



Somerset Road Education Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Twelve months ended 31 August 2016

**Company Registration
Number: 09343767 (England
and Wales)**

Period of account

The Somerset Road Education Trust (SRET) is a Multi-Academy Trust comprising three schools that share a campus on Somerset Road in Salisbury, Wiltshire. They are: Exeter House Special School, St Mark's CE Junior School, and Wyndham Park Infants' School.

The Somerset Road Education Trust was incorporated on 5th December 2014 and opened on 1st January 2015. This is the second set of report and accounts for the Trust and covers the year ended 31 August 2016.

As a Charity and a Company Limited by Guarantee SRET is governed by a Board of Trustees and Board of Directors respectively. These two bodies comprise the same people. In this Annual Report the word Director is used to mean Director and/or Trustee.

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SOMERSET ROAD EDUCATION TRUST

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SOMERSET ROAD EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members The Trust has 4 members	R Bexon C Clifford S Hackett (resigned 23 November 2016) H Morton (appointed 23 November 2016) G Walker
Directors & Trustees The Trust has 12 Directors/Trustees	R Bexon (Chairman) Z Bailey Hd Wyndham Park Infants' School J Bowden (resigned 25 Nov 2015) R Chapman Hd Exeter House Special School (resigned 31 December 2015) C Clifford N Curtis G Flemington Hd St Mark's CE Junior School S Hackett A Mayhew H Morton (from 23 November 2016) A Murley (from 1 January 2016) acting Hd Exeter House Special School M Podkolinski P Wain G Walker
Senior Leadership Team	G Flemington Z Bailey A Murley S Day
Company Secretary	S Day
Chief Executive Officer & Accounting Officer	R Chapman (resigned 31 December 2015) G Flemington (from 1 January 2016)
Company Name	Somerset Road Education Trust
Principal and Registered Office	c/o Exeter House School Somerset Road Salisbury SP1 3BL
Company Registration Number	09343767 (England and Wales)
Independent Auditor	Moore Stephens 33 The Clarendon Centre Salisbury Business Park Dairy Meadow Lane Salisbury Wiltshire SP1 2TJ
Bankers	Lloyds Bank plc 38 Blue Boar Row Salisbury SP1 1DB
Solicitors	Stone King 13 Queen's Square Bath BA1 2HJ

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT

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

The multi-academy trust (MAT) operates three academies located on Somerset Road, to the north east of the medieval city of Salisbury. These are:

- **Exeter House Special School** – that caters for children aged 2-19 with severe and profound multiple learning difficulties. The school has a capacity of 121 and pupil numbers of 110.
- **St Mark's CE Junior School** – that caters for children from 7-11 (years 3 – 6). It has three classes of 30 pupils in each of its four year groups, giving a total capacity of 360 pupils.
- **Wyndham Park Infants' School** – that caters for Reception and years 1 & 2 children. It has three classes of 30 pupils in each of its three year groups, giving a total capacity of 270 pupils.

The three schools are based on a shared campus which originally housed just St Mark's School but which, over the years, has been developed to become the home for all three schools. In the past they were separate schools with limited interaction but it was agreed that their future would be better served if they were to form a MAT, which they did on 1 January 2015. The vision of the company is that SRET is a unique supportive family of three schools where learning is accessible, fun and life-long, and where the teaching is always inspirational. It is a place where everyone is encouraged to always be the best they can.

Structure, Governance and Management

Constitution

The multi-academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the MAT. The Trustees of Somerset Road Education Trust Limited are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Somerset Road Education Trust.

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

Members' Liability

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

Trustees' Indemnities

Since the incorporation of the Charitable Company on 5th December 2014 the Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The indemnity is unlimited under the EFA insurance pooling scheme.

Method of Recruitment and Appointment or Election of Trustees

In accordance with the Articles of Association, the four members (see above) are responsible for the appointment of Directors/Trustees. The heads of the three schools are Trustees, three Trustees are appointed by the Diocese of Salisbury, three are the Chairs of Governors of the three schools, and we aim to have SRET representatives from the Governing Bodies of each school that is part of the Trust. New Trustees, where necessary with specific skills, will be sought as required and in the event of an excess of candidates, will be elected by a vote by the members.

The Directors who served during the period are shown above.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Policies and Procedures Adopted for the Induction & Training of Trustees

Relevant documents such as the EFA's Governors Handbook and the SRET Finance Manual are given to new Trustees on appointment and informal training is given as required for the role they will be taking on. The trustees subscribe to the Wiltshire Governors' Association and the National Governors' Association and will arrange for external training for Directors as required so that they are fully aware of their role and responsibilities.

Organizational Structure

The organization operates at three levels: the Members; the Board of Directors/Trustees and its sub-committees, and the three Local Governing Bodies (LGBs), one per school. The aim of the structure is to devolve/delegate responsibilities to the lowest level possible in the organization. The Directors set the Policies for the MAT, set the plans for the year and make major decisions about capital expenditure and senior staff appointments. The LGBs are provided with a Scheme of Delegation by which they are responsible for the day-to-day running of their school.

The CEO and the three Heads have executive responsibility for implementing the policies established by the Board of Directors and LGBs.

The Members appoint nine Directors, and the Salisbury Diocesan Board of Education (SDBE) nominates the other three Directors to preserve its interests. Each school's Local Governing Body has a remit to review its structure, which should include (but not be limited to) parent governors, staff governors, community governors, and foundation governors (for St Mark's School).

Arrangements for setting pay and remuneration of key management personnel

All staff fall under the terms of the SRET Pay Policy. All staff except the three Headteachers are reviewed by their respective LGB. The Headteachers are reviewed by their school LGB plus a representative from the other schools.

Related Parties and other Connected Charities and Organizations

The Trust has no related parties and other connected charities and organizations.

Objectives and Activities

The vision of the company is that SRET should be a unique supportive family of three schools where learning is accessible, fun and life-long, and where the teaching is always inspirational. It is a place where everyone is encouraged to always be the best they can.

The main objectives of the Trust during the period of this report have been as follows:

1. To prepare a 5-year plan, effective from 1 September 2016;
2. To continue to develop the conversion to academy and MAT status;
3. To undertake a thorough review of all Policies and Procedures and bring them to a common format across the Trust;
4. To be successful in a CIF bid for a major upgrade to the kitchens at St Mark's School and to have the new facility in place by the start of academic year 2016-17;
5. To appoint key personnel to the Trust; in-year this was a Headteacher for Wyndham Park Infants' School and a CEO for the Trust;
6. To gain additional space in Salisbury (the former John Ivie Centre) for development of the post-16 facilities offered by Exeter House Special School to address expected longer-term demand in this area.
7. To develop a CIF bid for the upgrade of the former John Ivie Centre;
8. To begin the consolidation of contracts across the Trust.

Public Benefit

Since its formation on 1 January 2015 SRET has complied with their duty to have due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

Equal Opportunities Policy

The Directors regard Equal Opportunities as an integral part of the way in which it operates and represents best practice in the workplace. The MAT wishes to operate in an environment where the contribution and needs of all people are fully valued.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Strategic Report

Achievements and Performance

This report covers the first full year in the life of the Somerset Road Education Trust. Main achievements in the year to 31 August 2016 were as follows:

1. We appointed a new head teacher at Wyndham Park School who was previously deputy head at that school.
2. We lost our Chief Executive, who was also Headteacher at Exeter House School, at the end of December 2015. His deputy stepped up to become acting Headteacher and has provided cover for the rest of the school year. We used headhunters to help us to try to appoint a new headteacher but the process produced no-one of the required calibre. We will search again in early 2017.
3. We secured use of the former John Ivie Centre from Sep 2016 – opening opportunities for a significant CIF bid to improve the building. This could transform the provision that Exeter House offers for post-16s and even beyond (19-25). The joint working of several directors led to the building being withdrawn from the open market (the Local Authority were trying to dispose of the asset) and we acquired it at minimal cost (legal transfer to the Trust on a 125-year lease and peppercorn rent).
4. A new kitchen (CIF funded) is now providing meals for both St Mark's and Exeter House. The bid was prepared, submitted, won and construction completed in the year. The project came in within budget and to a very high specification. It gives scope for the whole Trust to use the kitchen for its school meals, and potential for being a hub to other schools in the area.
5. We expended considerable effort in getting to grips with the pension deficit. This has had a material impact on our budgets but we now fully understand the issues involved.
6. St Mark's and Wyndham Park now use the same assessment system. This common approach enables better conversations about learning (consistent tool) and shared expertise (data rolls from infant to junior school – more accurate picture of the journey of each child).
7. More opportunities for joint moderation of children's work between infant/junior school – better appreciation of where children come from/go to – very useful for writing and maths.
8. Involvement of key personnel in appointments e.g. CEO in DHT and Class teacher appointments at Wyndham Park and CEO/Directors in HT appointment at Exeter House – shared expertise.
9. The After School Klub (ASK) caters for children at St Mark's and Wyndham Park, using staff from Exeter House and St Mark's. This enables us to provide quality wrap around care until 5.30 pm.
10. The Breakfast Club provision offered at Wyndham Park caters for both St Mark's and Wyndham Park schools and provides quality, affordable care from 8.00 am for working parents.
11. We have written a unique Campus Travel Plan for all four institutions on site. This will enable us to address a common problem with a common, simple solution for the benefit of all.
12. We have formed a working party to Investigate an integrated IT system for all schools in the Trust.
13. We have improved financial monitoring and reporting to directors. We are now using a common format we developed using the skills of one of our directors.
14. Exeter House appointed its first apprentices (TAs). As a large employer SRET has a significant obligation from April 2017 – more opportunities (pathways to progress) are being planned.
15. We recently lost our Cluster Fundraiser who was employed by SRET. She generated over £150,000 for the trust in three years. We are about to appoint her successor as the role is a vital one.
16. On World Sports Day we held a SRET-wide Joint sport project – staff and children working together.

Pupil numbers are growing, demonstrating the trust and confidence that parents have in the three schools. Wyndham Park is full, St Mark's is almost full and Exeter House is expanding. Specific highlights from each school follow below.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Key Achievements 2015 - 16

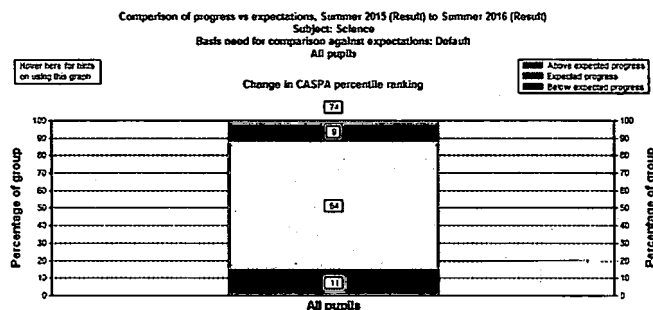
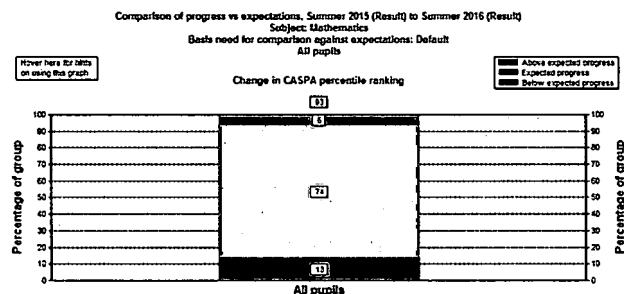
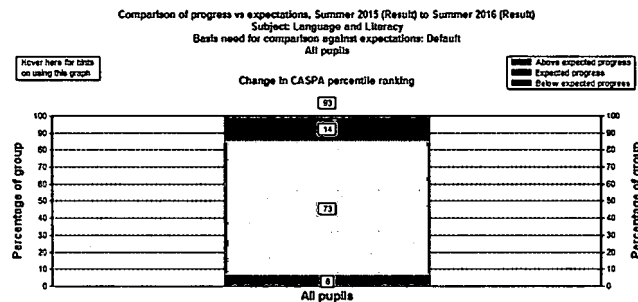
School-specific highlights

Exeter House Special School

Strengths

Evidence presented indicates that progress overall is **EXCELLENT** in English & Maths;

- Whole school key stage to key stage progress in English is **SUPERB**- 86% students expected progress or better.
- Whole school key stage to key stage progress in Maths is **GOOD**- 76% students expected progress or better.
- Groups of students; FSM and LAC do not make significantly different progress to their peers in core subjects.
- Over 75% of PP children make **EXPECTED OR ABOVE** progress in all core subjects.



Other key achievements

- We held an art exhibition at school in May 2016 to celebrate and share the students' amazing art work. The event was a great success and we will aim to make this an annual event.
- We were fortunate to be able to involve our students in working with The Myrtle Theatre Company and ultimately performing two curtain raisers for the much acclaimed *Up Down Man* at Salisbury Playhouse.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

- Our continuing collaboration with *La Folia* this year has been truly ground-breaking as we have become the first special school to sing at Evensong in any cathedral in the country. We worked alongside Salisbury Cathedral School and the Cathedral itself to write and compose our songs. Given that this has never been done before it sparked a lot of interest in the media and we were filmed by the BBC.
- In February, the secondary department put together and performed a fantastic and comical drama production called "An Evening with Roald Dahl".
- Nine of our older students have signed up for their Duke of Edinburgh's Award Scheme.
- During Science Week we were lucky to work with staff and students from Salisbury 6th Form, Bishops Wordsworth and Chafyn Grove. We also had a visit from WildSci who brought animals for the students to hold. The impact was very positive with high levels of engagement displayed from the pupils, and the staff have been left with many ideas about activities they can now develop within their own classrooms.
- We have continued to build our collaborative working partnership with Positive Behaviour Solutions not only in the area of behaviour Management, but also in the implementation of evidence based Literacy and Numeracy interventions. This has included involvement in a research project with Southampton University. Data has shown very positive results from all three interventions, and in some cases this has resulted in a continued improvement in outcomes that exceeded expectations after the intervention has finished.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

St Mark's CE Junior School

St Mark's tops the table for all local schools feeding into both of the Grammar Schools. It now outperforms all private and maintained schools.

Attainment (test results) was very strong for KS2 in 2015 – the best results ever. 2016 saw a radical change in how children were assessed. We exceeded the national standard for reading, writing and maths (57% cf 53%). Our reading and GPS results were pleasingly strong.

St Mark's CofE Junior School, Salisbury

2016 KS2 VA

Overview

KS2 Attainment 2016 - Actual results
86 pupils

Average Scaled Score (Re, Ma)

104.4+



Significantly above the national average (102.7) ←

% Expected standard+ (Re, Wr, Ma)

56%↓



In line with the national average (52%) ←

KS2 Progress 2016 - Value Added
85 matched pupils

Average Scaled Score (Re, Ma)

-0.3



In line with the national average (0) ←

% Expected standard+ (Re, Wr, Ma)

-7%



In line with the national average (0%) ←

Attainment & progress

KS2 Attainment 2016
86 pupils

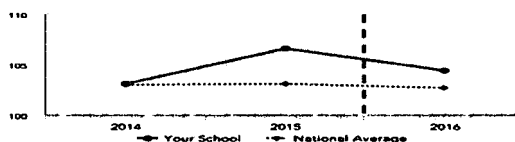
Average Scaled Score (Re, Ma)

104.4+

FFT Rank 27

LOW 60 40 20 HIGH

Significantly above the national average (102.7)



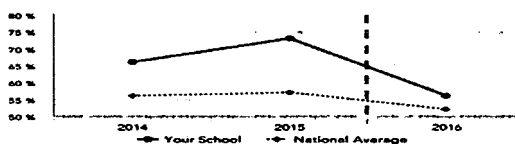
% Expected standard+ (Re, Wr, Ma)

56%↓

FFT Rank 46

LOW 60 40 20 HIGH

In line with the national average (52%)



KS2 Progress 2016
85 matched pupils

Average Scaled Score (Re, Ma)

-0.3

FFT Rank 56

LOW 60 40 20 HIGH

In line with the national average (0)

% Expected standard+ (Re, Wr, Ma)

-7%

FFT Rank 70

LOW 60 40 20 HIGH

In line with the national average (0%)

- **Schools Direct** - St Mark's is the lead school for a consortium of six schools who are offering Schools Direct teacher training placements for 2017-18 with Winchester University – confirmed by NCTL.
- **TA Intern Programme** - our unique approach has trained nineteen people over three years. Eight of these people now work in the school and are fulfilling their ambition to work with children.
- **Building developments** – finished seating area for parents, bicycle/scooter shed, suite of conference rooms. Our successful bid to the CIF fund has provided a state of the art kitchen.
- **Promotions** – Two Senior Leaders (YL to DHT and DHT to HT) have gained promotions in the last year. Although the turnover is not without its consequences it ensures 'our DNA' stays in the local gene pool.
- **After School Care** - In the last year we have launched our after school club. There are up to 30 children accommodated (age 4-11) daily in a quality, on-site provision.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

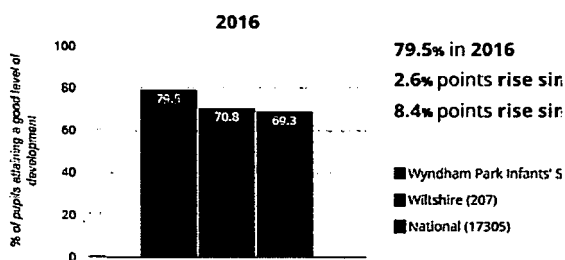
- **Two school-to-school projects** (written into teachers' appraisal targets), One involves school to school support between experienced/inexperienced subject leaders for DL or AG&T. One involves a pedagogical shift between three schools regarding mastery and growth mindset.
- **USP** The school is unique in the local area for offering specialist teaching in PE, Music and Computing to all children. The standards achieved and the engagement of children has risen significantly. Many parents recognise the benefits.

SOMERSET ROAD EDUCATION TRUST

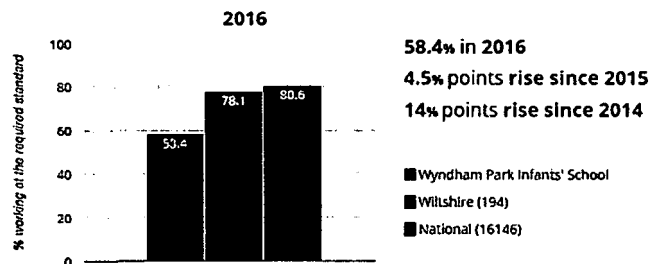
TRUSTEES' REPORT (CONTINUED)

Wyndham Park Infants' School

Early Years – Good Level of Development



Year 1 – Phonics Working At



- At the end of Reception, our children have continued to perform exceptionally well and we are significantly above the national results. On entry, our baseline shows that children enter broadly in line with age related expectations so progress in Reception is good.
- Since 2015 we have had a 4.5% rise in the number of children reaching the expected standard in phonics at the end of Year 1. However, we still remain significantly below the national data. This continues to be a key area of focus for school development in order to raise standards in phonics. For the children that retake the test in Year 2, 68.4% of the pupils achieved the expected standard compared with 66.7% nationally. This is a 13.3% rise for our school since 2015.

Year 2

Percentage of pupils attaining age related expectations and above in 2016	School	National
Reading	79.8%	74%
Writing	62.9%	65.5%
Maths	80.9%	72.2%

KS1 Attainment 2016 - Actual results

89 pupils

% Expected Standard + (Re, Wr, Ma)

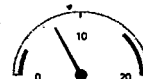
% Higher Standard (Re, Wr, Ma)

60%



In line with the national average (60%)

7%



In line with the national average (7%)

- Significant changes to assessment this year mean that we are not able to compare our data with previous years as the expectations have risen dramatically.
- We have remained above national data in reading and maths for children achieving the expected standard and above. We achieved slightly below other schools nationally in writing and this is now an area for development.
- At the end of Year 2, 24.7% of children were working at the greater depth standard in reading compared with 23.6% nationally. 10.1% of children were working at the greater depth standard in writing compared with 13.3% nationally. 12.4% of children were working at the greater depth standard in maths compared with 17.8% nationally. Giving opportunities to develop depth and mastery is now a focus for this year.

Other Key Achievements

- A new school vision, aims and values were created by staff, children, governors and parents and this is now embedded throughout the school.
- Whole staff CPD has brought about some key changes in our approach to teaching and learning (chilli challenges) and deployment of TAs which has helped to raise standards.
- Our school hosted an Able and Interested maths morning for cluster schools where 25 children worked together to develop problem solving and reasoning skills.
- We successfully achieved our Bronze School Mark from Sustrans for sustainable school travel.
- More opportunities for outdoor learning are now included in our curriculum throughout the school and in particular, lots of our science curriculum is taught outside.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

- Each year group rehearsed and performed excellent shows to their parents and families including Christmas Around the World, The Easter Chocolate Mousse and Roald Dahl: A Hundred Years.

Key Performance Indicators

Key Indicators of each school's performance (such as Ofsted inspection reports, examination and Key Stage results, attendance data, pupil recruitment data and use of Pupil Premium funds) are available on each school's web site in accordance with DfE requirements, or can be obtained on request from the relevant school office.

Going Concern

The Trust has increased its reserves during the year. The Board of Directors has a reasonable expectation that the Trust has adequate resources to continue to operate successfully for the foreseeable future. For this reason it has adopted the going concern basis to prepare the financial statements (see accounting policies)

Financial Review

In the period covered by this report the Directors report an in-year surplus of £124,960.

The majority of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. Additional funding is received from local authorities for provision to high needs students. The grants received from the EFA and local authorities during the period to 31st August 2016 and associated expenditure are shown as restricted funds in the statement of activities.

At 31st August 2016, the balances in the trust's revenue funds were:

Restricted £229,798

Restricted capital fund £48,148

Unrestricted funds £285,483

During the period the SRET undertook a major CIF-funded upgrade to the kitchens at St Mark's School. No other major capital or other works were undertaken in the period. A comprehensive list of future CIF bids is in the new 5-year plan.

Reserves Policy

The Board has set itself the target of achieving reserves in each school of 5-8% of annual turnover by the year 2020. These reserves will not be designated for specific projects but rather will enable the Trust to weather the changes and uncertainties in the current educational environment. At the end of the period, the amount in reserves at the three schools, excluding school fund, were as follows:

Exeter House School £214,027 equivalent to 8% of annual turnover

St Mark's School £176,088 equivalent to 13% of annual turnover

Wyndham Park School £106,155 equivalent to 9% of annual turnover

Investment Policy

The Board of Directors may seek to invest further in the Trust's charitable aims ensuring that the investment risk is properly managed. The Board of Directors have delegated to the Chief Executive Officer the use of any spare funds held. If available, these may be placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme.

Principal Risks and Uncertainties

A risk management framework has been established under which risks to the MAT are monitored regularly. These fall into four categories:

- Strategic & reputational risks
- Operational risks
- Compliance risks
- Financial risks

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

SRET feels that it has a solid base from an education standpoint. St Mark's and Wyndham Park schools are very popular with the local community and are running at capacity. Exeter House School provides unique provision for SEND pupils in South Wiltshire. Its funding is from two sources – the EFA and Top Up funding from Local Authorities for its pupils. It is therefore harder for Exeter House to predict its income and this presents a risk.

As detailed above, there is significant scope for Exeter House to expand its numbers but to do this it needed to acquire further accommodation. It has acquired additional premises in Salisbury that are ideal for its needs. The risk that the school would miss CIF funding if this transfer of ownership had not been achieved has therefore been reduced.

Financial risks to the MAT include:

- a drop in pupil numbers which would affect DfE income and LA funding (for Exeter House School) , although there is little sign of this happening, all three schools being very popular.
- reducing DfE funding per pupil due to central government cost pressures.
- the Local Government Pensions Scheme Deficit which has a particularly adverse effect on special schools where a higher proportion of staff are part of this scheme than mainstream schools. The SRET has recognized the deficit and a fixed sum repayment has been negotiated in order to repay it. This is a substantial cost that will need to be met over the repayment period, and it may fluctuate when the valuation of the pension scheme is carried out triennially.

To mitigate these risks, school's financial reports are monitored closely and the aim is to build reserves to a level of 5-8% of annual expenditure over the next 5 years.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Plans for Future Periods

The SRET intends to put forward several bids into the EFA Condition Improvement Fund (CIF) programme for 2017:

Following the acquisition by SRET of the former John Ivie Centre on a 125-year lease Exeter House School will be submitting a CIF bid for improvements and redesign of the interior of the building.

St Mark's School will be bidding for funds for roofing problems and upgrade to some toilets;
and

Wyndham Park School will be looking for funds for glazing problems and for a new front entrance.

Five-year plan

The SRET Directors have drawn up a 5-year plan for the MAT taking account of individual Schools' Development Plans. The main Goals are as follows:

Goal 1 Governance of the MAT

- To review and clarify the governance arrangements of the MAT and agree a way forward
- To have a thriving and growing partnership across the schools
- To have a clear vision, role and strategy for SRET and the SRET Board
- To be a strong, effective and fully compliant MAT

Goal 2: Teaching and Learning

- To achieve and maintain excellence in the standard of provision
- To be a place where expertise is shared within and beyond the MAT to enhance learning
- To have integration of children across the three schools so that the children's experiences are consistently enriched

Goal 3: Staff

- There is high quality CPD across the schools and good consistent role development at all levels
- There is good interaction of all staff across the schools
- Staff morale and well-being is high so that recruitment and retention is healthy

Goal 4: Finance & Site Planning

- Long term financial sustainability
- Maximising site potential
- Developing additional sources of income

Goal 5: Projects

- To draw up and maintain a list of projects of all types that cover the three schools and the MAT as a whole.

SRET is seeking to appoint senior positions. For example, Exeter House School has the task of appointing a new Headteacher; this is a SRET appointment but will require LGB input.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Funds held as Custodian Trustees on Behalf of Others

SRET does not hold any assets or arrangements as Custodian Trustees on behalf of others.

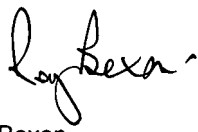
Auditor

In so far as the trustees are aware:

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

A resolution proposing that Moore Stephens (South) LLP 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 09 December 2016 and signed on its behalf by:



R Bexon
Chairman

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

As trustees we acknowledge that we have overall responsibility for ensuring that Somerset Road Education Trust has an effective and appropriate system of controls, 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 Directors has delegated the day-to-day responsibility to the **Chief Executive Officer**, as Accounting Officer, for ensuring that 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 agreements between Somerset Road Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Directors 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 Directors has formally met six times during the year covered by this report. Attendance at meetings of the Board of Directors during the period was as follows:

Trustee	Role	Meetings attended	Out of a possible
R Bexon	Chairman	6	6
Z Bailey	Hd WP	5	6
J Bowden*	DSET member (resigned 25/11/15)	0	2
R Chapman	Hd EH; CEO (resigned 31/12/15)	2	2
C Clifford	CoG EH	6	6
N Curtis	Legal	3	6
G Flemington	Hd StM (CEO from 1/1/16)	6	6
S Hackett	CoG WP (until 23/11/16)	5	6
A Mayhew*	H&S and Estates	5	6
H Morton	CoG WP (from 23/11/16)	0	0
A Murley	Acting Hd EH (from 1/1/16)	3	4
M Podkolinski	Finance	5	6
P Wain*	Safeguarding	4	6
G Walker*	Audit	6	6

Legend for table:

CoG - Chair of Governors; EH - Exeter House Special School; Hd - Headteacher; StM - St Mark's CE Junior School; WP-Wyndham Park Infants' School; * Appointed by the Diocese of Salisbury Education Trust

The following changes to the Members and Board of Directors took place during the reporting period:

Mr R Chapman, Headteacher of Exeter House School and MAT CEO resigned on 31 December 2015 and moved to a post in Birmingham. His deputy, Mrs A Murley assumed the post of acting Headteacher and Mr G Flemington, Hd St Mark's School, became CEO and Accounting Officer.

Miss Z Bailey was interviewed and appointed as Headteacher of Wyndham Park Infants' School as of 1 September 2015.

Mr J Bowden resigned from being a Director on 25 November 2015.

Mr S Hackett ceased to be a Member on 23 November 2016 having resigned as CoG of Wyndham Park School. He remained as a Director filling the vacancy created by the resignation of Mr J Bowden.

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Mr H Morton replaced Mr Hackett as CoG at Wyndham Park School and was appointed as a Member and Director on 23 November 2016.

During the period of this report the Trust has had an Operations Board comprising those members of the Board who are available at 0800 every Friday. This group has dealt with the day to day issues involved in consolidating the Trust and in resolving issues raised by the CEO.

Governance Reviews

During the period of this report the schools have continued the process of reviewing the format of their Local Governing Bodies, their sub-committees and their composition. St Mark's and Wyndham Park schools have fully incorporated sub-committee meetings back into the main LGB meetings, providing a better use of senior staff time. The Scheme of Delegation issued in-year to each LGB requires them to consider the make-up of their LGB and to recommend annually to the Directors the LGB structure they wish to use in the coming academic year.

A review of Governance arrangements forms part of the Trust's 5-year plan.

Finance Committee

The Finance Committee is a sub-committee of the main board with coopted members from the three schools. The Board of Directors has approved a written scheme of delegation of financial powers that maintains robust internal control arrangements. The Finance Committee has been delegated financial scrutiny and oversight.

The finance committee is chaired by the Finance Director Mark Podkolinski and comprises:

- The Finance Director (chairman)
- The CEO
- The chairs on the school finance sub-committees
- SRET Business Manager
- Gavin Walker, Director

In addition, the three Business Managers (one per school) attend as required.as required

The committee met nine times during the year. The extra meetings were to agree the previous year's accounts and to agree the budgets for the following year. The routine work of the committee included: the regular scrutiny of each school's financial report, agreeing further [policies and changes to the financial manual, agreeing changes to the reporting format, reviewing the committee terms of reference, and discussing school budgets.

Attendance at formal meetings was as follows:

Finance Committee Member	Role	Meetings attended	Out of a possible
M Podkolinski	Chairman/Chair EH Finance	9	9
R Chapman	CEO (resigned Dec 2015)	2	4
G Flemington	CEO (started Jan 2016)	6	6
A Bailey	Chair St Mark's Finance	8	9
R McClay	Chair WP Finance (res Dec 2015)	0	4
N Marshall	Chair WP Finance (from Jan 2016)	1	5
S Day	SRET Business Manager	7	9
G Walker	Director	8	9
C King	St Mark's B.M.	5	8
A Goodman	WP B.M.	6	8

Audit Committee

The Audit Committee is a sub-committee of the main Board. Its purpose is to monitor the SRET's governance, risk management, internal control and value for money framework.

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The audit committee is chaired by Gavin Walker, a Director, and comprises:

Gavin Walker (chairman)
Neil Curtis
Angus Mayhew

They have met four times in the financial year and all attended each meeting. They have also maintained regular informal contact. They have been responsible for:

1. Reviewing work carried out by the internal auditors and ensuring recommendations are carried out.
2. Reviewing the recommendations following the external audit and ensuring they are carried out.
3. Continuing to develop relevant MAT policies.
4. Identification of high level risks and ensuring their discussion at the Board meetings.

Health & Safety Committee

The Health and Safety Committee is a sub-committee of the main Board. Its purpose is to monitor SRET's health and safety policies, procedures and audits and to report to the main Board.

The Health and Safety committee is chaired by Angus Mayhew, a Director and property development consultant and comprises:

Angus Mayhew (chairman)
Gareth Flemington (CEO and St Marks Head)
Zoe Bailey (Wyndham Park Head)
Alison Murley (Exeter House Head)
Sharon Day (SRET and Exeter House Business Manager)
Alison Goodman (Wyndham Park Business Manager)
Clare King (St Mark's Business Manager)
Cyril Nelhams (Site Manager)

They have met twice formally since May (all members attended both meetings) and are now meeting termly. They have been responsible for:

- 1 Agreeing their Terms of Reference
- 2 Creating various MAT policies
- 3 Monitoring each school H&S procedures and audits
- 4 Identification of high level risks

Review of Value for Money

As Accounting Officer, the CEO has responsibility for ensuring that the SRET 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 SRET's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The SRET has achieved improved value for money during the year and in the following areas in particular:

- Multiple quotes have been sought for all projects, resulting in excellent value for money solutions within the budget available.
- Streamlining of Policies (eg tree survey, Legionella survey and asbestos review) , and their implementation across the whole of SRET, has resulted in good value for money and the standardization of processes and procedures, saving effort and using best practice from within the schools in the SRET.
- Use of professionals within the three schools to provide advice and guidance across the Trust.
- Training on a SRET-wide basis has reduced training costs and ensured that all schools have the same basis for their training. Our longer term objective is to be a teaching/training school.

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 prioritize the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively and economically. A system of internal control has existed within each school since the period of the MAT's formation. During the accounting period a process of aligning the systems to a MAT wide system of internal control has been carried out and is in place at the date of the approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the SRET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the MAT's significant risks that has been put in place during the period since its formation on 5th December 2014, and this is in place at 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 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 balanced budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the finance committee and the Board of Directors 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 Directors has considered the need for a specific internal audit function and has continued to engage **Wiltshire Council** to provide the internal audit function.

The **internal auditor** role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included testing of the income and purchase systems and a high level review of controls in place in each school.

No major risks were identified by the internal auditors.

Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the SRET who have responsibility for the development and maintenance of the internal control framework

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

SOMERSET ROAD EDUCATION TRUST
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

Approved by order of the members of the Board of Directors on 9th December 2016 and signed on its behalf by:



Signed

Roy Bexon
Chair of the Board



Signed

Gareth Flemington
Accounting Officer

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Somerset Road Education Trust I have considered my responsibility to notify the multi-academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the multi-academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



G Flemington
Accounting Officer

09 December 2016

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable

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

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

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

Approved by order of the board of trustees on 09 December 2016 and signed on its behalf by:



R Bexon
Chairman

SOMERSET ROAD EDUCATION TRUST

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

We have audited the accounts of Somerset Road Education Trust for the year ended 31 August 2016 set out on pages 16 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees, who are also the directors of Somerset Road Education Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

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

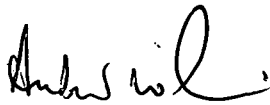
SOMERSET ROAD EDUCATION TRUST

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

Matters on which we are required to report by exception

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

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



Andrew Williams (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

Chartered Accountants

Statutory Auditor

33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Dated:

9/12/2016

SOMERSET ROAD EDUCATION TRUST

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

In accordance with the terms of our engagement letter dated 8 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Somerset Road Education Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Somerset Road Education Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Somerset Road Education Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Somerset Road Education Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Somerset Road Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Somerset Road Education Trust's funding agreement with the Secretary of State for Education dated 19th December 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:


- consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the academy trust;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- consideration of discussions with key personnel including the accounting officer and governing body;
- tests of control have been carried out on a control activity which are relevant to regularity;

SOMERSET ROAD EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOMERSET ROAD EDUCATION TRUST AND THE EDUCATION 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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Williams
Reporting Accountant

Moore Stephens (South) LLP

Dated: 9/12/2016

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	38,767	-	203,995	242,762	61,143
Donations - transfer from local authority on conversion		-	-	-	-	17,728,074
Charitable activities:						
- Funding for educational operations	3	-	5,109,543	-	5,109,543	3,397,264
Other trading activities	4	181,284	67,931	-	249,215	174,982
Investments	5	858	-	-	858	614
Total income and endowments		<u>220,909</u>	<u>5,177,474</u>	<u>203,995</u>	<u>5,602,378</u>	<u>21,362,077</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	194,822	5,043,433	358,191	5,596,446	3,862,384
Total expenditure	6	<u>194,822</u>	<u>5,043,433</u>	<u>358,191</u>	<u>5,596,446</u>	<u>3,862,384</u>
Net income/(expenditure)		26,087	134,041	(154,196)	5,932	17,499,693
Transfers between funds		(2,883)	(27,285)	30,168	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(839,000)	-	(839,000)	(16,000)
Net movement in funds		23,204	(732,244)	(124,028)	(833,068)	17,483,693
Reconciliation of funds						
Total funds brought forward		262,279	(1,045,958)	18,267,372	17,483,693	-
Total funds carried forward		<u>285,483</u>	<u>(1,778,202)</u>	<u>18,143,344</u>	<u>16,650,625</u>	<u>17,483,693</u>

SOMERSET ROAD EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative information ended 31 August 2015	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2015
		£	£	£	£
Income and endowments from:					
Donations and capital grants	2	16,943	-	44,200	61,143
Donations - transfer from local authority on conversion		399,161	(1,032,000)	18,360,913	17,728,074
Charitable activities:					
- Funding for educational operations	3	-	3,397,264	-	3,397,264
Other trading activities	4	117,237	57,745	-	174,982
Investments	5	614	-	-	614
Total income and endowments		533,955	2,423,009	18,405,113	21,362,077
Expenditure on:					
Charitable activities:					
- Educational operations	7	99,527	3,530,284	232,573	3,862,384
Total expenditure	6	99,527	3,530,284	232,573	3,862,384
Net income/(expenditure)		434,428	(1,107,275)	18,172,540	17,499,693
Transfers between funds		(172,149)	77,317	94,832	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(16,000)	-	(16,000)
Net movement in funds		262,279	(1,045,958)	18,267,372	17,483,693
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		262,279	(1,045,958)	18,267,372	17,483,693

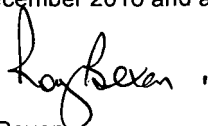
SOMERSET ROAD EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	11	18,099,630	18,219,033
Current assets			
Debtors	12	155,893	242,843
Cash at bank and in hand		838,508	489,369
		994,401	732,212
Current liabilities			
Creditors: amounts falling due within one year	13	(403,326)	(293,552)
Net current assets		591,075	438,660
Total assets less current liabilities		18,690,705	18,657,693
Creditors: amounts falling due after more than one year	14	(32,080)	-
Net assets excluding pension liability		18,658,625	18,657,693
Defined benefit pension liability	18	(2,008,000)	(1,174,000)
Net assets		16,650,625	17,483,693
Funds of the multi-academy trust:			
Restricted funds	16		
- Fixed asset funds		18,143,344	18,267,372
- Restricted income funds		229,798	128,042
- Pension reserve		(2,008,000)	(1,174,000)
Total restricted funds		16,365,142	17,221,414
Unrestricted income funds	16	285,483	262,279
Total funds		16,650,625	17,483,693

The accounts set out on pages 25 to 48 were approved by the board of trustees and authorised for issue on 09 December 2016 and are signed on its behalf by:


R Bexon
Chairman

Company Number 09343767

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		350,994		136,087
Cash funds transferred on conversion			-		399,161
			<u>350,994</u>		<u>535,248</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		858		614	
Capital grants from DfE and EFA		203,995		(25,800)	
Capital funding from sponsors and others		-		35,000	
Payments to acquire tangible fixed assets		<u>(238,788)</u>		<u>(55,693)</u>	
			(33,935)		(45,879)
Cash flows from financing activities					
Repayment of long term bank loan		<u>32,080</u>		<u>-</u>	
			<u>32,080</u>		<u>-</u>
Change in cash and cash equivalents in the reporting period			<u>349,139</u>		<u>489,369</u>
Cash and cash equivalents at 1 September 2015			<u>489,369</u>		<u>-</u>
Cash and cash equivalents at 31 August 2016			<u><u>838,508</u></u>		<u><u>489,369</u></u>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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

Somerset Road Education Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Somerset Road Education Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 5 December 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

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 multi-academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the multi-academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants receivable

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

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

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

Sponsorship income

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Donations

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

Other income

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

Donated goods, facilities and services

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the multi-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 multi-academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Land and buildings	50 years (Buildings only)
Property improvements	20 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	4 years

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

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

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

1.8 Taxation

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

1.9 Pensions benefits

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi-academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the multi-academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.10 Fund accounting

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

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

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

1.11 Financial instruments

The only financial instruments held by the School are debtors and creditors. These are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at their transaction price less any impairment.

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

On conversion to an academy trust, the asset and liabilities of the Trust are measured at fair value. This includes any buildings. The valuation of the buildings involves a significant degree of estimation refer to Note 11 for further detail of this estimation.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donated fixed assets	-	-	-	35,000
Capital grants	-	203,995	203,995	9,200
Other donations	38,767	-	38,767	16,943
	<u>38,767</u>	<u>203,995</u>	<u>242,762</u>	<u>61,143</u>

3 Funding for the multi-academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	3,288,360	3,288,360	2,151,852
Other DfE / EFA grants	-	256,728	256,728	315,927
	<u>-</u>	<u>3,545,088</u>	<u>3,545,088</u>	<u>2,467,779</u>
Other government grants				
Local authority grants	-	1,542,186	1,542,186	916,692
Special educational projects	-	22,269	22,269	12,793
	<u>-</u>	<u>1,564,455</u>	<u>1,564,455</u>	<u>929,485</u>
Total funding	<u>-</u>	<u>5,109,543</u>	<u>5,109,543</u>	<u>3,397,264</u>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	15,435	-	15,435	9,921
Catering income	64,459	-	64,459	40,962
School Shop	20,278	-	20,278	10,726
Parental contributions and clubs	67,694	-	67,694	55,628
Supply insurance income	-	67,931	67,931	44,117
Other income	13,418	-	13,418	13,628
	<u>181,284</u>	<u>67,931</u>	<u>249,215</u>	<u>174,982</u>

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Other investment income	<u>858</u>	<u>-</u>	<u>858</u>	<u>614</u>

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	3,612,610	358,191	301,124	4,271,925	2,911,542
- Allocated support costs	<u>669,581</u>	<u>139,872</u>	<u>515,068</u>	<u>1,324,521</u>	<u>950,842</u>
	<u>4,282,191</u>	<u>498,063</u>	<u>816,192</u>	<u>5,596,446</u>	<u>3,862,384</u>
Total expenditure	<u>4,282,191</u>	<u>498,063</u>	<u>816,192</u>	<u>5,596,446</u>	<u>3,862,384</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	6,000	5,950
- Other services	2,500	2,150
Operating lease rentals	4,563	2,611
Depreciation of tangible fixed assets	<u>358,191</u>	<u>232,573</u>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

Central services

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

- human resources and recruitment;
- financial services and internal audit;
- legal services;
- clerk

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

- flat percentage of Education Services Grant: 25%

The amounts charged during the year were as follows:

	Total £
Exeter House Special School	12,930
St Marks CE Junior School	9,010
Wyndham Park Infants School	7,046
Somerset Road Academy Trust	-
	<u>28,986</u>

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	62,069	4,209,856	4,271,925	2,911,542
Support costs - educational operations	132,753	1,191,768	1,324,521	950,842
	<u>194,822</u>	<u>5,401,624</u>	<u>5,596,446</u>	<u>3,862,384</u>

Analysis of costs

	2016 £	2015 £
Direct costs		
Teaching and educational support staff costs	3,571,351	2,457,576
Staff development	41,259	25,672
Depreciation and amortisation	358,191	232,573
Technology costs	57,728	33,171
Educational supplies and services	114,467	77,976
Examination fees	461	-
Educational consultancy	76,659	36,735
Other direct costs	51,809	47,839
	<u>4,271,925</u>	<u>2,911,542</u>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	2016	2015
	£	£
Support costs		
Support staff costs	718,581	421,323
Technology costs	36,006	26,800
Recruitment and support	74,966	47,838
Maintenance of premises and equipment	139,872	63,481
Cleaning	23,661	12,678
Energy costs	66,657	54,708
Rent and rates	22,006	19,617
Insurance	21,391	13,496
Security and transport	5,196	13,296
Catering	115,414	68,842
Interest and FRS 102 pension costs	(5,000)	126,000
Other support costs	39,587	18,048
Governance costs	66,184	64,715
	<u>1,324,521</u>	<u>950,842</u>

8 Staff costs

	2016	2015
	£	£
Wages and salaries	3,398,129	2,273,353
Social security costs	229,952	136,485
Operating costs of defined benefit pension schemes	592,151	436,283
Staff costs	<u>4,220,232</u>	<u>2,846,121</u>
Supply staff costs	12,422	54,778
Staff restructuring costs	8,278	-
Staff development and other staff costs	41,259	25,672
Total staff expenditure	<u>4,282,191</u>	<u>2,926,571</u>

Staff numbers

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

	2016	2015
	Number	Number
Teachers	47	51
Administration and support	144	150
Management	7	8
	<u>198</u>	<u>209</u>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

Higher paid staff

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

	2016 Number	2015 Number
£60,001-£70,000	2	1
£80,001-£90,000	-	1

Key management personnel

The key management personnel of the multi-academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the multi-academy trust was £274,334.

9 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the multi-academy trust. The 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:

R Chapman (Head teacher and governor) Left December 2015
Remuneration £25,000-£30,000 (2015: £50,000 - £55,000 eight months)
Employers Pension £0,000- £5,000 (2015: £5,000 - £10,000)

G Flemington (Head teacher and Governor)
Remuneration £65,000-£70,000 (2015: £40,000 - £45,000 eight months)
Employers Pension £10,000-£15,000 (2015: £5,000 - £10,000)

A Murley (Acting Head teacher and Governor) Appointed January 2016
Remuneration £45,000-£50,000
Employers Pension £5,000-£10,000

Z Bailey (Head teacher and Governor)
Remuneration £50,000-£55,000 (2015: £30,000 - £35,000 eight months)
Employers Pension £5,000-£10,000 (2015: £0 - £5,000)

During the period ended 31 August 2016, travel, and subsistence expenses totalling £803.70 (2015: £600) were reimbursed to 3 (2015: 2 trustees).

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Trustees and officers insurance

The multi-academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on multi-academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Land and buildings	Property improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2015	18,274,000	-	43,327	51,279	83,000	18,451,606
Additions	-	84,793	28,909	125,086	-	238,788
At 31 August 2016	18,274,000	84,793	72,236	176,365	83,000	18,690,394
Depreciation						
At 1 September 2015	207,840	-	5,776	5,124	13,833	232,573
Charge for the year	311,760	-	14,447	11,234	20,750	358,191
At 31 August 2016	519,600	-	20,223	16,358	34,583	590,764
Net book value						
At 31 August 2016	17,754,400	84,793	52,013	160,007	48,417	18,099,630
At 31 August 2015	18,066,160	-	37,551	46,155	69,167	18,219,033

The land and buildings were valued on the depreciated replacement cost method in an exercise undertaken by the Education Funding agency as at the 31 March 2015.

Each schools land and builds has been valued as follows:

	Land	Buildings
Exeter House Special School	£1,180,000	£11,139,000
St Mark's CE Junior School	£884,000	£2,107,000
Wyndham Park Infants School	£662,000	£2,342,000

The land and buildings for Exeter House Special School and Wyndham Park School are leased to the Academy Trust by Wiltshire Council under a 125 year lease.

The land and buildings for St Mark's CE Junior School are leased to the Academy Trust by the Diocese under a 125 year lease.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12	Debtors	2016 £	2015 £
	VAT recoverable	53,481	77,917
	Other debtors	78,974	138,505
	Prepayments and accrued income	23,438	26,421
		<u>155,893</u>	<u>242,843</u>
13	Creditors: amounts falling due within one year	2016 £	2015 £
	Trade creditors	-	4,212
	Other creditors	198,502	206,479
	Accruals and deferred income	204,824	82,861
		<u>403,326</u>	<u>293,552</u>
14	Creditors: amounts falling due after more than one year	2016 £	2015 £
	Government loans	<u>32,080</u>	<u>-</u>
	Analysis of loans		
	Not wholly repayable within five years by instalments	17,637	-
	Wholly repayable within five years	<u>14,443</u>	<u>-</u>
		32,080	-
	Less: included in current liabilities	<u>-</u>	<u>-</u>
	Amounts included above	<u>32,080</u>	<u>-</u>
	Loan maturity		
	Due in more than one year but not more than two years	3,611	-
	Due in more than two years but not more than five years	10,832	-
	Due in more than five years	<u>17,637</u>	<u>-</u>
		<u>32,080</u>	<u>-</u>

Included within creditors is a loan for £32,080 from Salix finance limited which is provided on the following terms:

Repayment period - 10 years

Annual repayments - £3610.68

Final payment - 1st August 2027

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15	Deferred income	2016 £	2015 £
	Deferred income is included within:		
	Creditors due within one year	204,824	82,861
	Deferred income at 1 September 2015	82,861	-
	Released from previous years	(82,861)	-
	Amounts deferred in the year	204,824	82,861
	Deferred income at 31 August 2016	204,824	82,861

At the balance sheet date the academy trust was holding funds received in advance for the following Local Authority and EFA grants:

Top up funding for September 2016
Bursary grant unspent
Universal infant free school meals (UIFSM)

16	Funds	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
	Restricted general funds					
	General Annual Grant	58,954	3,288,360	(3,121,803)	(27,285)	198,226
	Other DfE / EFA grants	69,088	256,728	(315,813)	-	10,003
	Other government grants	-	1,564,455	(1,542,886)	-	21,569
	Other restricted funds	-	67,931	(67,931)	-	-
	Funds excluding pensions	128,042	5,177,474	(5,048,433)	(27,285)	229,798
	Pension reserve	(1,174,000)	-	5,000	(839,000)	(2,008,000)
		(1,045,958)	5,177,474	(5,043,433)	(866,285)	(1,778,202)
	Restricted fixed asset funds					
	DfE / EFA capital grants	18,267,372	203,995	(358,191)	-	18,113,176
	Capital expenditure from GAG	-	-	-	30,168	30,168
		18,267,372	203,995	(358,191)	30,168	18,143,344
	Total restricted funds	17,221,414	5,381,469	(5,401,624)	(836,117)	16,365,142
	Unrestricted funds					
	General funds	262,279	220,909	(194,822)	(2,883)	285,483
	Total funds	17,483,693	5,602,378	(5,596,446)	(839,000)	16,650,625

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

The fixed asset fund was created based on the EFA valuation of the school's land and buildings which were transferred on conversion from the governing body. The cost is reflected in order to ensure there is adequate substance over form for accounting purposes. Additional assets are added to the fund, as they are required, and they will be written down by depreciation each year.

The restricted general funds are made up of the General Annual Grant received, to be spent on education within the Academy, and other related DfE or other authority grants.

Unrestricted funds are general donations and fund raising activities of the Academy and are used to support the provision of education with the Academy.

Under the funding agreement with the Secretary of State, the multi-academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Total funds analysis by academy

	Total £
Fund balances at 31 August 2016 were allocated as follows:	
Exeter House Special School	214,027
St Marks CE Junior School	191,150
Wyndham Park Infants School	110,104
Somerset Road Academy Trust	-
	<hr/>
Total before fixed assets fund and pension reserve	515,281
Restricted fixed asset fund	18,143,344
Pension reserve	(2,008,000)
	<hr/>
Total funds	16,650,625
	<hr/>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Exeter House Special School	1,833,098	391,431	187,615	267,708	2,679,852
St Marks CE Junior School	900,098	151,716	96,275	175,336	1,323,425
Wyndham Park Infants School	838,155	130,491	58,493	134,922	1,162,061
Somerset Road Academy Trust	-	44,943	-	32,974	77,917
	<u>3,571,351</u>	<u>718,581</u>	<u>342,383</u>	<u>610,940</u>	<u>5,243,255</u>

17 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total 2016
	£	General	Fixed asset	£
		£	£	
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	18,099,630	18,099,630
Current assets	285,483	660,770	48,148	994,401
Creditors falling due within one year	-	(398,892)	(4,434)	(403,326)
Creditors falling due after one year	-	(32,080)	-	(32,080)
Defined benefit pension liability	-	(2,008,000)	-	(2,008,000)
	<u>285,483</u>	<u>(1,778,202)</u>	<u>18,143,344</u>	<u>16,650,625</u>

18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

No contributions were payable to the schemes at 31 August 2016.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

Teachers' Pension Scheme

Introduction

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

Not less than every four years 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 key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £279,684.

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

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

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 25.80% for employers and 5.50-12.50% for employees. The estimated value of employer contributions for the forthcoming year is £401,000.

The level of employer contributions for future years to assist in reducing the pension deficit are as follows:

Period (1 April - 31 March)	Employer Primary Contribution Rate	Employer Secondary Contribution Rate	Total Contribution Rate payable % of payroll
2016/17	20.6%	5.2%	25.8%
2017/18	22.5%	3.2%	25.7%
2018/19	22.5%	2.9%	25.4%
2019/20	22.5%	2.7%	25.2%

The 2016 tri-annual valuation contribution rates (above) target to pay for both benefits accruing and return the employer to a fully funded position over a period of 14 years.

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	2016 £	2015 £
Employer's contributions	420,000	197,000
Employees' contributions	86,000	54,000
Total contributions	506,000	251,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	4.1	4.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
Inflation assumption (CPI)	2.0	2.3

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

Sensitivity Analysis

Change in assumptions at 31 August 2016:

	Approximate % increase in employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	516
1 year increase in member life expectancy	3%	139
0.5% increase in the Salary Increase Rate	3%	147
0.5% increase in the Pension Increase Rate	8%	355

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

	2016 Years	2015 Years
Retiring today		
- Males	22.3	22.3
- Females	24.5	24.5
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.9	26.9

The multi-academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	1,901,500	1,359,650
Bonds	396,150	287,250
Cash	26,410	38,300
Property	316,940	229,800
Total market value of assets	2,641,000	1,915,000
Actual return on scheme assets - gain/(loss)	223,000	(13,000)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(49,000)	22,000
Net interest cost	44,000	104,000

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

Changes in the present value of defined benefit obligations	2016 £
Obligations at 1 September 2015	3,089,000
Current service cost	371,000
Interest cost	126,000
Employee contributions	86,000
Actuarial loss	980,000
Benefits paid	(3,000)
At 31 August 2016	<u>4,649,000</u>

Changes in the fair value of the multi-academy trust's share of scheme assets	2016 £
Assets at 1 September 2015	1,915,000
Interest income	82,000
Return on plan assets (excluding amounts included in net interest): Actuarial gain	141,000
Employer contributions	420,000
Employee contributions	86,000
Benefits paid	(3,000)
At 31 August 2016	<u>2,641,000</u>

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

	2016 £	2015 £
Net income for the reporting period	5,932	17,499,693
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(17,728,074)
Capital grants from DfE/EFA and other capital income	(203,995)	(44,200)
Investment income	(858)	(614)
Defined benefit pension costs less contributions payable	(49,000)	22,000
Defined benefit pension net finance cost/(income)	44,000	104,000
Depreciation of tangible fixed assets	358,191	232,573
(Increase)/decrease in debtors	86,950	(242,843)
Increase/(decrease) in creditors	109,774	293,552
Net cash provided by operating activities	<u>350,994</u>	<u>136,087</u>

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Amounts due within one year	4,563	3,913
Amounts due in two and five years	10,077	12,691
	<u>14,640</u>	<u>16,604</u>

Capital commitments

The trust committed to a property leasehold agreement with Wiltshire Council in September 2016, the lease is for 125 years on a peppercorn rent basis from 1st January 2015. The value of the property will be introduced as a gift into next years accounts.

21 Related party transactions

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

The following related party transactions took place during the year:

The Director and Accounting Officer G Flemington is related to S Flemington who is also employed by the trust. Her salary is £29,989 plus employers pension of £4,942.

The Director and previous Accounting Officer R Chapman partner Robin Collinson was also employed by the trust until 31 December 2015. His salary was £5,725 plus employers pension contributions of £1,190.

The site manager C Nelhams is connected to the following parties who carried out maintenance work at the trust:

	Paid in the Year	Outstanding at 31 August 2016	Relationship
D Crane	£2,250	£2,250	Future son-in-law
P Delaney	£23,974	£196	Close friend

There were amounts outstanding at 31 August 2015: £nil.

In entering into these transactions, the multi-academy trust has complied with the requirements of the Academies Financial Handbook 2015.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Members' liability

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

23 Agency arrangements

The academy distributes 16-19 bursary funds to students as an agent for EFA. In accounting period ending 31 August 2016 the trust received £2,575 and disbursed £0 from the fund. An amount of £2,575 has been included in other creditors relating to undistributed funds that are repayable to EFA. An administration fee has not been retained.

24 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	-	17,483,693
Change in recognition of LGPS interest cost	1	-

Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income as reported under previous UK GAAP		17,504,693
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	1	(5,000)
Net income reported under FRS 102		17,499,693

Notes to reconciliations on adoption of FRS 102

Recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expenses, based on the net defined liability, is recognised in income/expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the credit/debit to income/expense by £5,000 and decrease the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.