trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance, HR & Audit Committee. Throughout this report the Board of Trustees is referred to as the Trust Board. Each Academy has appointed Local Schools Advisory Board (LSAB) who have few delegated responsibilities.

##### 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.

##### Method of recruitment and appointment or election of trustees

The arrangements are as set out in the Articles and Funding Agreement.

The Members have appointed by ordinary resolution four Trustees, the Chief Executive Officer and Chief Financial Officer are appointed by the Trust Board. The Trustees have appointed three Trustees making a total of nine Trustees.

Trustees are appointed for a fixed term of four years. The Chief Executive Officer (CEO) and Chief Financial Officer are ex officio members of the Trust Board. Trustees are appointed to office by recommendation to the Members from the Trust Board or appointed by the Trust Board if the Trustees believe a particular skill is required and to meet the business needs of the Trust. The Trust reviews its composition and skills annually.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Policies and procedures adopted for the induction and training of trustees

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. Trustees and Governors are required to attend induction training and regular ongoing training. To this end the Trust has links with training providers such as the Governance Support Team at the Local Authority, the National Governance Association and in-house training is provided where necessary. New governors receive a tour of the Trust's academies and are provided with key documents necessary for their role.

### Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Trust Board, meets on at least four occasions per year and its subcommittee Finance, HR & Audit Resources meet at least another four times per year. As the Trust moves into its fourth year as a multi academy trust, additional meetings have been put in place to address any emerging issues or to ensure that recommendations are considered and decisions are made in a timely fashion.

The Trust Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual and long-term three-year plan, as well as short- and long-term budget management and monitoring. The Trust, by the use of those budgets make major decisions about the direction of The Trust, capital expenditure and senior staff appointments. The Trust Board also considers the wider implications of changes in the structure of individual schools, redundancy and rationalising staff across schools where it is deemed necessary

The Trust's CEO is the Accounting Officer.

### Arrangements for setting pay and remuneration of key management personnel

~~The Trust sets pay and remuneration of key management personnel using the pay scales published by the Local Authority and a bespoke pay scale for the Chief Executive Officer and Chief Operating Officer. All pay and remuneration is linked to performance management. Arrangements are in place to review pay and the decisions about pay are made through the normal means, that being the Finance, HR & Audit committee.~~

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies. At all times, equality across the Trust is considered.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee of the Trust Board and ratified by the Trust Board.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

#### *Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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### Related parties and other connected charities and organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Trust Board 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 procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. Where interests have been identified, these are communicated to all relevant staff to ensure transparency and adherence to the Academies Financial Handbook.

Details of related party transactions which took place in the year are disclosed in the notes to the financial statements.

The Trust does not have a formal sponsor.

### **Objectives and activities**

#### Objects and aims

The principal object and activity of the Trust is the provision of education for pupils of various ages and abilities.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children, Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### Objectives, strategies and activities

The main objectives of the School during the year ended 31st August 2019 are summarised below:-

- to ensure that every pupil enjoys the same high quality education in terms of resourcing, teaching and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the schools within the Multi-Academy Trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

The Trust's main strategy encompasses providing:

- teaching and learning opportunities for all students to attain appropriate academic qualifications;
- an effective pastoral support programme for families and students who require additional help
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners for work experience;
- a programme of sporting, performing arts and after school leisure activities for all students;
- a system of after school clubs to allow students to explore areas of personal interest;
- a careers advisory service to help students obtain employment or move on to higher education.

#### Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set.

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The admissions policy for each school can be found on the schools website, as shown below:

William Edwards School: <https://williamedwards.org.uk/admissions/>

Marshall's Park Academy: <http://marshallspark.org.uk/admissions/>

Deneholm Primary School: <http://www.deneholmprimaryschool.co.uk/Admissions>

Chadwell St Mary Primary School: <http://www.chadwellstmaryprimary.co.uk/admissions-to-our-school/>

Stifford Clays Primary School: <http://www.stiffordclaysprimary.thurrock.sch.uk/about-us/admissions-arrangements>



# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### Strategic report

#### Achievements and performance

The Trust continued its mission to ensure that pupils achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and prepared and guided pupils as they move to the next stage of their education career.

2019 was an especially pleasing year in terms of pupil outcomes at KS2 and 4 with every SWECET school improving results when compared to the previous year. All five schools also achieved results at KS2 and 4 that were above national average achievement in all benchmarks. They are collectively the best ever results achieved by SWECET schools.

Key stage 2 outcomes are summarised below:

		Chadwell				Deneholm				Stifford Clays			
		2017		2018	Target 2019	2017		2018	Target 2019	2017		2018	Target 2019
KS2 outcomes	KS2 R, W and M E KS-%	59	57%	79%	79%	61	70%	79%	79%	57	52%	79%	79%
	KS2 R, W and M GDS%	3	11%	7%	7%	7	12%	7%	7%	6	12%	7%	7%
	KS2 R EKS-%	66%	77%	79%	79%	81%	81%	79%	79%	68%	72%	79%	79%
	KS2 W EKS-%	79%	77%	79%	79%	73%	86%	79%	79%	78%	61%	79%	79%
	KS2 M EKS-%	64%	68%	79%	79%	79%	85%	79%	79%	77%	77%	79%	79%
	KS2 R GDS%	21%	25%	28%	28%	27%	29%	27%	27%	17%	29%	27%	27%
	KS2 W GDS%	21%	21%	28%	28%	16%	20%	28%	28%	18%	15%	28%	28%
		17%	14%	28%	28%	16%	22%	28%	28%	20%	25%	28%	28%

Key stage 4 results for SWECETs secondary schools are summarised below:

#### SECONDARY KEY PERFORMANCE INDICATORS - SWECET, AUGUST 2019

Context	School		William Edwards				Marshall's Park			
	Headteacher		Simon Bell				Neil Frost			
	May 18		2017	2018	2019		2017	2018	2019	
Academic outcomes	% Eng & Maths Grade 4+		62%	72%	62%	72%	62%	60%	71%	66%
	% Eng & Maths Grade 5+		39%	42%	36%	47%	33%	34%	48%	46%
	% 2 Sciences			76%	59%	67%	43%	41%	70%	56% Standard 25% Strong
	% Ebacc entered		35%	73%	63%	65%	36%	48%	45%	48%
	Ebacc achieved (Grade 4 EM)		19%	34%	23%	40%	21%	13%	25%	13%
	Ebacc APS		3.83	n/a	3.84	4.22	n/a	3.32	4.05	3.75
	Ebacc achieved (Grade 5 EM)		23%	28%	13%	30%	18%	5%	15%	6%
	Attainment 8 Av		44	46.3	44	49	41	40.3	47	44.9

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### Key performance indicators

All SWECEET schools are graded Good by Ofsted with Marshalls Park Academy & William Edwards School currently graded RI but rapidly making progress to secure at least good.

School	Phase	Current Ofsted	Joined MAT
William Edwards	Secondary	RI	July 2019
Deneholm	Primary	Good	April 2018
Stifford Clays	Primary	Good	November 2019
Chadwell St Mary	Primary	Good	June 2019
Marshalls Park	Secondary	RI	April 2017

The three primary schools all remain 'Good' schools following their most recent inspections and the expectation is that all three will achieve at least 'Good' judgements when next inspected. Achievement in all three primary schools remains in line with national average with the expectation that results will see further improvement in 2020.

William Edwards and Marshalls Park are making positive progress towards a Good judgement at their next inspections.

#### Going concern

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

#### **Financial review**

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

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

During the year ended 31 August 2019, total expenditure of £20,376k (2018: £20,519k) was met by recurrent grant funding from the ESFA together with other incoming resources. The deficit of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £879k (2018: £1,232k).

At 31 August 2019 the net book value of fixed assets was £40,321k (2018: £39,096k). Movements in tangible fixed assets are shown in the notes to the financial statements.

The Essex County Council Pension Fund, in which the Trust participates, showed a deficit of £9,275k (2018: £6,999k) at 31 August 2019.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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### Reserves policy

Academies must monitor cash flow and all bank account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments.

The Trust requires a total reserve of at least £250k funding (per academy) at any time. The Trust should therefore aim that sufficient funds are held in reserve to meet needs.

The Trust must consider annually whether an academy's budget position is viable and meets the above requirements for maintaining reserves. Reserves may be built up for particular projects and this must be explained when and if this occurs.

If agreed by the Trust Finance Committee, then the Chief Financial Officer will identify funds surplus to immediate cash requirements and transfer to an account bearing a higher interest rate.

The Trust may also re-allocate school funds surplus to the agreed reserves per academy to other academies should the case be made. This would normally be for strategic educational need, but also where schools face financial difficulties.

Periodically (at least annually) review interest rates and compare with other investment opportunities. The Trust's current policy is to only invest funds in risk free and immediately accessible deposit accounts.

The School's current level of free reserves is £2,119k (2018: £2,213k) (total funds less the amount held in fixed assets and restricted funds).

The School held fund balances at 31 August 2019 of 33,383k (2018: £34,847k) comprising £31,264k (2018: £32,634k) of restricted funds and £2,119k (2018: £2,213k) of unrestricted general funds. Of the restricted funds, £40,321k (2018: £39,096k) is represented by tangible fixed assets. £218k (2018: £462k) by unspent revenue grants and £nil (2018: £75k) by unspent capital grants.

The Pension reserve which is considered part of restricted funds was £9,275k (2018: £6,999k) in deficit.

### Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

#### Principal risks and uncertainties

As Trustees, we acknowledge we have overall responsibility for ensuring that the South West Essex Community Education Trust Limited has effective and appropriate systems of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- the Trust is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the academies in the Multi-Academy Trust or for publication is reliable;
- the Trust complies with relevant laws and regulations.

The 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 included the development of:

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

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and educational visits) and in relation to the control of finance. The Directors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. The directors have put in place a reserve policy that has ring-fenced £1m as a cushion against reduced funding and cashflow shortfalls in future. A review of governance is currently underway so as to ensure a robust governance structure that will help implement the five year plans of the academy trust. There has been a review of leadership and management to address Key Management succession plans. Where significant financial risk still remains they have ensured they have adequate insurance cover through the insurance and other covers. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The principal risks and uncertainties that the Trust faces are:

- Falling pupil numbers
- Other schools/academies with similar objectives and little scope for differentiation competing for new pupils
- Key person loss/succession
- School may receive an unfavourable Ofsted report
- Parents/other stakeholders may consider that the School does not provide a valuable/high quality service
- Risk that an uncontrollable event may have on the School for instance a fire or flood.

A risk also arises in relation to the defined benefit pension scheme (LGPS), due to the fact that there is a deficit of £9,275k (2018: £6,999k)

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Plans for future periods**

The Trust will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its pupils get jobs or a place in higher education once they leave their secondary education.

The Trust will continue to provide opportunities for a technological education to all pupils. The Trust is establishing links with the local and wider community and direct access to the Trust's facilities, curricular materials and the expertise of Trust staff.

Orsett Health Academy (free school) has been approved by the DfE and is now in pre-opening phase. Orsett Health Academy (free school) has been approved by the DfE and is now in pre-opening phase. Orsett Heath Academy will open in interim accommodation for September 2020 before moving into the main school in September 2022.

### **Auditor**

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ...10/12/19... and signed on its behalf by:



Mr J King

Chair of the Trustees

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Scope of responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that South West Essex Community Education Trust 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 principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South West Essex Community Education Trust 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 board of trustees has formally met three times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr R Moore	1	3
Mr S J Munday (Accounting Officer)	3	3
Mr D J Gotobed	2	3
Mr J King (Chair of the Trustees)	3	3
Mrs V E Northall	2	3
Mr P J Melville	3	3
Ms C Pumfrey	3	3
Mr D Pavitt (Appointed 6 November 2018)	2	3
Mr G Tapsell (Appointed 6 November 2018)	2	3

- There have been no changes to the composition in the governing body apart from changes in Trusteeship where two Trustees have joined.
- The work of Trustees has been to focus on outcomes, financial security and holding the executive to account. It does this through regular board meetings, individual meetings and audit functions
- The Board received data and information/reports from its executive team and also through reports of independent professionals that challenge the work of the Trust. These reports are currently provided by a small number of School Improvement Partners including Herts for Learning

As it is now a year since the Trust changed its governance arrangements, the Trust will be undertaking a review of governance in the next twelve months.

The Trust has multiple committees that meet more than 6 times a year. There is a continual dialogue between the committees and the main Board and any issues or concerns are discussed as and when required.

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to:

- To act in accordance with the Education (School Government) Regulations
- To carrying out delegated functions to the Trust Development Plan
- To maintain expenditure within the limits set by the Trust Budget Plan
- To advise the Trust Board of decisions taken within the powers delegated

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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Attendance at meetings in the year was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr R Moore	2	2
Mr S J Munday (Accounting Officer)	2	2
Mr D J Gotobed	1	2
Mr P J Melville	2	2
Mr D Pavitt (Appointed 6 November 2018)	1	2

### **Review of value for money**

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

The Accounting Officer considers how the MAT'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 appropriate. The Accounting Officer for the MAT has delivered improved value for money during the year as follows:

### **Educational Outcomes**

Across the South West Essex Community Education Trust the core aim is to achieve value for money whilst ensuring positive outcomes for the young people in our community. The Trust continues to improve the outcomes of pupils by:

- Ensuring improved results for pupils across the Trust from KS1 – KS4.
- Supporting and challenging the schools in the Trust to ensure that pupil outcomes remain at the heart of everything we do: for example, reviewing the curriculum provision and access for all pupils. Sharing best practice across the the Trust by teachers working across schools and sharing resources and their time.

### **Business Planning**

The Trust holds half termly meetings with the Headteachers of each academy and regular communication, to ensure that any issues that may arise are dealt with quickly. The Trust continues to improve the planning of the Business by:

- Sharing of best practice: for example, through regular communication and meetings the preparation for GDPR was completed with one secondary academy producing a template used across the trust with regards to GDPR requirements
- Consolidation of Reports: for example, central completion all financial reports, saving time and resources within the academies.
- Continue Negotiation of Contracts: for example, centralising contracts across the Trust, in particular those held with reprographics, catering and software companies, resulting in cost savings for all academies.:
- Shared Training: All training is organised centrally and co-ordinated to provide schools with easy to access and high quality training.
- The Trust has a clear scheme of delegation and authorisation approved by the Board and this was followed throughout the year.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

### **Financial Governance/Management**

The Trust's financial regulations provide effective control without excessive bureaucracy overheads. Value for money is enhanced through the continuous improvement of day-to-day financial transactions with support offered by the Chief Financial Officer.

- Value for Money is sought by all budget holders: For example, value from external suppliers is ensured by the fact that for any order over £2000 the budget holder must demonstrate best value; providing supporting evidence of having sought more than one quotation. For any amount between £2,001 and up to the European Union Threshold, the budget holder must obtain more written quotations, in writing, and attach them to the purchase order.
- The National pay change for associate staff was implemented in April salaries and following information from Essex pension services adjustments have also been made. Rising on-costs continue to be a concern to academies and all vacancies are carefully analysed to ensure only essential replacements are made.

### **Organisational Learning**

The Trust operates as a community of schools sharing expertise through regular meeting with the Headteachers. A continued holistic approach to value for money will ensure that the funds provided to the Trust will continue to be used effectively and efficiently in developing our educational objectives.

- Investment in people: for example, this continues to lead to opportunities for expertise to be shared across the Trust with regards to maintenance, personnel, finance and administration as well as teaching and learning.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South West Essex Community Education Trust Limited for the period 1 September 2018 to 31 August 2019 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 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 academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.



# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **The risk and control framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Rickard Luckin as internal auditor.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliation
- Testing of compliance with the financial regulations

On a quarterly basis, the auditor reports to the board of trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

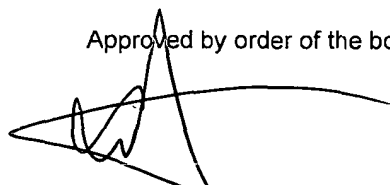
### **Review of effectiveness**

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

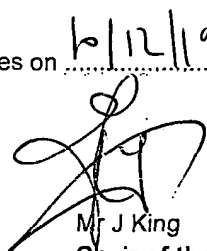
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the senior leaders within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, HR & Audit 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 6/12/19 and signed on its behalf by:



Mr S J Munday  
Accounting Officer



Mr J King  
Chair of the Trustees

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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As accounting officer of South West Essex Community Education Trust Limited I have considered my responsibility to notify the 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 academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Mr S J Munday  
Accounting Officer

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# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees (who are also the directors of South West Essex Community Education Trust Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2018 to 2019;
- 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 10/12/19 and signed on its behalf by:



Mr J King  
Chair of the Trustees

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the financial statements of South West Essex Community Education Trust Limited for the year ended 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2018 to 2019.

### **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 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.

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### **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 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 trustees are responsible for the other information, which comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **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 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 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 financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Wilks Kennedy Audit Services*

**Catherine Cooper (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy Audit Services**

**Statutory Auditor**

23/12/19

1-5 Nelson Street  
Southend on Sea  
Essex  
SS1 1EG

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

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

***FOR THE YEAR ENDED 31 AUGUST 2019***

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In accordance with the terms of our engagement letter dated 2 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South West Essex Community Education Trust Limited during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South West Essex Community Education Trust Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the South West Essex Community Education Trust 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 South West Essex Community Education Trust Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of South West Essex Community Education Trust Limited's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of South West Essex Community Education Trust Limited's funding agreement with the Secretary of State for Education dated 29 January 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*With Wandy Audit Service*

### **Reporting Accountant**

Wilkins Kennedy Audit Services  
1-5 Nelson Street  
Southend on Sea  
Essex  
SS1 1EG

Dated: 23/12/19



# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	444	-	1,693	2,137	1,411
Charitable activities:						
- Funding for educational operations	4	-	17,497	-	17,497	17,263
Other trading activities	5	807	-	-	807	740
Investments	6	2	-	-	2	2
<b>Total</b>		<u>1,253</u>	<u>17,497</u>	<u>1,693</u>	<u>20,443</u>	<u>19,416</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	1,347	18,282	747	20,376	20,519
<b>Total</b>	7	<u>1,347</u>	<u>18,282</u>	<u>747</u>	<u>20,376</u>	<u>20,519</u>
<b>Net income/(expenditure)</b>		(94)	(785)	946	67	(1,103)
Transfers between funds	19	-	(204)	204	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(1,531)	-	(1,531)	1,681
<b>Net movement in funds</b>		(94)	(2,520)	1,150	(1,464)	578
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>2,213</u>	<u>(6,537)</u>	<u>39,171</u>	<u>34,847</u>	<u>34,269</u>
Total funds carried forward		<u>2,119</u>	<u>(9,057)</u>	<u>40,321</u>	<u>33,383</u>	<u>34,847</u>

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £'000	Restricted funds: General	Fixed asset £'000	Total 2018 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	618	-	793	1,411
Charitable activities:					
- Funding for educational operations	4	-	17,263	-	17,263
Other trading activities	5	740	-	-	740
Investments	6	2	-	-	2
<b>Total</b>		<u>1,360</u>	<u>17,263</u>	<u>793</u>	<u>19,416</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	9	1,207	18,648	664	20,519
<b>Total</b>	7	<u>1,207</u>	<u>18,648</u>	<u>664</u>	<u>20,519</u>
<b>Net income/(expenditure)</b>		153	(1,385)	129	(1,103)
Transfers between funds	19	-	(266)	266	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	21	-	1,681	-	1,681
<b>Net movement in funds</b>		153	30	395	578
<b>Reconciliation of funds</b>					
Total funds brought forward		2,060	(6,567)	38,776	34,269
Total funds carried forward		<u>2,213</u>	<u>(6,537)</u>	<u>39,171</u>	<u>34,847</u>

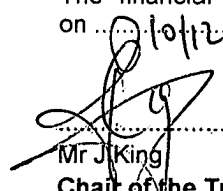
# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## BALANCE SHEET

**AS AT 31 AUGUST 2019**

	Notes	2019 £'000	£'000	2018 £'000	£'000
<b>Fixed assets</b>					
Tangible assets	15		40,321		39,096
<b>Current assets</b>					
Debtors	16	543		600	
Cash at bank and in hand		2,787		3,618	
		<u>3,330</u>		<u>4,218</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	(993)		(1,468)	
<b>Net current assets</b>			<u>2,337</u>		<u>2,750</u>
<b>Net assets excluding pension liability</b>			42,658		41,846
Defined benefit pension scheme liability	21		(9,275)		(6,999)
<b>Total net assets</b>			<u>33,383</u>		<u>34,847</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	19				
- Fixed asset funds			40,321		39,171
- Restricted income funds			218		462
- Pension reserve			(9,275)		(6,999)
<b>Total restricted funds</b>			31,264		32,634
<b>Unrestricted income funds</b>	19		2,119		2,213
<b>Total funds</b>			<u>33,383</u>		<u>34,847</u>

The financial statements on pages 23 to 48 were approved by the trustees and authorised for issue on 10/12/19 and are signed on their behalf by:

  
 Mr J King  
 Chair of the Trustees

Company Number 07693309

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	22		(553)		(646)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		2		2	
Capital grants from DfE and ESFA		1,693		793	
Payments to acquire tangible fixed assets		(1,973)		(1,322)	
			(278)		(527)
<b>Change in cash and cash equivalents in the reporting period</b>			(831)		(1,173)
Cash and cash equivalents at 1 September 2018			3,618		4,791
<b>Cash and cash equivalents at 31 August 2019</b>			<u>2,787</u>		<u>3,618</u>

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **1 Accounting policies**

South West Essex Community Education Trust Limited is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

South West Essex Community Education Trust 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 i.e. 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Income**

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

###### Grants

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

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

###### 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.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **1 Accounting policies**

**(Continued)**

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

#### Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

### **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 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

#### Governance costs

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

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

### **1 Accounting policies**

**(Continued)**

#### **1.5 Tangible fixed assets and depreciation**

Assets costing £5,000 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.

The property at William Edwards School has been based on an external valuation carried out by Hilbery Chaplin in 2011 and the properties held at all other schools have been included at the valuation provided by the ESFA when completing their desktop valuation.

The properties at William Edwards School and Marshall Park Academy are held at freehold. All the other academies within the multi academy trust have entered into a 125 year lease on their land and buildings with their local authority.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	between 2.5% and 10 % straight line (land is not depreciated)
Leasehold land and buildings	between 2.5% and 10 % straight line (land is not depreciated)
Assets under construction	Not depreciated until in use
Furniture and Computers	between 20% and 25% straight line
Plant and motor vehicles	10% straight line

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

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

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

#### **1.7 Leased assets**

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

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.8 Financial instruments**

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

##### Financial assets

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

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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 academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

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#### **1.10 Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the 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 academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.



# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.11 Fund accounting**

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

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

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

### **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 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 lives of tangible 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. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property and note 1.5 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 2016. 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.

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Trips	383	-	383	520
Capital grants	-	1,693	1,693	793
Other donations	61	-	61	98
	<u>444</u>	<u>1,693</u>	<u>2,137</u>	<u>1,411</u>

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	15,372	15,372	15,370
Other DfE group grants	-	1,283	1,283	1,247
ITT bursaries grants	-	50	50	40
	<u>-</u>	<u>16,705</u>	<u>16,705</u>	<u>16,657</u>

#### Other government grants

Local authority grants	-	792	792	606
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<b>Total funding</b>	<u>-</u>	<u>17,497</u>	<u>17,497</u>	<u>17,263</u>
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### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Other non-trading income	-	-	-	12
Catering income	374	-	374	344
Other income	433	-	433	384
	<u>807</u>	<u>-</u>	<u>807</u>	<u>740</u>

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	2	-	2	2

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
- Direct costs	12,317	-	1,414	13,731	13,142
- Allocated support costs	3,422	1,841	1,382	6,645	7,377
	<u>15,739</u>	<u>1,841</u>	<u>2,796</u>	<u>20,376</u>	<u>20,519</u>
Net income/(expenditure) for the year includes:				2019 £'000	2018 £'000
Fees payable to auditor for:					
- Audit				18	18
- Other services				4	-
Depreciation of tangible fixed assets				747	664
Net interest on defined benefit pension liability				183	198
				<u>1012</u>	<u>980</u>

### 8 Central services

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

#### Central Finance Team

- Marketing items
- PSF licences
- Broadband & Leaseline
- Microsoft licences
- Training & development
- Capita Sims Licences
- Orovia BPS
- Antivirus package
- Audit costs
- Various subscriptions including GDPR
- Health & safety
- SWECET website

#### Central HR team

- Payroll services
- Wellbeing service

#### Chief Executive Officer & Primary Executive Headteacher

- Quality assurance

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

Central costs are recharged between 4% and 7% of GAG funding, with amendments made allowing for local school budgetary constraints.

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
William Edwards School	264	111
Stifford Clays Primary School	112	50
Deneholm Primary School	74	29
Chadwell St Mary Primary School	70	14
Marshall's Park Academy	167	77
	<u>687</u>	<u>281</u>

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>				
Educational operations	370	13,361	13,731	13,142
<b>Support costs</b>				
Educational operations	977	5,668	6,645	7,377
	<u>1,347</u>	<u>19,029</u>	<u>20,376</u>	<u>20,519</u>

	2019 £'000	2018 £'000
<b>Analysis of support costs</b>		
Support staff costs	3,422	3,465
Depreciation	747	664
Technology costs	118	170
Premises costs	1,094	1,810
Other support costs	1,222	1,192
Governance costs	42	76
	<u>6,645</u>	<u>7,377</u>

### 10 Governance costs

	Total 2019 £'000	Total 2018 £'000
<b>All from restricted funds:</b>		
<b>Amounts included in support costs</b>		
Legal and professional fees	20	51
Auditor's remuneration		
- Audit of financial statements	22	25
	<u>42</u>	<u>76</u>

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **11 Subsidiary Undertaking**

The Charity has a wholly owned subsidiary, SWECET Trading Limited, incorporated in the UK. The company number is 10384586 and the Trust owns 100% of its 100 Ordinary share capital. The principal activity of the company is to run lettings on behalf of the Trust. The Trust has not prepared consolidated accounts as its inclusion is not material for the purposes of giving a true and fair view in the context of the group.

#### **SWECET TRADING LIMITED**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Revenue	8,246	59,749
Gross profit	8,246	59,749
Administrative expenses	(2,139)	(7,623)
Profit for the year	6,107	52,126

The assets and liabilities of SWECET Trading Limited were:

Current assets	92,362	90,722
Creditors	-	-
Net Assets	92,362	90,722
Represented by:		
Share capital	100	100
Reserves	92,262	90,622
	92,362	90,722

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 12 Staff

#### Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	11,334	10,814
Social security costs	997	1,011
Pension costs	2,479	2,418
Staff costs	14,810	14,243
Agency staff costs	798	638
Staff restructuring costs	131	65
Staff development and other staff costs	150	165
Total staff expenditure	15,889	15,111

Staff restructuring costs comprise:

Redundancy payments	64	31
Severance payments	67	34
	131	65

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	219	195
Administration and support	230	253
Management	6	7
	455	455

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 12 Staff

(Continued)

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	5	4
£70,001 - £80,000	4	-
£80,001 - £90,000	2	1
£90,001 - £100,000	2	4
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
	<u>14</u>	<u>10</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £674k (2018 - £590k).

### 13 Trustees' remuneration and expenses

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments. The Governors who received remuneration are:

Mr S Munday (CEO William Edwards School)

Remuneration £130,000 - £135,000 (2018: £125,000 - £130,000)

Employers pension contributions £20,000 - £25,000 (2018: £20,000 - £25,000)

Ms C Pumfrey (Executive Primary Headteacher)

Remuneration £90,000 - £95,000 (2018 - £85,000 - £90,000)

Employers pension contributions £10,000 - £15,000 (2018 - £10,000 - £15,000)

Mr P Melville (COO)

Remuneration £80,000 - £85,000 (2018: £75,000 - £80,000)

Employers pension contributions £nil (2017: £nil)

#### Trustees' expenses

During the period ended 31 August 2019, expenses totalling £nil were reimbursed to Governors (2018: £nil).

### 14 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5M on any one claim and the cost is included in the total insurance and cannot be separated out.

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 15 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Assets under constructio n	Furniture and Computers	Plant and motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2018	31,771	9,313	-	394	490	41,968
Additions	-	1,278	606	78	11	1,973
At 31 August 2019	31,771	10,591	606	472	501	43,941
<b>Depreciation</b>						
At 1 September 2018	1,867	483	-	202	320	2,872
Charge for the year	450	183	-	65	50	748
At 31 August 2019	2,317	666	-	267	370	3,620
<b>Net book value</b>						
At 31 August 2019	29,454	9,925	606	205	131	40,321
At 31 August 2018	29,904	8,830		192	170	39,096

Included in land and buildings is an amount of £10,358k (2018 - £10,358k), for land which is not depreciated.

The additions on land and buildings relate to:

- Roof works
- Classroom works
- Nursery works
- Electrical improvements
- Canopy works
- School house works
- CCTV works
- Playground improvements

### 16 Debtors

	2019 £'000	2018 £'000
Trade debtors	8	16
Other debtors	135	280
Prepayments and accrued income	400	304
	543	600



# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>17</b>	<b>Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
	Trade creditors	-	25
	Other taxation and social security	271	258
	Other creditors	6	7
	Accruals and deferred income	716	1,178
		<u>993</u>	<u>1,468</u>
<b>18</b>	<b>Deferred income</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	<u>335</u>	<u>271</u>
	Deferred income at 1 September 2018	271	155
	Released from previous years	(271)	(155)
	Resources deferred in the year	<u>335</u>	<u>271</u>
	<b>Deferred income at 31 August 2019</b>	<b><u>335</u></b>	<b><u>271</u></b>

At the balance sheet date the Multi Academy Trust was holding funds for catering, music classes, nursery, Early Years funding, trips and Universal Infant free school meals in relation to 2019/20.

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	462	15,372	(15,412)	(204)	218
Other DfE / ESFA grants	-	1,333	(1,333)	-	-
Other government grants	-	792	(792)	-	-
Pension reserve	(6,999)	-	(745)	(1,531)	(9,275)
	<u>(6,537)</u>	<u>17,497</u>	<u>(18,282)</u>	<u>(1,735)</u>	<u>(9,057)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	75	1,693	-	(1,768)	-
Private sector capital sponsorship	39,096	-	(747)	1,972	40,321
	<u>39,171</u>	<u>1,693</u>	<u>(747)</u>	<u>204</u>	<u>40,321</u>
<b>Total restricted funds</b>	<u>32,634</u>	<u>19,190</u>	<u>(19,029)</u>	<u>(1,531)</u>	<u>31,264</u>
<b>Unrestricted funds</b>					
General funds	2,213	1,253	(1,347)	-	2,119
<b>Total funds</b>	<u>34,847</u>	<u>20,443</u>	<u>(20,376)</u>	<u>(1,531)</u>	<u>33,383</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 2019.

Other DfE/ESFA grants: This includes the PE grant and other ESFA funding.

Other government grants: This includes SEN funding and other funding received from the Local Authority.

Other restricted funds: This includes donations and catering income.

DfE/ESFA capital grants: This includes the devolved formula capital grant, CIF funding and other capital grants from the local authority.

The transfer of funds relate to the purchase of fixed assets during the period and the transfer of the devolved formula capital to other ESFA grants where expensed and the excess expenditure over GAG.

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds

(Continued)

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,354	15,370	(15,996)	(266)	462
Other DfE / ESFA grants	-	1,287	(1,287)	-	-
Other government grants	-	606	(606)	-	-
Pension reserve	(7,921)	-	(759)	1,681	(6,999)
	<u>(6,567)</u>	<u>17,263</u>	<u>(18,648)</u>	<u>1,415</u>	<u>(6,537)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	231	793	-	(949)	75
Private sector capital sponsorship	38,545	-	(664)	1,215	39,096
	<u>38,776</u>	<u>793</u>	<u>(664)</u>	<u>266</u>	<u>39,171</u>
<b>Total restricted funds</b>	<u>32,209</u>	<u>18,056</u>	<u>(19,312)</u>	<u>1,681</u>	<u>32,634</u>
<b>Unrestricted funds</b>					
General funds	2,060	1,360	(1,207)	-	2,213
<b>Total funds</b>	<u>34,269</u>	<u>19,416</u>	<u>(20,519)</u>	<u>1,681</u>	<u>34,847</u>

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds

(Continued)

#### Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
William Edwards School	1	1
Stifford Clays Primary School	1	1
Deneholm Primary School	1	1
Chadwell St Mary Primary School	1	1
Marshall's Park Academy	1	1
Central services	2,332	2,670
<b>Total before fixed assets fund and pension reserve</b>	<b>2,337</b>	<b>2,675</b>
Restricted fixed asset fund	40,321	39,171
Pension reserve	(9,275)	(6,999)
<b>Total funds</b>	<b>33,383</b>	<b>34,847</b>

#### 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 2019 £'000	Total 2018 £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
William Edwards School	4,353	208	382	799	5,742	7,285				
Stifford Clays Primary School	2,191	336	181	365	3,073	3,286				
Deneholm Primary School	1,242	282	96	269	1,889	1,946				
Chadwell St Mary Primary School	713	249	79	161	1,202	1,232				
Marshall's Park Academy	3,579	876	254	721	5,430	5,321				
Central services	295	1,471	15	513	2,294	162				
	<b>12,373</b>	<b>3,422</b>	<b>1,007</b>	<b>2,828</b>	<b>19,630</b>	<b>19,232</b>				

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	40,321	40,321
Current assets	2,119	1,211	-	3,330
Creditors falling due within one year	-	(993)	-	(993)
Defined benefit pension liability	-	(9,275)	-	(9,275)
<b>Total net assets</b>	<b>2,119</b>	<b>(9,057)</b>	<b>40,321</b>	<b>33,383</b>
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	39,096	39,096
Current assets	2,213	1,930	75	4,218
Creditors falling due within one year	-	(1,468)	-	(1,468)
Defined benefit pension liability	-	(6,999)	-	(6,999)
<b>Total net assets</b>	<b>2,213</b>	<b>(6,537)</b>	<b>39,171</b>	<b>34,847</b>

### 21 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding contributions (2018: £nil) at the end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

### **21 Pension and similar obligations**

**(Continued)**

#### **The Teachers' Pension Budgeting and Valuation account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### **Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

The employer's pension costs paid to the TPS in the period amounted to £1,209k (2018: £1,170k).

#### **Scheme changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

#### **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 26.4% for employers and 5.5 to 12.5% for employees.

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 21 Pension and similar obligations

(Continued)

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	2019 £'000	2018 £'000
Employer's contributions	727	693
Employees' contributions	177	174
Total contributions	904	867

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.9	2.7

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

	2019 Years	2018 Years
Retiring today		
- Males	21.3	22.2
- Females	23.6	24.7
Retiring in 20 years		
- Males	22.8	24.4
- Females	25.3	26.9

#### Sensitivity Analysis

	2019 £'000	2018 £'000
Discount rate - 0.1%	434	332
Salary increase + 0.1%	58	47
Pension rate increase + 0.1%	373	287

# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 21 Pension and similar obligations

(Continued)

#### The academy trust's share of the assets in the scheme

	2019 Fair value £'000	2018 Fair value £'000
Equities	4,628	3,842
Bonds	1,016	794
Gilts	301	239
Alternative assets	535	401
Property	596	552
Other assets	668	555
Total market value of assets	7,744	6,383

The actual return on scheme assets was £544,000 (2018: £326,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	1,116	1,254
Past service cost	185	-
Interest income	(183)	(147)
Interest cost	366	345
Benefit changes, curtailments and settlements gains or losses	(12)	-
Total operating charge	1,472	1,452

#### Changes in the present value of defined benefit obligations

	2019 £'000
At 1 September 2018	13,382
Current service cost	1,116
Interest cost	366
Employee contributions	177
Actuarial loss/(gain)	1,892
Benefits paid	(87)
Gains on curtailment	(12)
Past service cost	185
At 31 August 2019	17,019



# SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 21 Pension and similar obligations

(Continued)

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

	2019 £'000
At 1 September 2018	6,383
Interest income	183
Actuarial gain	361
Employer contributions	727
Employee contributions	177
Benefits paid	(87)
At 31 August 2019	7,744

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

	2019 £'000	2018 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	67	(1,103)
Adjusted for:		
Capital grants from DfE and other capital income	(1,693)	(793)
Investment income receivable	(2)	(2)
Defined benefit pension costs less contributions payable	562	561
Defined benefit pension scheme finance cost	183	198
Depreciation of tangible fixed assets	748	664
Decrease/(increase) in debtors	57	(410)
(Decrease)/increase in creditors	(475)	239
<b>Net cash used in operating activities</b>	<b>(553)</b>	<b>(646)</b>

### 23 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Children, Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As no such events have occurred during the year nor are likely to occur in the foreseeable future, the accounts do not contain any provision against contingent liabilities.

# **SOUTH WEST ESSEX COMMUNITY EDUCATION TRUST LIMITED**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **24 Commitments under operating leases**

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	23	11
Amounts due in two and five years	46	8
	<u>69</u>	<u>19</u>

#### **25 Capital commitments**

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the financial statements	794	200

#### **26 Related party transactions**

Owing to the nature of the academy trust 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 trust has an interest. All transactions involving such organisations are conducted in accordance with the trust's financial regulations and normal procurement procedures.

There were no related party transactions during the year to 31 August 2019 or 31 August 2018.

#### **27 Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.