

Company Registration No. 08610537 (England and Wales)

THE SPECIALIST EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

COMPANIES HOUSE COPY



THE SPECIALIST EDUCATION TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 17
Statement on regularity, propriety and compliance	18
Statement of trustees' responsibilities	19
Independent auditor's report on the accounts	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities including income and expenditure account	25 - 26
Balance sheet	27
Statement of cash flows	28
Notes to the accounts including accounting policies	29 - 50

THE SPECIALIST EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs H Thorpe
Mrs A Hester
Mr P Kerr

Trustees

Mrs J Matthews (Headteacher/Accounting Officer)
Mrs H Thorpe (Chair)
Mrs A Hester
Mr P Kerr
Mrs D Richards (Appointed 5 October 2017)

Senior management team

- Executive Head teacher
- Deputy Head
- SEBDOS Manager
- School Business Manager

J Matthews
A Mumford
J Heath
H Murray

Company secretary

Mrs R Lake

Company registration number

08610537 (England and Wales)

Registered office

The Specialist Education Trust
Queens Road
Slough
Berkshire
SL1 3QW

Independent auditor

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

Bankers

Lloyds Bank
Slough Trading Estates, Business Centre
Lloyds TSB Business Bankings
PO Box 1000
BX1 1LT

THE SPECIALIST EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London Bridge
SE1 9BB
United Kingdom

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

The Specialist Education Trust (SET) incorporates Littledown Special School (33 places), a Primary Alternative Provision (13 places) and an Outreach Service called SEBDOS. It had a combined pupil capacity of 46.

Littledown Special School was rated as 'Good' by Ofsted in July 2016. SET achieved sponsorship status on 15 February 2017.

The trust has agreed in collaboration with Slough Borough Council to increase the capacity of the Alternative Pru from 1 September 2018, consequently there will be an increase of 2 PRU places and 5 school places from the forthcoming academic year.

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 are also the directors of the charitable company for the purposes of company law. The charitable company is known as The 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, and to the date these accounts are approved, 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

There are and were no qualifying third party indemnity provisions during the financial year to which this report relates.

Method of recruitment and appointment or election of Trustees

On conversion to an academy in 1 October 2013 the trustees appointed were from the predecessor school Local Governing Body (this included the Chair person). The trustees are appointed for a four year period, except that this limit does not apply to the Executive Headteacher(s). 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.

The trustees may appoint Staff Trustees through such process as they may determine.

The total number of trustees including the Executive Headteacher who are employees of the academy trust shall not exceed one third of the total number of trustees.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of Trustees

The majority of the Trustees have many 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. Specific finance training for Trustees is conducted by the Trust's Finance Team, and data training is provided by the Trust's Executive Head Teacher.

A competency survey has been undertaken on Trustees and this reveals a range of skills/competencies which match the Trustees'/school's needs. This has also been useful in the recruitment of new Trustees.

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 body 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 Trust's Board. The Board itself may from time to time establish working groups to perform specific tasks over a limited timescale.

The Academy's local governing body covers 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 is 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 and the 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 Trustee presence is required for senior appointments.

The Executive Headteacher is the Accounting Officer.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

The Headteacher's pay and remuneration is reviewed annually and agreed by the trust Pay Committee. The Committee is advised by an external advisor and meets annually with the Headteacher.

The Pay Committee also reviews the trust's 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.

Objectives and activities

Objects and aims

The principal object and activity of the trust is the operation of a Primary Special school, 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 2018 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.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key Stage 1 and 2 Targets

The trust has previously used The DfE Progression Guidance to set class and individual student targets for the coming year for Reading, Writing, Maths and Science. Governors, teachers and school leaders then meet to validate these targets, ensuring they provide suitable challenge.

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. The trust aims to consider progress as part of a holistic approach, recognizing that sometimes progress in emotional development or consistent attendance or behaviour maybe a pre cursor to academic progress. Any pupil who has not achieved their academic targets will be subject to a case study which will detail all areas of progress and the interventions in place.

Public benefit

In setting the objectives, the Trustees 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 2018

Strategic report
Achievements and performance
Progress data

Pupils making expected progress at the end of KS2.

Subject	% making expected progress								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reading	50	0	29	63	71	71	80	29	8
Writing	50	20	57	50	57	57	100	14	8
Maths	50	20	71	63	57	43	40	0	8
Science	50	60	71	75	100	86	100	86	62

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	2017	2018
Reading	100	0	67	50	20	67	100
Writing	100	50	50	50	100	67	100
Maths	100	50	67	100	60	100	50
Science	100	50	67	50	80	100	50

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Attainment data

Phonics test summary

	Littledown 2015	Littledown 2016	Littledown 2017	Littledown 2018
Year 1	25%	0%	0%	0%
Year 2	100%	40%	67%	50%

KS1 results (only 2 pupils)

Littledown KS1 teacher assessment 2018			
	Reading	Writing	Maths
EXS	50%		
WTS		50%	100%
PKF	50%	50%	

Littledown KS1 test scores 2018		
	Reading	Maths
AS	50%	
NS		100%
B	50%	

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

KS2 results

Littledown KS2 teacher assessment 2018			
	Reading	Writing	Maths
EXS	42%	25%	17%
WTS		25%	
HNM	8%		33%
PKG	17%		8%
PKE	25%	25%	17%
PKF	8%	25%	25%

Littledown test scores 2018			
	Reading	GPS	Maths
GD	0%	8%	0%
AS	15%	15%	15%
NS	31%	23%	31%
B	46%	46%	46%
T	8%	8%	8%

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Exclusions

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.

LITTLEDOWN EXCLUSIONS	14-15	15-16	16-17	17-18
Total number of pupils on roll	33	34	45	47
Permanent Exclusions				
	0	0	0	0
Fixed Term Exclusions				
Total number of pupils	21 (64%)	15 (44%)	17 (38%)	15 (32%)
Total number of days	112	147	100.5	84
Average length of exclusion	1.57days	2.6days	1.54 days	1.42 days

Reintegration to mainstream school

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

2014-2015	2015-2016	2016-2017	2017-2018
9%	9%	7.5%	15.7%

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance data

Attendance data					
	2013-14	2014-15	2015-16	2016-17	2017-18
Whole school %	90.45	91.23	92.21	90.86	90.87
90% + attendance					
Number of pupils	17	25	24	26	35
%	59	76	71	58	75

In addition to reports on specific issues of achievement and performance Trustees receive a comprehensive report from the Executive Headteacher and Local Governing Body 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.

Key Performance Indicators

The following are the KPIs for the Trust: -

- Develop a culture of excellence in teaching, learning and assessment at Key Stage 1 and 2;
- Have a shared vision, values, culture and ethos based on the highest expectations of all members of the school community;
- To develop a culture of positive learning behaviour;
- To improve the delivery of numeracy across the curriculum;
- To ensure that pupils are exceptionally well prepared for the next stage of their education, training or employment;
- To continue to offer support to reduce exclusions in school and across the LA.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 Trust's income is obtained from both the Department for Education (DfE) via the Educational and Skills Funding Agency (ESFA) 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 2018 and associated expenditure is shown as Restricted Funds in the Statement of Financial Activities.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The 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 trust's accounting policies.

During the year ended 31 August 2018 total revenue income was £2,323,908 (excluding restricted fixed asset funds), of which £2,064,980 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 £189,075 (excluding restricted fixed asset funds).

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

The 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 is shown 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. The finance procedures handbook having been informed by the Academy Financial Handbook issued by the ESFA.

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 Trust 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 issues requiring action identified during the year.

Reserves policy

Reserves of £2,000,666 are held as at 31 August 2018. The Trust's Board of Directors monitors reserves. They are used to ensure the trust remains a going concern over the medium term as national funding is predicated to reduce and also to maintain the school's buildings 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 Academy 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 Academy to manage expenditure efficiently over a period of time as funding becomes tighter and staffing costs increase through pay rises, increased National Insurance costs and increased pension contributions, together with inflationary pressures.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy

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 trust 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 Trustees 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 of Trustees in the context of advice from a qualified financial expert. Formal approval must be obtained from the Board of Trustees to proceed with any investment.

Principal risks and uncertainties

All major risks are detailed within the Trust's 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.

Trustees are provided with budget forecasts over a 5-year period. These indicate possible financial pressure in the future and are based on the latest funding formula data, but expenditure rising through inflation, pay rises, an increase in national insurance contributions and further increases in pension contributions. In addition, there is still uncertainty around the introduction of a national funding formula. The trust has always been able to balance expenditure against income on a yearly basis without recourse to carry forward balances. This has meant that the trust is currently in a healthy financial position as far as carry forward balances are concerned, and these are being held in reserve for future estate building costs and to cushion any future budget pressures. However, it is recognised that savings in budget areas will need to be achieved in the future and this aspect of finance receives particular attention by the Board of the trust as we go forward into 2019 and beyond. There is also an increasing deficit on the LGPS and this is reflected in our Balance Sheet. This position is kept under review.

A risk register is maintained with all the significant risks identified and this is reviewed annually.

Fundraising

Approach to fundraising

Trustees are aware of the issue of fundraising. The trust currently does not lend itself to any sort of regular fundraising program. Currently the trust has a comfortable balance in reserve but as pointed out in this report this will not last forever which means that the issue of fundraising will be higher on the trustees' programme of work in the near future.

Work with, and oversight of, any commercial participators / professional fundraisers

Trustees have not engaged with any professional fundraisers or commercial participants.

Fundraising conforming to recognised standards

See comment above.

Monitoring of fundraising carried out on its behalf

See comment above.

Fundraising complaints

None.

Protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

Not applicable.

THE SPECIALIST EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

The trust 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 Trust has been successful in gaining sponsorship status. It is planned that the Trust 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

There are no funds held as custodian Trustee on behalf of others.

Auditor

In so far as the Trustees are aware:

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

A resolution proposing that 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 13/12/18 and signed on its behalf by:



Mrs H Thorpe
Chair

THE SPECIALIST EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 4 times during the year. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Mrs J Matthews (Headteacher/Accounting Officer)	4	4
Mrs H Thorpe (Chair)	4	4
Mrs A Hester	4	4
Mr P Kerr	4	4
Mrs D Richards (Appointed 5 October 2017)	3	4

A competency audit was conducted during the year.

The quality of data used by the Board is outstanding both in terms of assessment of pupil's progress and attainment and in terms of financial monitoring.

The Finance committee is a sub-committee of the main Board of Trustees. Its purpose is to agree the budget for the Trust 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 annual budget for the school during the year. Extensive budget projections and monitoring information is provided by the Finance Office of the Trust. Experience shows that predictions are accurate, and the Trustees have confidence in the quality of information provided in order for them to make effective decisions. The committee met 4 times during the year.

THE SPECIALIST EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs J Matthews (Headteacher/Accounting Officer)	4	4
Mrs H Thorpe (Chair)	4	4
Mrs A Hester	4	4
Mr P Kerr	4	4
Mrs D Richards (Appointed 5 October 2017)	2	4

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 agreed;
- Undertaking competitive tendering where appropriate; and
- 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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Trustees.

THE SPECIALIST EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 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; and
- identification and management of risks

The Trustees have considered the need for a specific internal audit of procedures and controls and have appointed an external 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; and
- the work of the Head of Finance and Admin within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee and no weaknesses have been identified by the auditors or the Responsible Officer.

13 DEC 2018

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



Mrs J Matthews
Headteacher/Accounting Officer



Mrs H Thorpe
Chair

THE SPECIALIST EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of Specialist Education Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the trust's board of trustees 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 2017.

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



Mrs J Matthews
Accounting Officer

13/12/18

THE SPECIALIST EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who 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 & 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 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 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 13th Dec '18 and signed on its behalf by:



Mrs H Thorpe
Chair

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

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

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the 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 accounts are authorised for issue.

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

FOR THE YEAR ENDED 31 AUGUST 2018

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

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 accounts are prepared is consistent with the accounts; 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 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 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.

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

FOR THE YEAR ENDED 31 AUGUST 2018

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

Use of our report

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



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

18/12/2018

Chartered Accountants
Statutory Auditor

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

In accordance with the terms of our engagement letter dated 5 December 2013 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Specialist Education Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Specialist Education Trust and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Specialist Education Trust and ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO THE SPECIALIST EDUCATION TRUST AND THE EDUCATION AND
SKILLS 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

UHY Hacker Young
Reporting Accountant

Dated: 18/12/2018

THE SPECIALIST EDUCATION TRUST

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

	Notes	Unrestricted Funds £	Restricted funds General £	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	-	26,675	5,013	31,688	4,981
Charitable activities:						
- Funding for educational operations	4	-	2,064,980	-	2,064,980	2,249,782
Other trading activities	5	221,041	4,096	-	225,137	229,745
Investments	6	7,116	-	-	7,116	6,795
Total income and endowments		<u>228,157</u>	<u>2,095,751</u>	<u>5,013</u>	<u>2,328,921</u>	<u>2,491,303</u>
Expenditure on:						
Raising funds	7	-	1,666	-	1,666	893
Charitable activities:						
- Educational operations	8	-	2,133,167	62,899	2,196,066	2,208,689
Total expenditure	7	<u>-</u>	<u>2,134,833</u>	<u>62,899</u>	<u>2,197,732</u>	<u>2,209,582</u>
Net income/(expenditure)		228,157	(39,082)	(57,886)	131,189	281,721
Transfers between funds		(57,239)	-	57,239	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	17	-	243,000	-	243,000	220,000
Net movement in funds		<u>170,918</u>	<u>203,918</u>	<u>(647)</u>	<u>374,189</u>	<u>501,721</u>
Reconciliation of funds						
Total funds brought forward		<u>552,831</u>	<u>(98,979)</u>	<u>1,172,625</u>	<u>1,626,477</u>	<u>1,124,756</u>
Total funds carried forward		<u>723,749</u>	<u>104,939</u>	<u>1,171,978</u>	<u>2,000,666</u>	<u>1,626,477</u>

THE SPECIALIST EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £	General	Restricted funds Fixed asset £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	-	137	4,844	4,981
Charitable activities:					
- Funding for educational operations	4	-	2,249,782	-	2,249,782
Other trading activities	5	226,416	3,329	-	229,745
Investments	6	6,795	-	-	6,795
Total income and endowments		<u>233,211</u>	<u>2,253,248</u>	<u>4,844</u>	<u>2,491,303</u>
Expenditure on:					
Raising funds	7	-	893	-	893
Charitable activities:					
- Educational operations	8	-	2,146,015	62,674	2,208,689
Total expenditure	7	<u>-</u>	<u>2,146,908</u>	<u>62,674</u>	<u>2,209,582</u>
Net income/(expenditure)		233,211	106,340	(57,830)	281,721
Transfers between funds		(18,221)	-	18,221	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	17	-	220,000	-	220,000
Net movement in funds		<u>214,990</u>	<u>326,340</u>	<u>(39,609)</u>	<u>501,721</u>
Reconciliation of funds					
Total funds brought forward		<u>337,841</u>	<u>(425,319)</u>	<u>1,212,234</u>	<u>1,124,756</u>
Total funds carried forward		<u>552,831</u>	<u>(98,979)</u>	<u>1,172,625</u>	<u>1,626,477</u>

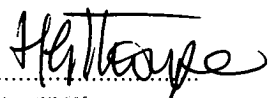
THE SPECIALIST EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	12	1,171,978	1,172,625
Current assets			
Debtors	13	58,651	48,446
Cash at bank and in hand		2,134,428	1,896,482
		<u>2,193,079</u>	<u>1,944,928</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(145,391)	(189,076)
Net current assets		<u>2,047,688</u>	<u>1,755,852</u>
Net assets excluding pension liability		<u>3,219,666</u>	<u>2,928,477</u>
Defined benefit pension scheme liability	17	(1,219,000)	(1,302,000)
Net assets		<u><u>2,000,666</u></u>	<u><u>1,626,477</u></u>
Funds of the trust:			
Restricted funds	15		
- Fixed asset funds		1,171,978	1,172,625
- Restricted income funds		1,323,939	1,203,021
- Pension reserve		(1,219,000)	(1,302,000)
Total restricted funds		<u>1,276,917</u>	<u>1,073,646</u>
Unrestricted income funds	15	<u>723,749</u>	<u>552,831</u>
Total funds		<u><u>2,000,666</u></u>	<u><u>1,626,477</u></u>

The accounts on pages 25 to 50 were approved by the Trustees and authorised for issue on 13/12/18 and are signed on their behalf by:



Mrs H Thorpe
Chair

Company Number 08610537

THE SPECIALIST EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		288,069		510,382
Cash flows from investing activities					
Dividends, interest and rents from investments		7,116		6,795	
Capital grants from DfE		5,013		4,844	
Purchase of tangible fixed assets		(62,252)		(23,065)	
Net cash used in investing activities			(50,123)		(11,426)
Net increase in cash and cash equivalents in the reporting period			237,946		498,956
Cash and cash equivalents at beginning of the year			1,896,482		1,397,526
Cash and cash equivalents at end of the year			2,134,428		1,896,482
Relating to:					
Bank and cash balances			474,425		641,539
Short term deposits			1,660,003		1,254,943

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Specialist Education Trust 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 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 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.

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 (GAG) 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.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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'.

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 trust's accounting policies.

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 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.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants they are capitalised and are depreciated as below. 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.

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
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.

1.6 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 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.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.7 Leased assets

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

1.8 Financial instruments

The trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 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 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 SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The LGPS is a funded multi-employer 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.

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.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.12 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 2018

1 Accounting policies

(Continued)

1.13 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.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

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

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	5,013	5,013	4,844
Other donations	-	26,675	26,675	137
	<u>-</u>	<u>31,688</u>	<u>31,688</u>	<u>4,981</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	472,149	472,149	478,484
Other DfE / ESFA grants	-	44,092	44,092	35,404
	-	516,241	516,241	513,888
Other government grants				
Local authority grants	-	1,541,414	1,541,414	1,713,823
Other grants	-	5,500	5,500	15,000
	-	1,546,914	1,546,914	1,728,823
Other funds				
Other incoming resources	-	1,825	1,825	7,071
Total funding	-	2,064,980	2,064,980	2,249,782

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	-	105	105	315
Catering income	1,563	-	1,563	1,346
Courses and training income	205,811	-	205,811	209,424
Other income	13,667	3,991	17,658	18,660
	221,041	4,096	225,137	229,745

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	7,116	-	7,116	6,795

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs	Non Pay Expenditure Premises	Other	Total 2018	Total 2017
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	1,666	1,666	893
Academy's educational operations					
- Direct costs	1,413,606	-	115,147	1,528,753	1,525,727
- Allocated support costs	373,316	104,527	189,470	667,313	682,962
	<u>1,786,922</u>	<u>104,527</u>	<u>306,283</u>	<u>2,197,732</u>	<u>2,209,582</u>

Net income/(expenditure) for the year includes:

	2018	2017
	£	£
Fees payable to auditor for:		
- Audit	9,000	10,000
- Other services	3,500	2,500
Operating lease rentals	1,155	838
Depreciation of tangible fixed assets	62,899	62,540
Loss on disposal of fixed assets	-	134
Net interest on defined benefit pension liability	34,000	30,000
	<u>100,554</u>	<u>105,412</u>

8 Charitable activities

	2018	2017
	£	£
All from restricted funds:		
Direct costs		
Educational operations	1,528,753	1,525,727
Support costs		
Educational operations	667,313	682,962
	<u>2,196,066</u>	<u>2,208,689</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

(Continued)

	2018	2017
	£	£
Analysis of support costs		
Support staff costs	373,316	350,878
Depreciation	62,899	62,674
Technology costs	20,084	8,033
Premises costs	41,628	57,338
Other support costs	71,009	107,431
Governance costs	98,377	96,608
	<u>667,313</u>	<u>682,962</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£	£
Wages and salaries	1,239,405	1,182,737
Social security costs	121,795	116,192
Pension costs	299,563	265,759
Staff costs	<u>1,660,763</u>	<u>1,564,688</u>
Agency staff costs	91,909	128,098
Staff development and other staff costs	34,250	56,057
Total staff expenditure	<u>1,786,922</u>	<u>1,748,843</u>

Staff numbers

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

	2018	2017
	Number	Number
Teachers	8	9
Administration and support	25	32
Management	4	3
	<u>37</u>	<u>44</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	2
£100,000 - £110,000	1	1
	==	==

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 £314,647 (2017: £311,707).

10 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 (2017: £nil) were reimbursed to 0 Trustees.

The value of trustees' remuneration was as follows:

	Remuneration	
	2018	2017
J Matthews (Executive Head and Trustee)	£100,000 - £105,000	£100,000 - £105,000

	Employer's pension contributions	
	2018	2017
J Matthews (Executive Head and Trustee)	£15,000 - £20,000	£15,000 - £20,000

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

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 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 2018 was not separately identifiable and has been included in the total insurance cost.

12 Tangible fixed assets

	Leasehold buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2017	1,153,874	107,815	44,726	49,228	1,355,643
Additions	26,095	6,687	-	29,470	62,252
At 31 August 2018	1,179,969	114,502	44,726	78,698	1,417,895
Depreciation					
At 1 September 2017	55,791	74,505	23,095	29,627	183,018
Charge for the year	14,535	25,615	8,975	13,774	62,899
At 31 August 2018	70,326	100,120	32,070	43,401	245,917
Net book value					
At 31 August 2018	1,109,643	14,382	12,656	35,297	1,171,978
At 31 August 2017	1,098,083	33,310	21,631	19,601	1,172,625

13 Debtors

	2018 £	2017 £
Trade debtors	29,606	31,372
VAT recoverable	11,373	7,833
Prepayments and accrued income	17,672	9,241
	58,651	48,446

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14	Creditors: amounts falling due within one year				2018	2017
					£	£
	Other taxation and social security				31,795	28,090
	Other creditors				28,322	28,500
	Accruals and deferred income				85,274	132,486
					<u>145,391</u>	<u>189,076</u>
15	Funds					
		Balance at			Gains,	Balance at
		1 September	Income	Expenditure	losses and	31 August
		2017			transfers	2018
		£	£	£	£	£
	Restricted general funds					
	General Annual Grant	1,203,021	472,149	(351,231)	-	1,323,939
	Other DfE / ESFA grants	-	44,092	(44,092)	-	-
	Other government grants	-	1,546,914	(1,546,914)	-	-
	Other restricted funds	-	32,596	(32,596)	-	-
		<u>1,203,021</u>	<u>2,095,751</u>	<u>(1,974,833)</u>	<u>-</u>	<u>1,323,939</u>
	Funds excluding pensions	1,203,021	2,095,751	(1,974,833)	-	1,323,939
	Pension reserve	(1,302,000)	-	(160,000)	243,000	(1,219,000)
		<u>(98,979)</u>	<u>2,095,751</u>	<u>(2,134,833)</u>	<u>243,000</u>	<u>104,939</u>
	Restricted fixed asset funds					
	Transferred on conversion	1,112,453	-	-	-	1,112,453
	DfE / ESFA capital grants	7,852	5,013	(62,899)	57,239	7,205
	Private sector capital sponsorship	52,320	-	-	-	52,320
		<u>1,172,625</u>	<u>5,013</u>	<u>(62,899)</u>	<u>57,239</u>	<u>1,171,978</u>
	Total restricted funds	<u>1,073,646</u>	<u>2,100,764</u>	<u>(2,197,732)</u>	<u>300,239</u>	<u>1,276,917</u>
	Unrestricted funds					
	General funds	<u>552,831</u>	<u>228,157</u>	<u>-</u>	<u>(57,239)</u>	<u>723,749</u>
	Total funds	<u>1,626,477</u>	<u>2,328,921</u>	<u>(2,197,732)</u>	<u>243,000</u>	<u>2,000,666</u>

THE SPECIALIST EDUCATION TRUST

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

15 Funds

(Continued)

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 2018.

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 18).

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.

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	949,681	478,484	(225,144)	-	1,203,021
Other DfE / ESFA grants	-	35,404	(35,404)	-	-
Other government grants	-	1,728,823	(1,728,823)	-	-
Other restricted funds	-	10,537	(10,537)	-	-
	<u>949,681</u>	<u>2,253,248</u>	<u>(1,999,908)</u>	<u>-</u>	<u>1,203,021</u>
Funds excluding pensions	949,681	2,253,248	(1,999,908)	-	1,203,021
Pension reserve	(1,375,000)	-	(147,000)	220,000	(1,302,000)
	<u>(425,319)</u>	<u>2,253,248</u>	<u>(2,146,908)</u>	<u>220,000</u>	<u>(98,979)</u>
Restricted fixed asset funds					
Transferred on conversion	1,112,453	-	-	-	1,112,453
DfE / ESFA capital grants	47,461	4,844	(62,674)	18,221	7,852
Private sector capital sponsorship	52,320	-	-	-	52,320
	<u>1,212,234</u>	<u>4,844</u>	<u>(62,674)</u>	<u>18,221</u>	<u>1,172,625</u>
Total restricted funds	<u>786,915</u>	<u>2,258,092</u>	<u>(2,209,582)</u>	<u>238,221</u>	<u>1,073,646</u>
Unrestricted funds					
General funds	<u>337,841</u>	<u>233,211</u>	<u>-</u>	<u>(18,221)</u>	<u>552,831</u>
Total funds	<u>1,124,756</u>	<u>2,491,303</u>	<u>(2,209,582)</u>	<u>220,000</u>	<u>1,626,477</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Deferred income	2018 £	2017 £
	Deferred income is included within:		
	Creditors due within one year	638	3,923
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	3,923	765
	Released from previous years	(3,923)	(765)
	Resources deferred in the year	638	3,923
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	638	3,923
		<u> </u>	<u> </u>

Deferred income relates to universal free school meal and pupil exclusion income for 2018-2019 which was received during the year.

17 Pension 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 both schemes related to the period ended 31 March 2016.

Contributions amounting to £21,870 were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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 2018

17 Pension 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)
- 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%

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

The employer's pension costs paid to the TPS in the period amounted to £73,470 (2017: £65,584).

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 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 % for employers and % 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 2018

17 Pension and similar obligations

(Continued)

Total contributions made	2018	2017
	£	£
Employer's contributions	100,000	79,000
Employees' contributions	35,000	28,000
	<u> </u>	<u> </u>
Total contributions	135,000	107,000
	<u> </u>	<u> </u>

Principal actuarial assumptions	2018	2017
	%	%
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment/inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.3%	2.7%
Inflation assumption (RPI)	3.3%	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:

	2018	2017
	Years	Years
Retiring today		
- Males	23.1	23.0
- Females	25.2	25.1
Retiring in 20 years		
- Males	25.3	25.2
- Females	27.5	27.4
	<u> </u>	<u> </u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations

(Continued)

The trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	431,000	376,000
Other Bonds	137,000	118,000
Cash	135,000	-
Target Return Portfolio	37,000	40,000
Property	125,000	103,000
Other assets	50,000	116,000
Total market value of assets	915,000	753,000

The actual return on scheme assets was £35,000 (2017: £158,000).

Amount recognised in the Statement of Financial Activities

	2018 £	2017 £
Current service cost	226,000	196,000
Interest income	(20,000)	(12,000)
Interest cost	54,000	42,000
Total operating charge	260,000	226,000

Changes in the present value of defined benefit obligations

	2018 £	2017 £
At 1 September 2017	2,055,000	1,918,000
Current service cost	226,000	196,000
Interest cost	54,000	42,000
Employee contributions	35,000	28,000
Actuarial gain	(228,000)	(74,000)
Benefits paid	(8,000)	(55,000)
At 31 August 2018	2,134,000	2,055,000

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations

(Continued)

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

	2018	2017
	£	£
At 1 September 2017	753,000	543,000
Interest income	20,000	12,000
Actuarial gain	15,000	146,000
Employer contributions	100,000	79,000
Employee contributions	35,000	28,000
Benefits paid	(8,000)	(55,000)
	<u>915,000</u>	<u>753,000</u>
At 31 August 2018	<u>915,000</u>	<u>753,000</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	1,171,978	1,171,978
Current assets	730,132	1,462,947	-	2,193,079
Creditors falling due within one year	(6,383)	(139,008)	-	(145,391)
Defined benefit pension liability	-	(1,219,000)	-	(1,219,000)
	<u>723,749</u>	<u>104,939</u>	<u>1,171,978</u>	<u>2,000,666</u>
Total net assets	<u>723,749</u>	<u>104,939</u>	<u>1,171,978</u>	<u>2,000,666</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	1,172,625	1,172,625
Current assets	559,214	1,385,714	-	1,944,928
Creditors falling due within one year	(6,383)	(182,693)	-	(189,076)
Defined benefit pension liability	-	(1,302,000)	-	(1,302,000)
	<u>552,831</u>	<u>(98,979)</u>	<u>1,172,625</u>	<u>1,626,477</u>
Total net assets	<u>552,831</u>	<u>(98,979)</u>	<u>1,172,625</u>	<u>1,626,477</u>

THE SPECIALIST EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Reconciliation of net income to net cash flow from operating activities

	2018 £	2017 £
Net income for the reporting period (as per the Statement of Financial Activities)	131,189	281,721
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(5,013)	(4,844)
Investment income receivable	(7,116)	(6,795)
Defined benefit pension costs less contributions payable	126,000	117,000
Defined benefit pension net finance cost	34,000	30,000
Depreciation of tangible fixed assets	62,899	62,540
Loss on disposal of fixed assets	-	134
(Increase)/decrease in debtors	(10,205)	57,423
(Decrease) in creditors	(43,685)	(26,797)
Net cash provided by operating activities	288,069	510,382

20 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	1,155	1,155
Amounts due in two and five years	-	1,155
	1,155	2,310

21 Related party transactions

Except as disclosed in note 10, no related party transactions took place in the year ended 31 August 2018.

22 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.