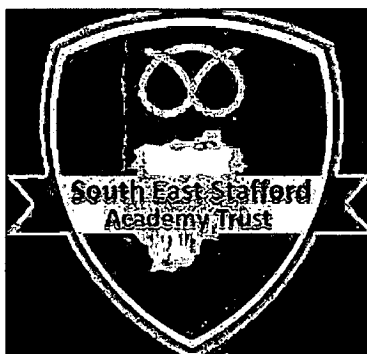


Company Registration No. 10178490 (England and Wales)

**THE SOUTH EAST STAFFORD ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# THE SOUTH EAST STAFFORD ACADEMY TRUST

## CONTENTS

---

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 14
Statement on regularity, propriety and compliance	15
Statement of trustees' responsibilities	16
Independent auditor's report on the financial statements	17 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities including income and expenditure account	22 - 23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements including accounting policies	26 - 46

---

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Trustees

J Smith (Chair of Trust & Chair of Leasowes LGB)  
G Ball (Appointed 1 September 2018)  
G Bettany (CEO & AO)  
E R Chadwick (Chair of Barnfield LGB)  
S Francis  
S Horne  
M Rowell

### Members

S Francis  
J Smith  
M Stanley

### Senior management team

- Barnfields Head Teacher	G Ball
- Barnfields Deputy Head Teacher	G Darlington
- Barnfields Assistant Head Teacher	D Sandy
- Barnfields Bursar	J Biddle
- Barnfields Teacher	P Heath
- Barnfields Teacher	T Thorley
- Barnfields Teacher	L Turton
- Barnfields Teacher	J Murday
- Barnfields Teacher SENCo	C Jones
- Leasowes Head Teacher	G Bettany
- Leasowes Deputy Head Teacher	B Coombs
- Leasowes Assistant Head Teacher	C Till
- Leasowes Bursar	D Halley
- Leasowes Teacher	E Bromley
- Leasowes Teacher	T Locke
- Leasowes Teacher SENCo	J Davies
- SESAT Business/Finance Manager	D Stocking

Company registration number 10178490 (England and Wales)

Principal address C/O Barnfields Primary School  
Lansdowne Way  
Stafford  
ST17 4RD

Academies operated  
**Barnfields Primary School**  
**Leasowes Primary School**

Location  
**Stafford**  
**Stafford**

Principal  
**Mr G K Ball**  
**Mrs G Bettany**

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Independent auditor

Deans  
Gibson House  
Hurricane Court  
Hurricane Close  
Stafford  
ST16 1GZ

### Solicitors

Browne Jacobson  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

### Other advisors

Entrust Support Services  
Riverway Centre  
Riverway  
Stafford  
Staffordshire  
ST16 3TH

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 01 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two primary academies in Stafford. Its academies have a combined pupil capacity of 870 and had a roll of 861 in the school census in October 2018. Trustees have noted that numbers of 861 relative to capacity of 870. The impact of this will be reviewed in consultation with Headteachers.

### **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 constituent academies of the trust are:

- Academy 1 – Barnfields Primary School
- Academy 2 – Leasowes Primary School

The charitable company is known as The South East Stafford Academy Trust.

The trustees of The South East Stafford Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period 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.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Trustees

The trustees who served during the year were:

#### Jeff Smith, Chair of Board of Trustees

Jeff was elected as a parent governor for Leasowes in 1988, became vice chairman in 1989 and chairman in 1990, a position he still holds. He attended Leasowes as a child and has therefore held a very long association with the school. Professionally he is a Chartered Surveyor and is Technical Director for one of the country's largest surveying firms. As well as undertaking professional work he oversees the training of 300 staff. This links into his role as a school governor and Academy Board Trustee where his focus is on performance management. Jeff was re-elected as Chair of the board of trustees in March 2018.

#### Gemma Bettany

Gemma joined the Academy Trust as a newly appointed Headteacher at Leasowes Primary School in September 2016. Gemma has a wealth of educational experience starting her career in special education before moving into mainstream education. She has worked with the local authority on speech, language and communication and supported children as part of outreach work in a range of settings. Gemma has carried out school improvement work within a number of schools to support rapid improvement. Gemma was appointed as the CEO and Accounting Officer of SESAT from 01 September 2018.

#### Richard Chadwick

Richard was appointed to the Board of Trustees in November 2017. He took up the role of Chair of Barnfields LGB in March 2017 and has a background in strategic planning and development.

#### Sue Francis

Sue joined SESAT in July 2016. She has been a governor at Barnfields for 12 years and is the Safeguarding and SEN governor. Now retired, Sue was an SEN Advisor for Stoke City Council and has extensive experience in the world of education. She has an in-depth knowledge of Raise Online which she uses to support both at LGB level and within the trustees.

#### Steve Horne

Steve joined SESAT as a parent trustee in 2016. Steve is a Civil Servant with extensive experience in central government, primarily with the Ministry of Defence and the Foreign and Commonwealth Office. His core career in international policy and operations has been interwoven with roles in strategic planning, performance analysis and risk management.

#### Graham Ball

Graham joined the Academy Trust as the Deputy Headteacher of Barnfields Primary School at its conversion in July 2016, he was appointed as Deputy Headteacher in September 2015 and became the Headteacher of Barnfields in September 2018. Graham worked as a Deputy Headteacher in his previous school before being seconded by the Education Authority to work within schools to support improvement and working with NLEs to gain a wealth of knowledge and experience in all areas of education.

#### Matthew Rowell

Matthew has been a Trustee of SESAT since it was formed and is also a parent governor of Leasowes Primary School. Matthew is a qualified chartered accountant and works as an Audit Director at one of the Big 4 accountancy firms, with whom he has worked for over 16 years. Matthew is married with three young children, all of whom attend Leasowes.

All but one of the trustees are members of a local governing board for one of the academies and, as part of the insurance cover taken out with the third party insurers, each academy has taken out insurance relating to Governors' Indemnity for their local governing board. The limit of Indemnity cover is £5,000,000 with an excess of £1,000.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

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

The management of the academy trust is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association subject to Articles 48-49 & 53.

- The number of trustees shall be no fewer than 3, up to a maximum of 10.
- This will include a minimum of two Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least two Parent Local Governors on each established Local Governing Board pursuant to Article 101A.
- The Academy Trust may also have any Co-opted Trustee appointed under Article 58. These will be persons known to the Academy Trust who are able to benefit the Academy Trust by their knowledge and expertise.
- The total number of Trustees including the Chief Executive Officer if they so choose to act as Trustee under Article 57 who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

The term of office for any trustee is four years and providing the trustee remains eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

The position of the Chair and Vice Chair of the Board of Trustees will be reviewed on an annual basis providing the trustee remains eligible for the role, any trustee may be re-appointed or re-elected.

The UK Corporate Governance Code, main principle B.1 and B.2 state:

The board and its committees should have the appropriate balance of skills and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively. The search for board candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender.

Applying the above best practice to academy trusts would suggest that academy trusts should disclose within the trustees' report a section on the recruitment of trustees that include:

- The trustees are selected with an assessment of skills and includes experience of the individual who wishes to become a trustee but also of the existing trustees to ensure that the skills complement those of the individuals already on the board;
- The rotation period for trustees is four years;
- The procedures ensure diversity within the board of trustees not only for gender but also by age.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

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

The induction and training of trustees is critical in ensuring strong governance of the trust. The development of trustees is therefore as important as the development of employees. Trustees who do not understand the strategy of the academy trust can lead to a lack of co-ordination resulting in poor performance from trustees which is as great a risk to the academy trust as a dereliction of duties from employees.

The induction and training process for trustees will normally include:

- Meetings with the board of trustees and the senior leadership team of the academy trust;
- Attending a trustees' meeting before becoming a trustee;
- Visits to key locations or service providers;
- Ongoing training in legislation and responsibilities;
- Allocation of a mentor or buddy from within the existing board of trustees; and
- An induction pack which includes, but not limited to, the academy development pack and EFA Academies Financial Handbook.

The training and induction of trustees will depend on their existing experience. New trustees will be appointed according to the level of expertise which meets the requirements of the academy trust. Where necessary, training will be given on legal, financial and educational matters.

A skills audit is performed to allocate the trustees to the committee to which their skills are best suited. The trustees then receive additional training on the responsibilities of being a part of the board of trustees of the academy trust.

### Organisational structure

The board of trustees is responsible for the overall strategic direction of the academy trust. The trustees have a duty to act in the fulfilment of the academy trust objectives. They set the strategic direction, and determine the policies and procedures of the academy trust whilst holding each academy within the academy trust to account. The trustees will meet at least three times a year and local governing board committees will report to meetings of the board of trustees throughout the year.

Each academy within the academy trust is governed by a local governing board which is responsible for determining the strategic direction of the academy in accordance with the overall strategic direction of the academy trust. The local governing board will engage with the local community, constructively challenge the leadership team of the academy and provide evaluative feedback and supporting evidence to the board of trustees on the impact and effectiveness of the collective and individuals' aims, objectives, policies, targets and future plans.

The board of trustees and each local governing board do not exercise a managerial role. The leadership and management across the academy trust is delegated by the board of trustees to the Senior Leadership Team within each academy. The Senior Leadership Teams are responsible at an executive level for implementing the policies laid down by board of trustees and reporting back to them through various committees. This includes actions concerning the budget, staffing, and school improvement.

The CEO is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to designated budget holders within the hierarchy of limits and in accordance with the approved Financial Regulations and Financial Scheme of Delegation.



# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

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

The arrangements for setting the pay and remuneration of the key management personnel of the academy trust are subject to the 'school teachers pay and conditions document and guidance on school teachers pay and conditions'. The determination of leadership pay is in line with the school group size and relevant scale points attributed to the group pay range.

Incremental rises are dependent upon the successful completion of the previous year's performance management cycle and quality assured by the Senior Leadership Team within each academy. Recommendations for pay increases are made by the Senior Leadership Team to the LGB and their decision is validated by the board of trustees at the autumn term meeting.

### Related parties and other connected charities and organisations

The members, board of trustees, academy committee members and the accounting officer all complete a pecuniary interest declaration on an annual basis. This declaration sets out any relationship with the academy trust that is not directly related to their duties within these roles. Each individual is also required to declare a potential 'conflict of interest' if it arises between such declarations. Once a declaration has been made, the individual concerned takes no further part in any decision relating to the matter declared.

In respect of the current year, the academy trust has the following relationships:

- Has appointed Deans Accountants as auditors, a company in which the daughter of one of the trustees is employed. This has been flagged with Deans and an email received confirming the employee has no involvement with SESAT external audit and does not in any way compromise their independence.

### Trade union facility time

No Trade Union officials are employed at South East Stafford Academy Trust.

## **Objectives and activities**

### Objects and aims

**Vision** - SESAT is committed to working collaboratively to develop the strength of all schools across the MAT within a self-improving system. Led by inspirational and innovative leaders, who have a clear and relentless focus on sustained school improvement, we ensure that our outstanding education continually evolves to give our children the best possible start in life. This is driven by our shared belief of providing our children with a broad and exciting curriculum, with embedded values that enables them to thrive in our ever changing society and to develop a life-long love of learning.

**Values** - this is the Academy Trust's core set of values that are used to set the tone for the Academy Trust's overall operations. Values have a major influence on the behaviour and attitude within the Academy Trust and serve as broad guidelines in all situations. The values are: Leadership, Self-Improving, Collaborative, Integrity, Life-Long Love of Learning.

**Ethos** - The academy ethos is to provide through collaboration and strong vision, the best outcomes for children, academically, socially and emotionally ensuring the well-being of staff and children.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Objectives, strategies and activities

The strategic goals of the academy trust are:

1. To provide high quality education provision for all academies within the academy trust that improves the outcomes of all of our pupils. This will be achieved by providing appropriate and proportionate support and challenge to each academy within the academy trust. There will be a focus on:

- Establishing and monitoring a system of governance through effective academy committees.
- Developing innovative strategies to continually improve and drive outcomes for pupils
- Providing intervention to support school improvement.
- Developing collaborative curriculum activities to increase independence and purposeful learning.
- Developing monitoring and evaluating strategies and procedures that will drive school improvement.
- Supporting the procurement of best value central services.
- Collaboratively sharing and supporting best practice.

2. To provide the same high quality of education provision to pupils outside of the trust to help achieve the government's aim of the same standard of education for all children. This will be achieved by:

- Developing a systematic strategy alongside local stakeholders, Headteacher networks and the DfE, working towards the further growth of SESAT.
- Building capacity by creating a robust management structure which involves building a central team to support the board of trustees.
- Developing training based on the expertise within the academy trust that can be delivered to other education providers.
- Developing more effective means of collaboration with other education providers to share best practice and encourage greater innovation within the education sector.

The trust is committed to employment policies which follow best practice based on equal opportunities for all employees irrespective of sex, race, colour, disability or marital status. The trust gives full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities.

### Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the academy trust objective and aims and in planning future activities for the period. The trustees consider that the academy trust can clearly demonstrate that its aims are to advance education for public benefit.

### **Strategic report**

#### Achievements and performance

To provide high quality education provision for all academies within the academy trust that improves the outcomes of all of our pupils.

#### Key performance indicators

There is a direct correlation between the key performance indicators used and the objectives of the academy trust. This is so that the academy trust can measure itself against the objectives and aims they have set to help the reader understand how the academy trust is performing against its overall vision. Key performance indicators include, but may not be limited to:

- Ofsted inspection outcomes – Barnfields "Good", Leasowes "Outstanding".
- Key stage results

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### Leasowes KS1 and KS2 Statutory Results 2019

Year One	Expected Attainment	National 2018
Phonics	100%	82%

Year 2	Expected Attainment		Greater Depth	
	Leasowes	National	Leasowes	National
Reading	88%	75%	37%	25%
Writing	80%	69%	20%	15%
Maths	87%	76%	30%	22%

Year 6	Expected Attainment		Greater Depth	
	Leasowes	National	Leasowes	National
Reading	83%	73%	40%	27%
Writing (TA)	86%	78%	25%	20%
Maths	90%	79%	40%	27%
GPS	90%	78%	52%	36%
Combined RMW	81%	65%	16%	11%

#### Barnfields KS1 and KS2 Statutory Results 2019

Year One	Expected Attainment	National 2018
Phonics	92%	82%

Year 2	Expected Attainment		Greater Depth	
	Barnfields	National	Barnfields	National
Reading	90%	75%	31%	25%
Writing	79%	69%	16%	15%
Maths	85%	76%	26%	22%

Year 6	Expected Attainment		Greater Depth	
	Barnfields	National	Barnfields	National
Reading	95%	73%	33%	27%
Writing (TA)	87%	78%	16%	20%
Maths	90%	79%	36%	27%
GPS	85%	78%	55%	36%
Combined RMW	82%	65%	15%	11%

- Pupil attendance data: Barnfields 96.76%, Leasowes 97.43%
- Pupil/teacher contact time per school day Barnfields 5.25 hours, Leasowes 5.25 hours
- Average class size: Barnfields 29.47 excluding nursery, Leasowes 30.29 excluding nursery
- Percentage of income spent on staffing split between teaching and support staff (from SES Academy trust - Payroll Cost by Cost Centre and EFA statements)
  - Barnfields: % spent on teaching 49.50%; % spent on non-teaching 26.70%. Total salary spend is 76.20% for the twelve-month period.
  - Leasowes: % spent on teaching 52.90%; % spent on non-teaching 24.30%. Total salary spend is 77.20% for the twelve-month period.
- Level of non-grant income generated: Lettings – Barnfields £19,335 Leasowes £19,482. Donations – Barnfields £35,193 Leasowes £1,126.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Going concern

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

### **Financial review**

Income for the twelve-month period was £3,187,978 provided by the Department of Education (DfE) via the Education Funding Agency (EFA) by means of standard grants to cover operational and capital costs. This was supplemented by donations and Capital Grants and other trading activities including third party lettings totalling £289,722. This meant the total income for the period was £3,477,700.

All expenditure supports the academy trust's key objectives to deliver quality education to our pupils and community. Expenditure for the period was £3,858,870 with the largest element of this expenditure being attributed to staff costs totalling £2,838,138 for the twelve-month period. Net expenditure for the period was £381,170.

The academy trust element of the Staffordshire Pension fund that forms part of the Local Government Pension scheme was valued at 31 August 2019, showing a net deficit of £2,119,000.

As at 31 August 2019, the net book value of fixed assets was £10,641,955 and the movement in intangible and tangible fixed assets are shown in Note 13 and 14 of the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils across the academy trust. The academy trust complies with the principles of financial control as outlined in the Academies Financial Handbook and the Accounts Direction. The financial procedures, Scheme of Delegation and Value for Money statement together with systems of financial control ensure that the academy trust conforms to the requirements of propriety, regularity and sound financial management.

The board of trustees are accountable for the allocation of resources to meet the objectives set out in the School Development Plan. The Accounting Officer together with the Finance Committee is responsible for reviewing the Financial Procedures on an annual basis and recommending approval to the main board of trustees. The intention is for individual academy budgets to be monitored on a monthly basis with reports and commentary on income and expenditure against budget provided to the Finance Board and to the board of trustees on a termly basis.

### Reserves policy

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education Funding Agency. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance. The board of trustees will identify capital projects on an annual basis and reserves will be reviewed alongside this exercise.

### Investment policy and powers

During the year, the Trust did not make any financial investments, however the Board is currently reviewing its investment strategy with a view to adopting a more diversified approach going forward. Whilst this review is ongoing, it is important to note that the Board has already agreed that investments will only be made through deposits and potentially short-term lending with reputable financial institutions located in the United Kingdom.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Principal risks and uncertainties

A review of the principal risks highlights the financial risk involved in the reliance on Government funding and the limited influence of the academy trust on the level and future of this funding.

The deficit on the Local Government Pension Scheme of £2,119,000 presents a concern. However, Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that in the event of academy closure, outstanding local government pension scheme liability would be met by the Department for Education. This guarantee came into force on 18 July 2013.

### **Fundraising**

The Board of Trustees take responsibility for their duties in fundraising and adopt the following principles:

- Planning effectively
- Supervision of fundraisers
- Protecting our reputation, money and other assets
- Identifying and ensuring compliance with laws and regulations
- Identifying and following recognised standards
- Being open and accountable

### **Plans for future periods**

In so far as the trustees are aware:

The aim of the Trust is to provide excellence in education for the children within the MAT, stimulating a lifelong love for learning, whilst ensuring best value for money is achieved.

At the present time the Trust has no plans to expand the MAT. There are almost one thousand children between the two academies in the MAT and the primary focus will be on improving efficiency and shared values between the two academies.

### **Disclosure of information to auditors**

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 Deans be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12.12.19 and signed on its behalf by:



**J Smith**

Chair of Trust & Chair of Leasowes LGB

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The South East Stafford Academy 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 principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The South East Stafford Academy 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 9 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Smith (Chair of Trust & Chair of Leasowes LGB)	9	9
G Ball (Appointed 1 September 2018)	9	9
G Bettany (CEO & AO)	9	9
E R Chadwick (Chair of Barnfield LGB)	7	9
S Francis	4	9
S Horne	8	9
M Rowell	7	9

### Review of value for money

As Accounting Officer the principal 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 academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

The Accounting Officer has delivered improved value for money during the year by implementing the Trust's action plan in order to establish an improved system of financial governance including:

- Timely reporting and continuous monitoring with the introduction of monthly management reports and KPI's
- Improved processes and procedures for maintaining financial records and review of the scheme of financial delegation
- An enhancement to internal spending controls
- Considered and reduced staffing levels within the Academies

The trust is planning to introduce a centralized finance function in the future to enable greater efficiencies and improved consistency. In particular, this is focused on implementation of a better purchasing strategy including:

- The appraisal of current and new suppliers, and the development of a preferred suppliers list
- Negotiation of services and contracts, to obtain economies of scale with the required mix of quality and effectiveness
- Bench marking both academies against each other and other similar establishments.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### **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 The South East Stafford Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Deans, the external auditor, to perform additional checks.

Dean's role will include giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

On a quarterly basis, the reviewer reports to the board of trustees through the finance and audit committee/audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

### **Review of effectiveness**

As Accounting Officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 12.12.19 and signed on its behalf by:



G Bettany  
Accounting Officer



J Smith  
Chair of Trust and Chair of Leasowes LGB



# **THE SOUTH EAST STAFFORD ACADEMY TRUST**

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

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

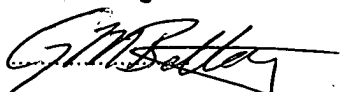
---

As Accounting Officer of The South East Stafford Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) 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 2018.

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

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

G Bettany  
Accounting Officer



# THE SOUTH EAST STAFFORD ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 12.12.19 and signed on its behalf by:



J Smith

Chair of Trust & Chair of Leasowes LGB

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTH EAST STAFFORD ACADEMY TRUST

---

### Opinion

We have audited the financial statements of The South East Stafford Academy Trust for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTH EAST STAFFORD ACADEMY TRUST (CONTINUED)

---

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

### Responsibilities of trustees

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTH EAST STAFFORD ACADEMY TRUST (CONTINUED)

---

### Use of our report

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



**Jeremy Hodgkiss**  
**(Senior Statutory Auditor)**  
**for and on behalf of Deans**  
**Chartered Accountants**  
**Statutory Auditor**  
Gibson House  
Hurricane Court  
Hurricane Close  
Stafford  
ST16 1GZ

Date: 18 December 2019

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SOUTH EAST STAFFORD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

---

In accordance with the terms of our engagement letter dated 29 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The South East Stafford Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The South East Stafford Academy 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 South East Stafford Academy 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 South East Stafford Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The South East Stafford Academy Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The South East Stafford Academy Trust's funding agreement with the Secretary of State for Education dated 30 June 2016 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SOUTH EAST STAFFORD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

---

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



### Reporting Accountant

Deans Chartered Accountants  
Gibson House  
Hurricane Court  
Hurricane Close  
Stafford  
ST16 1GZ

Dated: 18 December 2019

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	34,808	1,511	52,605	88,924	51,774
Charitable activities:						
- Funding for educational operations	4	1,893	3,266,006	-	3,267,899	3,446,506
Other trading activities	5	111,185	9,313	-	120,498	55,831
Investments	6	379	-	-	379	414
<b>Total income and endowments</b>		148,265	3,276,830	52,605	3,477,700	3,554,525
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	140,211	3,410,983	307,676	3,858,870	3,946,408
<b>Total expenditure</b>	7	140,211	3,410,983	307,676	3,858,870	3,946,408
<b>Net income/(expenditure)</b>		8,054	(134,153)	(255,071)	(381,170)	(391,883)
Transfers between funds		-	(127,762)	127,762	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(617,000)	-	(617,000)	210,000
<b>Net movement in funds</b>		8,054	(878,915)	(127,309)	(998,170)	(181,883)
<b>Reconciliation of funds</b>						
Total funds brought forward		344,678	(1,231,927)	10,793,909	9,906,660	10,088,543
Total funds carried forward		352,732	(2,110,842)	10,666,600	8,908,490	9,906,660

The notes on pages 26 - 46 form part of these financial statements



# THE SOUTH EAST STAFFORD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative Year Information Ended 31 August 2018		Unrestricted Funds	Restricted funds:		Total 2018
	Notes	£	General	Fixed asset	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	21,785	4,681	25,308	51,774
Charitable activities:					
- Funding for educational operations	4	82,199	3,364,307	-	3,446,506
Other trading activities	5	52,227	3,604	-	55,831
Investments	6	414	-	-	414
<b>Total income and endowments</b>		<u>156,625</u>	<u>3,372,592</u>	<u>25,308</u>	<u>3,554,525</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	83,065	3,560,139	303,204	3,946,408
<b>Total expenditure</b>	7	<u>83,065</u>	<u>3,560,139</u>	<u>303,204</u>	<u>3,946,408</u>
<b>Net income/(expenditure)</b>		73,560	(187,547)	(277,896)	(391,883)
Transfers between funds		(149,094)	138,150	10,944	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	20	-	210,000	-	210,000
<b>Net movement in funds</b>		<u>(75,534)</u>	<u>160,603</u>	<u>(266,952)</u>	<u>(181,883)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		420,212	(1,392,530)	11,060,861	10,088,543
Total funds carried forward		<u>344,678</u>	<u>(1,231,927)</u>	<u>10,793,909</u>	<u>9,906,660</u>

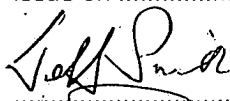
# THE SOUTH EAST STAFFORD ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	-	1,618
Tangible assets	14	10,641,955	10,782,412
		<u>10,641,955</u>	<u>10,784,030</u>
<b>Current assets</b>			
Debtors	15	97,502	99,617
Cash at bank and in hand		677,783	684,796
		<u>775,285</u>	<u>784,413</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(389,749)	(288,783)
<b>Net current assets</b>		<u>385,536</u>	<u>495,630</u>
<b>Net assets excluding pension liability</b>		<u>11,027,491</u>	<u>11,279,660</u>
Defined benefit pension liability	20	(2,119,000)	(1,373,000)
<b>Net assets</b>		<u>8,908,491</u>	<u>9,906,660</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	18		
- Fixed asset funds		10,666,601	10,793,909
- Restricted income funds		8,158	141,073
- Pension reserve		(2,119,000)	(1,373,000)
<b>Total restricted funds</b>		<u>8,555,759</u>	<u>9,561,982</u>
<b>Unrestricted income funds</b>	18	<u>352,732</u>	<u>344,678</u>
<b>Total funds</b>		<u>8,908,491</u>	<u>9,906,660</u>

The financial statements set out on pages 22 to 46 were approved by the board of trustees and authorised for issue on 12.12.19 and are signed on its behalf by:



J Smith

Chair of Trust & Chair of Leasowes LGB

Company Number 10178490

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	21		105,605		53,332
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		379		414	
Capital grants from DfE and EFA		52,605		18,096	
Capital funding from sponsors and others		-		7,212	
Payments to acquire tangible fixed assets		(165,602)		(35,461)	
			(112,618)		(9,739)
<b>Change in cash and cash equivalents in the reporting period</b>			(7,013)		43,593
Cash and cash equivalents at 1 September 2018			684,796		641,203
<b>Cash and cash equivalents at 31 August 2019</b>			677,783		684,796

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### 1.3 Income

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

###### Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

###### Sponsorship income

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

###### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### Donated goods, facilities and services

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

#### Donated fixed assets

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

### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

### 1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 3 years.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### 1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold land	125 years the length of the lease
Leasehold buildings	between 6-43 years
Leasehold improvement	10 years
Fixtures, fittings & equipment	5 years

Assets Under Construction are not depreciated whilst under construction.

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

#### 1.7 Liabilities

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

#### 1.8 Provisions

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

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

#### 1.9 Leasing and hire purchase commitments

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

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

##### Financial assets

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

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.11 Taxation

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

#### 1.12 Pensions benefits

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

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### 1.13 Fund accounting

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

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

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

#### 1.14 Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

#### 1.15 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### 1.16 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.



# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

(Continued)

#### Critical areas of judgement

The trustees must make critical judgements in applying the charity's accounting policies. The judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below:

#### Long - term leasehold land and buildings

The long term leasehold land and buildings within the accounts relates to the academy premises which were donated to the academy on conversion on a 125 year lease from Staffordshire County Council. The leasehold land was valued using a District Valuation Office Valuation. These are being depreciated in accordance with the depreciation policies set out in note 1. No annual charge is made for the use of the land under the terms of the lease, based on management not being able to reliably measure the open market rate.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Donated fixed assets	-	-	-	7,212
Capital grants	-	52,605	52,605	18,096
Other donations	34,808	1,511	36,319	26,466
	<u>34,808</u>	<u>54,116</u>	<u>88,924</u>	<u>51,774</u>

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

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	2,905,641	2,905,641	2,927,121
Other DfE / ESFA grants	-	282,337	282,337	258,647
	<u>-</u>	<u>3,187,978</u>	<u>3,187,978</u>	<u>3,185,768</u>
<b>Other government grants</b>				
Local authority grants	-	33,438	33,438	143,503
	<u>-</u>	<u>33,438</u>	<u>33,438</u>	<u>143,503</u>
<b>Other funds</b>				
Other incoming resources	1,893	44,590	46,483	117,235
	<u>1,893</u>	<u>44,590</u>	<u>46,483</u>	<u>117,235</u>
<b>Total funding</b>	<u>1,893</u>	<u>3,266,006</u>	<u>3,267,899</u>	<u>3,446,506</u>

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	38,817	-	38,817	29,495
Catering income	70,631	-	70,631	630
Parental contributions	882	7,037	7,919	20,895
Other income	855	2,276	3,131	4,811
	<u>111,185</u>	<u>9,313</u>	<u>120,498</u>	<u>55,831</u>

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	379	-	379	414
	<u>379</u>	<u>-</u>	<u>379</u>	<u>414</u>

### 7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	2,292,857	-	109,847	2,402,704	2,530,455
- Allocated support costs	545,324	337,736	573,106	1,456,166	1,415,953
	<u>2,838,181</u>	<u>337,736</u>	<u>682,953</u>	<u>3,858,870</u>	<u>3,946,408</u>

Net income/ expenditure for the period includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	10,500	8,300
- Other services	1,415	1,485
Operating lease rentals	5,163	5,037
Depreciation of tangible fixed assets	306,058	301,262
Amortisation of intangible fixed assets	1,618	1,942
	<u>324,654</u>	<u>318,026</u>

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs - educational operations	96,389	2,306,315	2,402,704	2,530,455
Support costs - educational operations	43,822	1,412,344	1,456,166	1,415,953
	<u>140,211</u>	<u>3,718,659</u>	<u>3,858,870</u>	<u>3,946,408</u>

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Charitable activities

(Continued)

Analysis of costs	2019 £	2018 £
<b>Direct costs</b>		
Teaching and educational support staff costs	2,292,857	2,313,128
Technology costs	3,528	1,344
Educational supplies and services	39,647	147,926
Educational consultancy	14,279	18,979
Other direct costs	52,393	49,078
	<u>2,402,704</u>	<u>2,530,455</u>
<b>Support costs</b>		
Support staff costs	545,324	480,757
Depreciation and amortisation	307,676	303,204
Technology costs	76,274	56,600
Recruitment and support	10,584	7,901
Maintenance of premises and equipment	30,060	66,857
Cleaning	98,890	94,917
Energy costs	47,035	48,832
Rent and rates	23,670	18,331
Insurance	2,047	15,885
Security and transport	1,980	802
Catering	108,775	142,088
Interest and finance costs	40,000	37,000
Other support costs	148,763	129,573
Governance costs	15,088	13,206
	<u>1,456,166</u>	<u>1,415,953</u>

### 9 Central services

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

- Financial Services
- Insurances
- Ground Maintenance
- Payroll

The academy trust charges for these services at 6% of GAG income.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £	2018 £
Barnfields Primary School	88,938	59,606
Leasowes Primary School	85,401	57,480
	<u>174,339</u>	<u>117,086</u>

### 10 Staff costs

	2019 £	2018 £
Wages and salaries	2,142,917	2,113,305
Social security costs	182,401	173,269
Operating costs of defined benefit pension schemes	489,218	483,918
Staff costs	<u>2,814,536</u>	<u>2,770,492</u>
Supply staff costs	6,195	565
Staff development and other staff costs	17,450	22,828
Total staff expenditure	<u>2,838,181</u>	<u>2,793,885</u>

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	37	37
Administration and support	74	72
Management	7	7
	<u>118</u>	<u>116</u>

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
	<u>-</u>	<u>1</u>

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff costs

(Continued)

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £929,066 (2018: £937,035).

### 11 Trustees' remuneration and expenses

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

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

#### G Ball:

- Remuneration £50,001 - £60,000 (2018: N/A)
- Employers Pension Contributions £5,000 - £10,000 (2018: N/A)

#### G Bettany:

- Remuneration £60,001 - £70,000 (2018: £60,001 - £70,000)
- Employers Pension Contributions of £5,000 - £10,000 (2018: £5,000 - £10,000)

During the period ended 31 August 2019, there were £nil travel and subsistence expenses paid to trustees (2018: £nil).

### 12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £3,997 (2018: £3,997).

### 13 Intangible fixed assets

	Computer software £
<b>Cost</b>	
At 1 September 2018 and at 31 August 2019	5,826
<b>Amortisation</b>	
At 1 September 2018	4,208
Charge for year	1,618
At 31 August 2019	5,826
<b>Net book value</b>	
At 31 August 2019	-
At 31 August 2018	1,618

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 14 Tangible fixed assets

	Land and buildings	Leasehold improvement	Fixtures, fittings & equipment	Assets under construction	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2018	11,301,321	93,067	27,664	3,348	11,425,400
Additions	-	6,226	47,019	112,357	165,602
At 31 August 2019	11,301,321	99,293	74,683	115,705	11,591,002
<b>Depreciation</b>					
At 1 September 2018	625,428	12,673	4,887	-	642,988
Charge for the year	288,659	9,427	7,973	-	306,059
At 31 August 2019	914,087	22,100	12,860	-	949,047
<b>Net book value</b>					
At 31 August 2019	10,387,234	77,193	61,823	115,705	10,641,955
At 31 August 2018	10,675,893	80,394	22,777	3,348	10,782,412

### 15 Debtors

	2019 £	2018 £
Trade debtors	1,260	13,275
VAT recoverable	40,649	26,219
Other debtors	-	656
Prepayments and accrued income	55,593	59,467
	97,502	99,617

### 16 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	178,691	93,249
Other taxation and social security	44,946	42,863
Other creditors	48,349	46,622
Accruals and deferred income	117,763	106,049
	389,749	288,783

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

17	Deferred income	2019 £	2018 £
	Deferred income is included within:		
	Creditors due within one year	88,604	73,598
	Deferred income at 1 September 2018	73,598	81,308
	Released from previous years	(73,598)	(81,308)
	Amounts deferred in the year	88,604	73,598
	<b>Deferred income at 31 August 2019</b>	<b>88,604</b>	<b>73,598</b>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals of £77,368 (2018: £70,103) and Outdoor Education Income of £11,236 (2018: £3,495).

## 18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(3,116)	2,905,641	(2,772,871)	(127,762)	1,892
Other DfE / ESFA grants	35,508	282,337	(311,579)	-	6,266
Other government grants	69,867	33,438	(103,305)	-	-
Other restricted funds	38,814	55,414	(94,228)	-	-
Pension reserve	(1,373,000)	-	(129,000)	(617,000)	(2,119,000)
	<u>(1,231,927)</u>	<u>3,276,830</u>	<u>(3,410,983)</u>	<u>(744,762)</u>	<u>(2,110,842)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	10,676,748	-	(291,263)	-	10,385,485
DfE group capital grants	43,284	52,605	(5,542)	-	90,347
Capital expenditure from GAG	41,098	-	(4,987)	127,762	163,873
Capital Donations	27,714	-	(3,892)	-	23,822
Capital Expenditure from other DfE/ESFA grant	5,065	-	(1,991)	-	3,074
	<u>10,793,909</u>	<u>52,605</u>	<u>(307,675)</u>	<u>127,762</u>	<u>10,666,601</u>
<b>Total restricted funds</b>	<u>9,561,982</u>	<u>3,329,435</u>	<u>(3,718,658)</u>	<u>(617,000)</u>	<u>8,555,759</u>
<b>Unrestricted funds</b>					
General funds	<u>344,678</u>	<u>148,265</u>	<u>(140,211)</u>	<u>-</u>	<u>352,732</u>
<b>Total funds</b>	<u>9,906,660</u>	<u>3,477,700</u>	<u>(3,858,869)</u>	<u>(617,000)</u>	<u>8,908,491</u>



# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 18 Funds

(Continued)

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

#### **General Annual Grant**

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy Trust. During the year, capital projects were funded via a GAG transfer as per the instructions of the Academy Trust.

#### **Other DfE/EFA grants**

Other DfE/EFA grants include further grants received from the DfE/EFA including pupil premium, insurance and start-up grants. Expenditure relating to these grants is controlled and used specifically as set out in the conditions of the grant.

#### **Other government grants**

Other government grants include grants received from the local authority including SEN funding. Expenditure relating to these grants is controlled and used specifically as set out in the conditions of the grant.

#### **Other restricted funds**

Other restricted funds include any restricted donations, school fund income and other activities whereby the income is to be used for restricted purposes.

#### **Pension reserve**

The restricted pension reserve represents the deficit on the Academy Trust's share of the Local Government Pension Scheme as at 31 August 2019.

#### **Restricted fixed asset fund**

Inherited funds represent the carrying value of the assets inherited on conversion less depreciation charged. DfE/EFA capital grants represent the carrying value of cumulative DfE/EFA capital grants spent on fixed items less depreciation charged.

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,685)	2,927,121	(3,070,942)	143,390	(3,116)
Other DfE / ESFA grants	15,607	258,647	(233,506)	(5,240)	35,508
Other government grants	4,682	143,503	(78,318)	-	69,867
Other restricted funds	26,866	43,321	(31,373)	-	38,814
Pension reserve	(1,437,000)	-	(146,000)	210,000	(1,373,000)
	<u>(1,392,530)</u>	<u>3,372,592</u>	<u>(3,560,139)</u>	<u>348,150</u>	<u>(1,231,927)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	10,966,393	-	(289,645)	-	10,676,748
DfE group capital grants	30,776	18,096	(5,588)	-	43,284
Capital expenditure from GAG	40,221	-	(4,827)	5,704	41,098
Capital Donations	23,471	7,212	(2,969)	-	27,714
Capital Expenditure from other DfE/ESFA grant	-	-	(175)	5,240	5,065
	<u>11,060,861</u>	<u>25,308</u>	<u>(303,204)</u>	<u>10,944</u>	<u>10,793,909</u>
<b>Total restricted funds</b>	<u>9,668,331</u>	<u>3,397,900</u>	<u>(3,863,343)</u>	<u>359,094</u>	<u>9,561,982</u>
<b>Unrestricted funds</b>					
General funds	<u>420,212</u>	<u>156,625</u>	<u>(83,065)</u>	<u>(149,094)</u>	<u>344,678</u>
<b>Total funds</b>	<u>10,088,543</u>	<u>3,554,525</u>	<u>(3,946,408)</u>	<u>210,000</u>	<u>9,906,660</u>

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

#### Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Barnfields Primary School	97,093	110,021
Leasowes Primary School	261,525	376,146
Central services	2,272	(415)
Total before fixed assets fund and pension reserve	360,890	485,751
Restricted fixed asset fund	10,666,601	10,793,909
Pension reserve	(2,119,000)	(1,373,000)
Total funds	8,908,491	9,906,660

#### Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Barnfields Primary School	1,186,220	231,642	69,672	247,007	1,734,541	1,819,076
Leasowes Primary School	1,090,353	256,789	40,175	234,991	1,622,308	1,688,595
Central services	(1,164)	107,582	-	87,926	194,344	135,531
	2,275,409	596,013	109,847	569,924	3,551,193	3,643,202

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	10,641,955	10,641,955
Current assets	352,732	397,907	24,646	775,285
Creditors falling due within one year	-	(389,749)	-	(389,749)
Defined benefit pension liability	-	(2,119,000)	-	(2,119,000)
	352,732	(2,110,842)	10,666,601	8,908,491

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Intangible fixed assets	-	-	1,618	1,618
Tangible fixed assets	-	-	10,782,412	10,782,412
Current assets	344,678	429,856	9,879	784,413
Creditors falling due within one year	-	(288,783)	-	(288,783)
Defined benefit pension liability	-	(1,373,000)	-	(1,373,000)
	<u>344,678</u>	<u>(1,231,927)</u>	<u>10,793,909</u>	<u>9,906,660</u>

### 20 Pensions and similar obligations

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

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

Contributions amounting to £48,097 (2018: £46,910) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

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

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 20 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £224,323 (2018: £227,070).

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

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

#### 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 21.6% for employers and 5.5% - 12.5% for employees.

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

Total contributions made	2019 £	2018 £
Employer's contributions	175,000	147,000
Employee's contributions	44,000	38,000
Total contributions	219,000	185,000

Principal actuarial assumptions	2019 %	2018 %
Rate of increases in salaries	2.7	2.8
Rate of increase for pensions in payment	2.3	2.4
Discount rate	1.8	2.8
Inflation assumption (CPI)	2.3	2.4

# THE SOUTH EAST STAFFORD ACADEMY TRUST

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

### 20 Pensions and similar obligations

(Continued)

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

	2019 Years	2018 Years
Retiring today		
- Males	22.1	22.1
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.4	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £	2018 £
Discount rate + 0.1%	(86,600)	(59,000)
Discount rate - 0.1%	86,600	59,000
Mortality assumption + 1 year	135,000	71,000
Mortality assumption - 1 year	(135,000)	(71,000)
CPI rate + 0.1%	73,000	48,600
CPI rate - 0.1%	(73,000)	(48,600)

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

	2019 Fair value £	2018 Fair value £
Equities	864,280	704,200
Bonds	279,620	191,140
Property	101,680	80,480
Other assets	25,420	30,180
Total market value of assets	1,271,000	1,006,000
Actual return on scheme assets - gain/(loss)	70,000	58,000

#### Amounts recognised in the statement of financial activities

	2019 £	2018 £
Current service cost	264,000	256,000
Interest income	(31,000)	(22,000)
Interest cost	71,000	59,000
Total operating charge	304,000	293,000

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pensions and similar obligations		(Continued)
Changes in the present value of defined benefit obligations	2019 £	2018 £
Obligations at 1 September 2018	2,379,000	2,213,000
Current service cost	264,000	256,000
Interest cost	71,000	59,000
Employee contributions	44,000	38,000
Actuarial loss/(gain)	656,000	(174,000)
Benefits paid	(24,000)	(13,000)
At 31 August 2019	3,390,000	2,379,000
Changes in the fair value of the academy trust's share of scheme assets	2019 £	2018 £
Assets at 1 September 2018	1,006,000	776,000
Interest income	31,000	22,000
Actuarial gain	39,000	36,000
Employer contributions	175,000	147,000
Employee contributions	44,000	38,000
Benefits paid	(24,000)	(13,000)
At 31 August 2019	1,271,000	1,006,000
21 Reconciliation of net expenditure to net cash flows from operating activities	2019 £	2018 £
Net income for the reporting period	(381,170)	(391,883)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(52,605)	(25,308)
Investment income receivable	(379)	(414)
Defined benefit pension costs less contributions payable	89,000	109,000
Defined benefit pension net finance cost	40,000	37,000
Depreciation of tangible fixed assets	306,058	301,262
Amortisation of intangible fixed assets	1,618	1,942
Increase in debtors	2,115	(17,508)
Increase in creditors	100,968	39,241
Net cash provided by operating activities	105,605	53,332

# THE SOUTH EAST STAFFORD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 22 Commitments under operating leases

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

	2019 £	2018 £
Amounts due within one year	5,368	6,966
Amounts due in two and five years	1,294	1,619
	<u>6,662</u>	<u>8,585</u>

### 23 Capital commitments

	2019 £	2018 £
Expenditure contracted for but not provided in the accounts	373,749	-
	<u>373,749</u>	<u>-</u>

### 24 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

WDS Architecture – Mrs Debbie Ann Wood a teacher and member of the senior leadership team, is the spouse of the owner of WDS Architecture:

The academy trust purchased architectural services WDS Architecture £20,322 (2018: £3,348) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil). The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs Wood neither participated in, nor influenced. In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook 2019. The element above £20,322 has been provided 'at no more than cost' and WDS Architecture has provided a statement of assurance confirming this.

### 25 Members' liability

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