

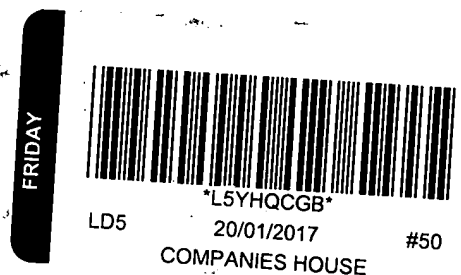
Company Registration No. 08610537 (England and Wales)

THE SPECIALIST EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016



THE SPECIALIST EDUCATION TRUST

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THE SPECIALIST EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mrs J Matthews (Accounting Officer)
Mrs H Huntley (Resigned 14 January 2016)
Mrs H Thorpe (Chair)
Mr P Kerr (Appointed 21 July 2016 and resigned 13 October 2015)
Ms J Rockall (Resigned 14 January 2016)
Mr D Tottingham (Resigned 14 January 2016)
Mr I Coventry (Appointed 14 January 2016)
Mrs E Hester (Appointed 14 January 2016)

Members

Mrs H Thorpe
Mr I Coventry (Appointed 14 January 2016)
Mrs A Hesta (Appointed 14 January 2016)
Mr P Kerr (Resigned 13 October 2015 and appointed 21 July 2016)

Senior management team

- Executive Head teacher	J Matthews
- Deputy Head	A Mumford
- Head of SEBDOS	J Heath
- Head of Admin/Resources	H Murray

Company secretary

Mrs R Lake

Company registration number

08610537 (England and Wales)

Registered office

The Specialist Education Trust (MAT)
Queens Road
Slough
Berkshire
SL1 3QW

Academies operated

Littledown Special School

Location

Slough, Berkshire

Principal

Mrs J Matthews

Independent auditor

UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

On 14 January 2016 Haybrook College formed their own Multi Academy Trust (MAT) and therefore are no longer part of the Specialist Education Trust (SET). SET incorporates Littledown Special School, a Primary Alternative Provision and an Outreach Service called SEBDOS. It had a combined pupil capacity of 42 and had a roll of 31 in the school census on 19 May 2016. Since 1 September 2016 the combined pupil capacity has increased to 46 places.

Littledown Special School was rated as 'Good' by Ofsted in July 2016.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (FRS102).

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 trustees of Specialist Education Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Specialist Education Trust.

The trustees of The Specialist Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The academy holds an insurance policy with Zurich Municipal which includes Governors' liability insurance up to a level of £2m. There are and were no qualifying third party indemnity provisions during the financial year to which this report relates.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of trustees

On conversion to an academy on 1 October 2013, the trustees appointed were from the predecessor school Local Governing Bodies (this included the Chair person), supplemented by the Executive Headteacher and a newly externally appointed Chair person. The Trustees are appointed for a four year period. However, this limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

Thereafter when appointing new Trustees, the Board gives consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and procedures adopted for the induction and training of trustees

The majority of the Governors have a number of 'years' experience of school governance. New Governors are required to attend an induction training course. Further training and development is identified in relation to whole Governing Body needs.

A matrix is maintained of required knowledge/skills to match the school's needs, those already covered by governors and notes of possible training.

THE SPECIALIST EDUCATION TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of the individual local governing bodies and any other groups. It monitors the activities of the school specific local governing bodies through their minutes and updates received from those individuals who also sit on the Trusts Board. The Board itself may from time to time establish working groups to perform specific tasks over a limited timescale.

The school's individual local governing bodies look to cover holistically the work of the traditional sub committees. These being Finance & Resources, Curriculum and the Personnel Committee. This joined up approach allows a more informed discussion and debate as both financial resources and curriculum needs are addressed at one meeting. All local governors are thereby informed and take part in the decision making process.

The following decisions are reserved to the Board of Trustees to consider. These decisions include any proposals for changes to the status or constitution of the Academy and its committee structure; to appoint or remove the chairman at Board and local governing body level, to appoint the Headteacher and the clerk to the Board, as well as to approve the Annual Budget.

The Board are responsible for setting the general policy, adopting the annual budget, approving the statutory accounts, monitoring the Academy by use of budgets and other data and making major decisions about the strategic direction of the Academy.

The Trustees have devolved responsibility for day to day management of the Academy Trust to the Executive Headteacher(s) and their Senior Management Team (SMT). They implement the policies laid down by the Board and report back to their individual local governing bodies and the Board on performance.

The Executive Headteacher and the local governing body are responsible for the authorisation of spending within agreed budgets; this responsibility is governed by the approved financial scheme of delegation. The Executive Headteacher is responsible for the appointment of staff and a Governor presence is required for senior appointments.

The Executive Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Headteacher pay and remuneration is reviewed and agreed by the Trust Pay Committee. The Committee is advised by an external School Improvement consultant as part of the annual performance management process.

The Pay Committee also review the Trust pay policy annually. This policy follows the teachers pay and conditions document. All teaching posts include the maximum SEN allowance.

All non teaching posts have been harmonised as part of the Borough's job evaluation review process. The job descriptions have been matched to job profiles which evaluate the competencies of the role and then matches the skills as well as qualifications required. This process was carried out in consultation with governors, unions and HR professionals. The salary scale is reviewed annually in line with the Slough pay scales for non teaching posts.

Related parties and other connected charities and organisations

There are no 'Related Party Relationships' and no formally connected organisations.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

The principal object and Activity of the Multi Academy Trust is the operation of a Primary Special schools, coupled with 4-11 aged settings of alternative provision and an all aged pupil behaviour support service.

The aims of the Academy Trust during the year ended 31 August 2016 are summarised below:

- To continue to raise standards of educational attainment and achievement of pupils
- To develop students as more effective learners
- To develop the Trust's sites so that it enables students to achieve their full potential
- To ensure that every child enjoys the same high quality education in terms of resourcing tuition and care
- To provide value for money for the funds expended
- To continue to develop strong relationships with primary mainstream schools within the borough
- To comply with all appropriate statutory and curriculum requirements
- To develop the Academy Trust's capacity to manage change; and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

Key priorities for the year are contained in our Academy Action Plan. These are:

- Promoting and deploying Outreach Services within the Trust;
- Looking to achieve full sponsorship status; and
- To ensure that all academies / schools within the Trust are at least good and this judgement is sustained within the changing Ofsted framework

Key Stage 1 and 2 Targets

The Trust have previously used The DfE Progression Guidance to set student targets for the coming year for English and Maths. Governors, teachers and school leaders then meet to validate these targets, ensuring they provide suitable challenge for each individual child.

Since the removal of levels, we are going to use points to set targets and track progress.

Recently Ofsted have confirmed that inspectors expect all pupils in mainstream schools, including those with SEN, to make the same amount of progress in each Key Stage.

However, some pupils will not achieve this target, and in these situations, it will be for schools to explain why this is the case.

Public benefit

In setting the objectives, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report
Achievements and performance
Progress data

Pupils making expected progress at the end of KS2.

Subject	% making expected progress							
	2009	2010	2011	2012	2013	2014	2015	2016
Reading	75	50	0	29	63	71	71	100
Writing	50	50	20	57	50	57	57	100
English (overall)	75	50	20	57	88	64	86	100
Maths	50	50	20	71	63	57	43	100
Science	75	50	60	71	75	100	86	100

Pupils making expected progress at the end of KS1.

(These results reflect very small numbers 2 or 3)

Subject	% making expected progress				
	2012	2013	2014	2015	2016
Reading	100	0	67	50	20
Writing	100	50	50	50	80
English (overall)	100	50	50	100	80
Maths	100	50	67	100	60
Science	100	50	67	50	80

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

Attainment data

Comparisons taken from Perspective website data (July 16)

Phonics test summary

	Littledown 2015	Contextually similar schools 2015	Littledown 2016
Year 1	25%	9.5%	0%
Year 2	100%	16.7%	40%

KS1 results

Littledown KS1 teacher assessment 2016			
	Reading	Writing	Maths
EXS	20%		
WTS	60%	60%	60%
PKF	20%	40%	40%

Littledown KS1 teacher assessment 2016			
Reading	Lowest score awarded at EXS	Maths	Lowest score awarded at EXS
2		88	
2		85	
1		90	
0		97	
99	99	93	

The reading ability of KS1 students is not reflected in the reading test scores. The mathematical ability of KS1 students is much closer to our assessment.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

KS2 results

Littledown KS2 teacher assessment 2016			
	Reading	Writing	Maths
EXS	60%	40%	40%
WTS		20%	20%
PKG	40%	40%	20%
PKE			20%

Littledown test scores 2016		
Reading	Writing	Maths
40%	40%	20%

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Exclusion data

LITTLEDOWN EXCLUSIONS	13-14	14-15	15-16
Total number of pupils on roll	29	33	34
Permanent Exclusions			
	0	0	0
Fixed Term Exclusions			
Total number of pupils	20 (69%)	21 (64%)	15 (44%)
Total number of days	108	112	147
Average length of exclusion	1.57 days	1.57days	2.6days

PRU EXCLUSIONS	14 – 15	15-16
Fixed term exclusions	7	4
Permanent exclusions	0	0
Total number of pupils	3	3
Total number of days	4	2.5
Average length of exclusion	1.3 days	0.63 days

Permanent exclusions and the number and length of fixed term exclusions in Slough primary schools remains well below the National average due to the collaborative work between Littledown and local primary schools.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Reintegration to mainstream school

The following information is based on number of pupils returning to mainstream education from the special school.

2013-2014	2014-2015	2015-2016
6%	9%	9%

Attendance data

Attendance data						
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Whole school %	87.89	88.61	91.29	90.45	91.23	92.21
90% + attendance						
Number of pupils	15	23	20	17	25	23
%	54	72	61	57	76	79

In addition to reports on specific issues of achievement and performance, Trustees receive a comprehensive report from the Executive Headteacher and Local Governing Bodies receive detailed reports on a termly basis. The Chair of the trustees meets frequently with the Executive Headteacher to review progress on key objectives and to discuss strategy.

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 it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The majority of the Academy Trusts income is obtained from both the Department for Education (DfE) via the Educational Funding Agency (EFA) and Local Authorities, the use of which is restricted to particular purposes. The grants received from the DfE and Local Authorities during the year ended 31 August 2016 and associated expenditure is shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives small grants (devolved formula capital) for fixed assets from the DfE and these 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 useful life of the assets concerned, as defined in the Academy Trusts accounting policies.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

During the year ended 31 August 2016 total revenue expenditure was £4,117,633 (excluding restricted fixed asset funds), of which £3,714,138 was covered by funding from the DfE and Local Authority income (including schools additional monies.) The excess of income over expenditure for the year was £503,743 (excluding restricted fixed asset funds).

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and Buildings have been professionally valued. Other assets where appropriate have been included as best estimate.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity in Note 17 to the financial statements.

Key financial, policies adopted or reviewed during the year include the financial procedures and scheme of financial delegation and whistleblowing policy.

Governors have adopted a Responsible Officer to undertake a programme of internal checks on financial controls. During the year Governors received the quarterly reports from the Responsible Officer, where weaknesses were identified, they were followed up and there remains no matters of significance outstanding. These reports have also been shared with the External Auditor.

Under the Charities SORP, it is necessary to charge projected deficits on the LGPS, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the MAT with any current liquidity problem, the employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future. Although, this may not be achieved until stock market investment values start to recover.

A finance procedure document determines the way the school operates finances from day to day and this is informed by the Academy Financial Handbook issued by the DfE. A Responsible Officer undertakes regular checks of procedure and reports directly to Trustees via the Audit Committee. There were no serious omissions and all recommendations have been implemented.

Reserves policy

Reserves of £1,124,756 are held as at 31 August 2016. Via the Trust's Audit and Board of Directors reserves are monitored. They are used to ensure the school remains a going concern over the medium term as national funding is predicated to reduce and also to maintain the schools buildings stock and where possible to increase accommodation as pupil demand increases. However, a prudent policy for the use of reserves is followed in view of uncertainty about future funding and in particular the introduction of a national funding formula. The MAT relies heavily on both DfE and Local Council Funding and projected budgets over a 5 year period show a need to hold reserves to allow the MAT to down manage expenditure efficiently over a period of time as funding becomes tighter and staffing costs increase through pay rises, increased NI costs and increased pension contributions together with inflationary pressures.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Investment policy and powers

MAT Funds, surplus to day to day requirements, are invested in Lloyds Bank Plc in short term or medium term accounts in order to earn interest for the benefit of school funds. There are no social, environmental or ethical considerations necessary to take into account.

The security of any investment is paramount and will only be made once the Board of Directors are satisfied that it does not pose a risk to the Trust and that they will be made only with institutions approved by the Board from a qualified financial expert. Formal approval must be obtained from the Board of Directors to proceed with any investment.

Principal risks and uncertainties

All major risks are detailed within the trusts risk register, these are reviewed regularly at both school level and board level and thereafter communicated to put in place appropriate mitigating action and reduce exposure. The Risk Register is formally approved on an annual basis at Board level.

Each risk that is identified has a lead officer and time line with appropriate millstones to measure the success of mitigation.

Plans for future periods

The MAT will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to attract high quality teachers and support staffing in order to deliver its objectives. The Academy will continue with local schools to improve the educational opportunities for students in the wider community.

The SET is in the process of making an application to the Secretary of State for Education to become a formal sponsoring organisation. It is planned that the MAT will increase over a period of time to take on around 3-4 schools but this will be phased over the coming years so as not to jeopardise its current 'good' status.

Funds held as custodian trustee on behalf of others

The MAT does not hold any funds as a custodian for others.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Auditor

In so far as the trustees are aware:

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

A resolution proposing that UHY Hacker Young be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14/12/16 and signed on its behalf by:



Mrs H Thorpe
Chair

THE SPECIALIST EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management in accordance with the requirements and responsibilities assigned to it in the funding agreement between Specialist Education Trust 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 5 times during the year. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Mrs J Matthews (Accounting Officer)	4	5
Mrs H Huntley (Resigned 14 January 2016)	2	2
Mrs H Thorpe (Chair)	5	5
Mr P Kerr (Appointed 21 July 2016 and resigned 13 October 2015)	1	1
Ms J Rockall (Resigned 14 January 2016)	2	2
Mr D Tottingham (Resigned 14 January 2016)	2	2
Mr I Coventry (Appointed 14 January 2016)	3	3
Mrs E Hester (Appointed 14 January 2016)	3	3

The audit committee is a sub-committee of the main board of trustees.

Its purpose is to agree the budget for the educational entity's making up the MAT for the financial year and to recommend formal acceptance by the Board of Trustees. A 5 year projected budget is produced and this ensures that there is effective financial planning going forward. It also monitors the budgets for the school during the year. The detailed information is provided by A Nayyar, who is a qualified accountant. The committee met 3 times during the year.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs J Matthews (Accounting Officer)	3	3
Mrs H Huntley (Resigned 14 January 2016)		
Mrs H Thorpe (Chair)	3	3
Mr I Coventry (Appointed 14 January 2016)	3	3
Mrs E Hester (Appointed 14 January 2016)	3	3

THE SPECIALIST EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Review of value for money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Undertaking a general review of contracts;
- Implementing the Financial procedures approved by Trustees to ensure that an appropriate number of quotations/tenders are received before contracts are let
- Undertaking competitive tendering where appropriate
- Generally ensuring that 'best price' applies to all purchases

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 Specialist Education Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. An independent Responsible Officer oversees financial procedures and ensures that they are followed in practice.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the 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 trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the audit 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 SPECIALIST EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Board of Directors has considered the need for a specific external audit of procedures and has appointed a responsible Officer.

The Responsible Officer'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 reconciliations.

On a quarterly basis, the Responsible Officer reports to the Board of Directors, through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Directors financial responsibilities.

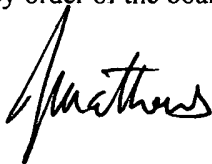
Review of effectiveness

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

- the work of the Responsible Officer
- the work of the external auditor
- the work of the Finance Office within the Academy Trust who has responsibility for the 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 Audit Committee and where minor weaknesses have been identified by the Responsible Officer these have been corrected.

Approved by order of the board of trustees on 14/12/16 and signed on its behalf by:



Mrs J Matthews
Accounting Officer



Mrs H Thorpe
Chair

THE SPECIALIST EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE


FOR THE YEAR ENDED 31 AUGUST 2016

As Accounting Officer of The Specialist Education Trust , I have considered my responsibility to notify the board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that the board of trustees and I are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

Mrs J Matthews
Accounting Officer

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THE SPECIALIST EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for The Specialist Education Trust and are also the directors of The Specialist Education Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 EFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 14/12/16 and signed on its behalf by:



Mrs H Thorpe
Chair

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE SPECIALIST EDUCATION TRUST

We have audited the accounts of The Specialist Education Trust for the year ended 31 August 2016 set out on pages 23 to 49. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees, who are also the directors of The Specialist Education Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016.

**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF
THE SPECIALIST EDUCATION TRUST (CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Colin Wright (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young



Chartered Accountants
Statutory Auditor

Dated: 15 December 2016

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO THE SPECIALIST EDUCATION TRUST AND THE EDUCATION
FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 5 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Specialist Education Trust during the period 1 September 2015 to 31 August 2016 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 The Specialist Education Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Specialist Education Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Specialist Education Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Specialist Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Specialist Education Trust's funding agreement with the Secretary of State for Education dated 23 September 2013 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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 trust's income and expenditure.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO THE SPECIALIST EDUCATION TRUST AND THE EDUCATION
FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement;
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

Colin Wright
Reporting Accountant
UHY Hacker Young

Dated: *15 December 2016*

THE SPECIALIST EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds General Fixed asset £ £		Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	-	-	47,943	47,943	327,785
Charitable activities:						
- Funding for educational operations	4	-	3,714,138	-	3,714,138	6,653,376
Other trading activities	3	229,974	170,670	-	400,644	442,099
Investments	5	2,851	-	-	2,851	2,458
Total income and endowments		232,825	3,884,808	47,943	4,165,576	7,425,718
Expenditure on:						
Raising funds	6	-	2,006	-	2,006	3,253
Charitable activities:						
- Educational operations	7	-	3,896,689	132,687	4,029,376	7,090,914
Charitable expenditure - transfer of school to another academy trust	22	-	(284,805)	7,684,478	7,399,673	-
Total expenditure		-	3,613,890	7,817,165	11,431,055	7,094,167
Net income/(expenditure)		232,825	270,918	(7,769,222)	(7,265,479)	331,551
Transfers between funds		(16,657)	-	16,657	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(552,000)	-	(552,000)	(26,000)
Net movement in funds		216,168	(281,082)	(7,752,565)	(7,817,479)	305,551
Reconciliation of funds						
Total funds brought forward		121,673	(144,237)	8,964,799	8,942,235	8,636,684
Total funds carried forward		337,841	(425,319)	1,212,234	1,124,756	8,942,235

THE SPECIALIST EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information Year ended 31 August 2015	Notes	Unrestricted Funds £	General £	Restricted funds Fixed asset £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	102,000	-	225,785	327,785
Charitable activities:					
- Funding for educational operations	4	-	6,653,376	-	6,653,376
Other trading activities	3	438,176	3,923	-	442,099
Investments	5	2,458	-	-	2,458
Total income and endowments		<u>542,634</u>	<u>6,657,299</u>	<u>225,785</u>	<u>7,425,718</u>
Expenditure on:					
Raising funds	6	3,253	-	-	3,253
Charitable activities:					
- Educational operations	7	163,069	6,712,321	215,524	7,090,914
Total expenditure	6	<u>166,322</u>	<u>6,712,321</u>	<u>215,524</u>	<u>7,094,167</u>
Net income/(expenditure)		376,312	(55,022)	10,261	331,551
Transfers between funds		(814,082)	616,313	197,769	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(26,000)	-	(26,000)
Net movement in funds		<u>(437,770)</u>	<u>535,291</u>	<u>208,030</u>	<u>305,551</u>
Reconciliation of funds					
Total funds brought forward		559,443	(679,528)	8,756,769	8,636,684
Total funds carried forward		<u>121,673</u>	<u>(144,237)</u>	<u>8,964,799</u>	<u>8,942,235</u>


THE SPECIALIST EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11		1,212,234		8,964,799
Current assets					
Debtors	13	105,869		350,339	
Cash at bank and in hand		1,397,526		1,498,160	
		<u>1,503,395</u>		<u>1,848,499</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(215,873)		(427,063)	
Net current assets			<u>1,287,522</u>		<u>1,421,436</u>
Net assets excluding pension liability			<u>2,499,756</u>		<u>10,386,235</u>
Defined benefit pension liability	17		(1,375,000)		(1,444,000)
Net assets			<u><u>1,124,756</u></u>		<u><u>8,942,235</u></u>
Funds of the trust:					
Restricted funds	16				
- Fixed asset funds			1,212,234		8,964,799
- Restricted income funds			949,681		1,299,763
- Pension reserve			(1,375,000)		(1,444,000)
Total restricted funds			<u>786,915</u>		<u>8,820,562</u>
Unrestricted income funds	16		<u>337,841</u>		<u>121,673</u>
Total funds			<u><u>1,124,756</u></u>		<u><u>8,942,235</u></u>

The accounts set out on pages 23 to 49 were approved by the board of trustees and authorised for issue on 19/12/16 and are signed on its behalf by:


 Mrs H Thorpe
 Chair

Company Number 08610537

THE SPECIALIST EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		312,706		225,019
Cash funds transferred on academy transfer out of trust			(399,536)		-
			<u>(86,830)</u>		<u>225,019</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		2,851		2,458	
Capital grants from DfE and EFA		4,743		16,928	
Capital funding from sponsors and others		43,200		208,857	
Payments to acquire tangible fixed assets		(64,598)		(423,555)	
			<u>(13,804)</u>		<u>(195,312)</u>
Change in cash and cash equivalents in the reporting period			<u>(100,634)</u>		<u>29,707</u>
Cash and cash equivalents at 1 September 2015			1,498,160		1,468,453
Cash and cash equivalents at 31 August 2016			<u><u>1,397,526</u></u>		<u><u>1,498,160</u></u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

The Specialist Education Trust 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 accounts of the trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Specialist Education Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of The Specialist Education Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to 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 accounts and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the trust's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Transfer of school out of the trust

During the year, Haybrook College left the Trust and all the operations, assets and liabilities were transferred from The Specialist Education Trust to a new academy trust for £NIL consideration.

The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The assets and liabilities transferred on out of the trust have been valued at their carrying value of the date of transfer in January 2016. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised out in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 22.

1.4 Income

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

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Grants receivable

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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

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

Donations

Donations are recognised on a receivable basis (where performance-related conditions do not exist) where the receipt is probable and the amount can be reliably measured.

Other income

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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 trust's accounting policies.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 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 that contribute to more than one activity and support costs that 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 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 trust's educational operations, including support costs and costs relating to the governance of the trust apportioned to charitable activities.

Governance costs

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

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants they are capitalised and the are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Buildings under construction are accounted for at cost, based on the value certified and other direct costs incurred to 31 August. They are not depreciated until they are brought into use.

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the book value of the fixed asset may not be recoverable.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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

Leasehold buildings	50 years
Leasehold Improvements	10 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	5 years

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.

1.7 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 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.

1.8 Leasing and hire purchase commitments

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

1.9 Taxation

The 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

Retirement benefits to employees of the 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 trust.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

1.11 Fund accounting

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

Restricted fixed asset funds are resources that are applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and the Department for Education.

1.12 Financial Instruments

The Academy Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.13 Financial Assets

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction. The transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.14 Financial liabilities

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities. Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2013 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

The trustees must establish which areas of judgement are critical to the academy trust's financial statements.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	4,743	4,743	216,665
Other donations	-	43,200	43,200	111,120
	-	47,943	47,943	327,785

3 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	-	3,997	3,997	9,270
Catering income	1,949	-	1,949	3,753
Courses and training income	208,269	-	208,269	396,580
Other income	19,756	166,673	186,429	32,496
	229,974	170,670	400,644	442,099

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Funding for the trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	1,085,626	1,085,626	2,044,273
Other DfE / EFA grants	-	259,817	259,817	260,717
	-	1,345,443	1,345,443	2,304,990
Other government grants				
Local authority grants	-	2,365,484	2,365,484	3,743,075
Special educational projects	-	3,000	3,000	605,311
	-	2,368,484	2,368,484	4,348,386
Other funds				
Other incoming resources	-	211	211	-
Total funding	-	3,714,138	3,714,138	6,653,376

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	2,851	-	2,851	2,458

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

	Staff costs & equipment £	Premises equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	2,490,521	-	281,396	2,771,917	4,911,973
- Allocated support costs	463,330	198,663	595,466	1,257,459	2,178,941
	<u>2,953,851</u>	<u>198,663</u>	<u>876,862</u>	<u>4,029,376</u>	<u>7,090,914</u>
Other expenditure					
Raising funds	-	-	2,006	2,006	3,253
	<u>-</u>	<u>-</u>	<u>2,006</u>	<u>2,006</u>	<u>3,253</u>
Total expenditure	<u>2,953,851</u>	<u>198,663</u>	<u>878,868</u>	<u>4,031,382</u>	<u>7,094,167</u>

Net income/(expenditure) for the year includes:	2016	2015
	£	£
Fees payable to auditor for:		
- Audit	12,000	12,000
- Other services	4,000	4,050
Operating lease rentals	14,074	108,143
Depreciation of tangible fixed assets	132,687	215,524
	<u>150,761</u>	<u>339,717</u>

7 Charitable activities

	2016	2015
	£	£
All from restricted funds:		
Direct costs - educational operations	2,771,917	4,911,973
Support costs - educational operations	1,257,459	2,178,941
	<u>4,029,376</u>	<u>7,090,914</u>
	2016	2015
	£	£
Analysis of support costs		
Support staff costs	463,330	865,454
Depreciation and amortisation	132,687	215,524
Technology costs	27,286	51,473
Premises costs	132,918	433,110

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities	(Continued)	
Other support costs	376,868	410,699
Governance costs	124,370	202,681
	<u>1,257,459</u>	<u>2,178,941</u>

8 Staff costs	2016	2015
	£	£
Wages and salaries	2,332,508	4,159,664
Social security costs	205,563	302,245
Operating costs of defined benefit pension schemes	327,775	556,412
	<u>2,865,846</u>	<u>5,018,321</u>
Staff costs	2,865,846	5,018,321
Supply staff costs	27,058	50,064
Staff restructuring costs	-	5,010
Staff development and other staff costs	60,947	115,861
	<u>2,953,851</u>	<u>5,189,256</u>
Total staff expenditure	2,953,851	5,189,256

Staff numbers

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

	2016	2015
	Number	Number
Teachers	35	38
Administration and support	85	104
Management	13	14
	<u>133</u>	<u>156</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	1	-
£90,001 - £100,000	1	1
£100,000 - £110,000	-	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £255,965 (2015: £247,351).

9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. During the year, travel and subsistence payments totalling £nil were reimbursed to 0 trustees.

The value of trustees' remuneration was as follows:

Executive Head and Trustee £90,001 - £100,000

Mr. William Alexander was appointed in 2014 as an external Chair of the Board due to his specialised educational skill set and leadership experience. He has not been formally appointed as a trustee of the Trust and has been remunerated £Nil (2015: £2,781) during the year for his services.

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £643.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Leasehold buildings	Leasehold Improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2015	8,691,366	308,824	130,315	113,121	56,728	9,300,354
Additions	7,683	-	54,273	2,642	-	64,598
Disposals	(7,545,175)	(308,824)	(87,581)	(82,259)	(7,500)	(8,031,339)
At 31 August 2016	1,153,874	-	97,007	33,504	49,228	1,333,613
Depreciation						
At 1 September 2015	214,178	23,162	40,911	41,619	15,685	335,555
On disposals	(230,836)	(34,743)	(35,612)	(38,795)	(6,875)	(346,861)
Charge for the year	58,079	11,581	39,420	12,634	10,971	132,685
At 31 August 2016	41,421	-	44,719	15,458	19,781	121,379
Net book value						
At 31 August 2016	1,112,453	-	52,288	18,046	29,447	1,212,234
At 31 August 2015	8,477,188	285,662	89,404	71,502	41,043	8,964,799

The above fixed assets disposals with a net book value of £7,684,478, relate to the transfer of Haybrook College to another trust in January 2016.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Financial Instruments	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,488,746	1,704,799
Carrying amount of financial liabilities		
Measured at amortised cost	215,108	427,063
Measured at fair value through the statement of financial activities	1,375,000	1,444,000

The trustees have considered the Academy Trust's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the Academy Trust's risk register and monitored throughout the year. The trustees do not consider the Academy Trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.

13 Debtors	2016	2015
	£	£
Trade debtors	14,874	134,325
VAT recoverable	5,546	-
Other debtors	56,998	31,571
Prepayments and accrued income	28,451	184,443
	105,869	350,339

14 Creditors: amounts falling due within one year	2016	2015
	£	£
Other taxation and social security	38,311	23,860
Other creditors	18,048	241,235
Accruals and deferred income	159,514	161,968
	215,873	427,063

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15	Deferred income	2016 £	2015 £
	Deferred income is included within:		
	Creditors due within one year	765	-
		<u>765</u>	<u>-</u>
	Deferred income at 1 September 2015	-	-
	Released from previous years	-	-
	Amounts deferred in the year	765	-
		<u>765</u>	<u>-</u>
	Deferred income at 31 August 2016	<u>765</u>	<u>-</u>

Deferred income relates to universal free school meal incomes for 2016-2017 which was received during the year.

16	Funds	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
	Restricted general funds					
	General Annual Grant	1,299,763	1,085,626	(1,435,708)	-	949,681
	Other DfE / EFA grants	-	259,817	(259,817)	-	-
	Other government grants	-	2,368,484	(2,368,484)	-	-
	Other restricted funds	-	170,881	(170,881)	-	-
		<u>1,299,763</u>	<u>3,884,808</u>	<u>(4,234,890)</u>	<u>-</u>	<u>949,681</u>
	Funds excluding pensions	1,299,763	3,884,808	(4,234,890)	-	949,681
	Pension reserve	(1,444,000)	-	621,000	(552,000)	(1,375,000)
		<u>(144,237)</u>	<u>3,884,808</u>	<u>(3,613,890)</u>	<u>(552,000)</u>	<u>(425,319)</u>
	Restricted fixed asset funds					
	DfE / EFA capital grants	5,103,901	4,743	(5,077,840)	16,657	47,461
	Inherited funds	3,851,778	-	(2,739,325)	-	1,112,453
	Private sector capital sponsorship	9,120	43,200	-	-	52,320
		<u>8,964,799</u>	<u>47,943</u>	<u>(7,817,165)</u>	<u>16,657</u>	<u>1,212,234</u>
	Total restricted funds	<u>8,820,562</u>	<u>3,932,751</u>	<u>(11,431,055)</u>	<u>(535,343)</u>	<u>786,915</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds (Continued)

Unrestricted funds

General funds	121,673	232,825	-	(16,657)	337,841
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Total funds	8,942,235	4,165,576	(11,431,055)	(552,000)	1,124,756
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The specific purposes that the funds are applied to are as follows:

General Annual Grant

The General Annual Grant must be used for the normal running costs of the Trust including salary costs, overheads, premises costs and curriculum costs. 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 2016.

Other DfE/EFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension reserve

The pension reserve is the element of the local government pension fund liability attributable to the Academy (see note 17).

Transfer between funds

A transfer from unrestricted funds to the restricted funds was necessary to fund capital and revenue expenditure carried out during the year.

Total funds analysis by academy

	Total £
Fund balances at 31 August 2016 were allocated as follows:	
Littledown Special School	1,287,522
Haybrook College	-
Total before fixed assets fund and pension reserve	1,287,522
Restricted fixed asset fund	1,212,234
Pension reserve	(1,375,000)
Total funds	1,124,756

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other Educational support staff costs £	supplies £	Other costs excluding depreciation £	Total £
Littledown Special School	1,301,282	276,077	84,929	331,987	1,994,275
Haybrook College	1,189,239	187,253	196,467	250,488	1,823,447
	<u>2,490,521</u>	<u>463,330</u>	<u>281,396</u>	<u>582,475</u>	<u>3,817,722</u>

17 Pensions and similar obligations

The trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Borough of Windsor and Maidenhead. Both are 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 2014 and of the LGPS 31 August 2014.

Contributions amounting to £13,476 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, with the choice to opt out.

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

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers in service or entering service during the period that the contribution rate applies, which if it were paid over the entire active service of these teachers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to the TPS in the period amounted to £138,868 (2015: £206,393).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.6% for employers and 5.5 to 12.5% for employees.

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

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Total contributions made	2016	2015
	£	£
Employer's contributions	72,000	208,000
Employees' contributions	26,000	77,000
	<u> </u>	<u> </u>
Total contributions	98,000	285,000
	<u> </u>	<u> </u>

Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	4.1%	4.5%
Rate of increase for pensions in payment	2.3%	2.7%
Discount rate	2.2%	4.0%
Inflation assumption (CPI)	3.2%	3.6%
	<u> </u>	<u> </u>

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

	2016	2015
	Years	Years
Retiring today		
- Males	22.9	22.8
- Females	26.2	26.1
Retiring in 20 years		
- Males	25.2	25.1
- Females	28.5	28.4
	<u> </u>	<u> </u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

The trust's share of the assets in the scheme

	2016	2015
	Fair value	Fair value
	£	£
Equities	264,000	406,000
Other Bonds	74,000	115,000
Gilts	9,000	12,000
Target Return Portfolio	86,000	163,000
Property	70,000	122,000
Other assets	40,000	83,000
	<u>543,000</u>	<u>901,000</u>
Actual return on scheme assets - gain/(loss)	<u>54,000</u>	<u>(17,000)</u>

Amounts recognised in the statement of financial activities

	2016	2015
	£	£
Current service cost (net of employee contributions)	121,000	333,000
Net interest cost	<u>11,000</u>	<u>39,000</u>

Changes in the present value of defined benefit obligations

	2016
	£
Obligations at 1 September 2015	2,345,000
Obligations transferred on school leaving the trust	(1,190,000)
Current service cost	121,000
Interest cost	47,000
Employee contributions	26,000
Actuarial loss	570,000
Benefits paid	(1,000)
At 31 August 2016	<u>1,918,000</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Changes in the fair value of the trust's share of scheme assets	2016 £
Assets at 1 September 2015	901,000
Assets transferred on school leaving the trust	(509,000)
Interest income	36,000
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	18,000
Employer contributions	72,000
Employee contributions	26,000
Benefits paid	(1,000)
At 31 August 2016	543,000

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	1,212,234	1,212,234
Current assets	337,841	1,165,554	-	1,503,395
Creditors falling due within one year	-	(215,873)	-	(215,873)
Defined benefit pension liability	-	(1,375,000)	-	(1,375,000)
	337,841	(425,319)	1,212,234	1,124,756

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016	2015
	£	£
Net income/(expenditure) for the reporting period	(7,265,481)	331,552
Adjusted for:		
Net deficit/(surplus) transferred on academy leaving trust	7,399,673	-
Capital grants from DfE/EFA and other capital income	(47,943)	(225,785)
Investment income	(2,851)	(2,458)
Defined benefit pension costs less contributions payable	49,000	125,000
Defined benefit pension net finance cost/(income)	11,000	39,000
Depreciation of tangible fixed assets	132,687	215,524
(Increase)/decrease in debtors	244,470	(128,541)
Increase/(decrease) in creditors	(211,190)	(129,273)
Stocks, debtors and creditors transferred on conversion	3,341	-
Net cash provided by operating activities	312,706	225,019

20 Related party transactions

Except as disclosed in note 10, no related party transactions took place in the year ended 31 August 2016.

21 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 per member for the debts and liabilities contracted before he or she ceases to be a member.

22 Transfer of an academy

On 14 January 2016, Haybrook College transferred out of the trust for £nil consideration.

Academy	Location	Date of transfer
Haybrook College	Slough, Berkshire	16 January 2016

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Transfer of an academy

(Continued)

	2016
	£
Net assets transferred:	
Leasehold land and buildings	(7,684,478)
Cash	(399,536)
LGPS pension deficit	681,000
Net current liabilities	3,341
	<u>(7,399,673)</u>

	Unrestricted	Restricted funds:	Total
	Funds	General	Fixed asset
	£	£	£
Fund (surplus) transferred			2016
			£
Fixed assets funds	-	-	(7,684,478)
LA budget funds	-	(396,195)	-
LGPS pension funds	-	681,000	-
	<u>-</u>	<u>284,805</u>	<u>(7,684,478)</u>
	<u>-</u>	<u>284,805</u>	<u>(7,399,673)</u>