

Company Registration No. 09343767 (England and Wales)

SOMERSET ROAD EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017



SOMERSET ROAD EDUCATION TRUST

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SOMERSET ROAD EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

R Bexon (Chairman)
Z Bailey
C Clifford
N Curtis
G Flemington (Chief Executive & Accounting Officer)
S Hackett (Resigned 28 June 2017)
A Mayhew
A Murley (Resigned 27 September 2017)
M Podkolinski
P Wain (Resigned 28 June 2017)
G Walker
H Morton (Appointed 23 November 2016)
M Sambrook (Appointed 27 September 2017)

Members

R Bexon
C Clifford
S Hackett (resigned 23 November 2016)
H Morton (appointed 23 November 2016)
G Walker

Senior management team

- Acting Head Exeter House
- Head Exeter House
- Head St Marks CE Junior School
- Head Wyndham Park Infants School
- Trust Business Manager

A Murley (until 27 September 2017)
M Sambrook (from 27 September 2017)
G Flemington
Z Bailey
S Day

Company secretary

S Day

Company registration number

09343767 (England and Wales)

Registered office

Exeter House School
Somerset Road
Salisbury
Wiltshire
SP1 3BL

Academies operated

Exeter House Special School
St Marks CE Junior School
Wyndham Park Infants School
Somerset Road Academy Trust

Location

Salisbury
Salisbury
Salisbury
Salisbury

Headteacher

A Murley
G Flemington
Z Bailey

SOMERSET ROAD EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Moore Stephens (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Bankers

Lloyds Bank Plc Salisbury
38 Blue Boar Row
Salisbury
Wiltshire
SP1 1DB

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The multi-academy trust 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 123.
- **St Mark's C.E. 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. 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 be. During the year the Trust acquired the former John Ivie Centre in Salisbury to use as a post-16 centre within Exeter House Special School. This is reflected in the increased numbers at Exeter House shown above.

Structure, governance and management

Constitution

The multi-academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi-academy trust.

The trustees of Somerset Road Education Trust (SRET) 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 trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

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 Local 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 Trustees/Directors who served during the period are shown above.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and 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.

Organisational structure

The organisation 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 two other Headteachers have executive responsibility for implementing the policies established by the Board of Trustees and LGBs.

The Members appoint nine Directors, and the Salisbury Diocesan Board of Education (SDBE) nominates the other three Directors to preserve and protect 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 LGBs. The Headteachers are reviewed by their school LGB plus a representative from the other schools.

Related parties and other connected charities and organisations

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

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

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 recruit and appoint a new Headteacher for Exeter House Special School
2. To implement its 5-year plan, effective from 1st September 2016;
3. To continue to consolidate and develop the conversion to academy and MAT status and in particular to review its governance and structure;
4. To undertake a thorough review of all Policies and Procedures and bring them to a common format across the Trust;
5. To be successful in a CIF bid for a major roof upgrade at St Mark's C.E. School and to have the new roof in place by the start of academic year 2017-18;
6. To appoint key personnel to the Trust; in-year this was a Headteacher for Exeter House Special School and a Deputy Headteacher at St Mark's C.E. Junior School.;
7. To submit a successful CIF bid for the improvement of the additional space gained 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.
8. To develop a CIF bid for roof improvements and lightning conductor at Wyndham Park Infants' School.;
9. To begin the consolidation of contracts across the Trust.

Objectives, strategies and activities

The Directors regard Equal Opportunities as an integral part of the way in which SRET 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.

Public benefit

Since its formation on 1st 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.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

This report covers the main achievements of the Somerset Road Education Trust in the academic year to 31st August 2017. They were as follows:

1. We instigated our 5-year plan in September 2016. As part of it we have undertaken a significant external review of Governance and our organizational structure to ensure that our governance meets best practice requirements and is fit for purpose. We expect all the changes we will make following this Transformation Project to have been made in the academic year 2017-18. Changes include:
 - appointment of a permanent CEO and Accounting Officer
 - Changing the number of Members
 - Reconfiguration of the Board structure and membership
 - Producing a clearer line management structure within the Trust
 - Producing an improved Scheme of Delegation
 - Re-vamping LGBs as Local Governing Committees with new terms of reference
 - Introducing an Executive Management Team (EMT) chaired by the CEO and comprising the other two Headteachers and, when required, the SRET Business Manager and Site Manager.
2. We appointed a new head teacher at Exeter House Special School. This is his third Headteacher appointment and his first as headteacher of a Special School. In the past he was Deputy Headteacher at St Mark's C.E. Junior School so is familiar with the ethos of the campus.
3. We appointed a new Deputy Headteacher for St Mark's C.E. Junior School.
4. We have successfully prepared the former John Ivie Centre to be a Post-16 Annex to Exeter House Special School. The freshening up of the building was largely undertaken by governors and staff. A CIF bid was unsuccessful, but a revised bid will be put forward this year. Students began to have beneficial use of the facility in September 2017.
5. The After School Klub has been very popular and very successful for children at St Mark's and Wyndham Park schools. It has now been transferred to a new external provider (Simplyoutofschool). This enables us to continue to provide quality wrap around care until 5.30 pm.
6. We submitted to the Local Authority our Campus Travel Plan for all four institutions on site. We await a response to enable us to move forward in resolving traffic issues in the neighbourhood of the three schools.
7. St Mark's submitted a CIF bid for an upgrade to its flat roofs. The bid was successful and the work was completed in time for the start of the 2017-18 academic year. St Mark's was not successful with a bid to upgrade some of its aged toilets and will bid again in the 2018-19 round
8. Wyndham Park Infants' School was successful with a CIF bid to provide a lightning conductor and repair a leak in its roof and work is under way.
9. Exeter House School has been involved in discussions on the way forward for all the special schools in Wiltshire.
10. Pupil numbers continued to grow during the year. Several classes at St Mark's now have 32 rather than 30 pupils, and Exeter House is beginning to see the effect of the Army rebasing back to the area. The move of some students to the Post-16 centre provides an opportunity for more students at their Somerset Road site.
11. From September 2016 St Mark's School started using its new Hub kitchen, provided under a CIF bid. During the year Exeter House School began to use its facilities, making significant savings on their previous arrangements.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

School-specific highlights

Exeter House Special School

Introduction

The last year at Exeter House has been a really positive one for pupils and the school as a whole. Outcomes in all key areas have increased, pupils continue to access a wide and varied provision in the school – including exciting activities within the community. In our most recent Ofsted visit (September 2017) the school was recognised as continuing to be good with a whole host of strengths, with the report noting that:

'Since the last inspection, leaders have worked tirelessly to provide high-quality education and care for pupils.'

'There is a strong focus on the core skills of reading, writing and mathematics.'

'The supportiveness of relationships between staff and pupils is striking.'

Pupil outcomes summary

Whole school progress towards CASPA* expected outcomes

This is the % of students that completed the year within 4 percentile points of their end of year CASPA expected outcome.

If by the end of the year 80% of students meet or exceed their target this would constitute GOOD progress.

More than 90% would be OUTSTANDING.

| Subject | Percentage students | Judgement |
|------------------|---------------------|-------------|
| Lang. & Literacy | 97% | OUTSTANDING |
| Mathematics | 91% | OUTSTANDING |
| Science | 88% | GOOD |
| Computing | 95% | OUTSTANDING |
| PHSE | 92% | OUTSTANDING |

Progress of groups towards CASPA expected Outcomes

| Group | Judgement | Comments |
|--|-------------|--|
| Year 7 Catch-Up | OUTSTANDING | All students within this group ended the year within 4 percentile points of their CASPA expected outcomes |
| Free School Meals | OUTSTANDING | No significant difference to rest of school apart from a greater number of students exceeded expectations in Science and Lang. & Literacy. |
| Looked after Children | GOOD | Statistically small group. All students met expected outcomes bar one student who did not meet their PHSE target. |
| Service Family Children- English & Maths | OUTSTANDING | All students in this group made expected or better than expected progress bar one student in Mathematics. This is better than the rest of the school performed as a whole. |

*CASPA is the tool used by special schools across the country to create targets and compare performance

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Successes in the wider curriculum

In the lead up to Christmas our secondary students studied Shakespeare's 'A Midsummers Night Dream', which culminated in an amazing performance for their parents. Meanwhile our younger students performed their Nativity. For many of these children it is a huge achievement just to put on a costume or come to the hall let alone perform in front of a group of adults.

During the year we were very fortunate to work with the 'Open Storytellers', to develop 'Story Sharing', a technique which supports students who have communication difficulties to be co-narrators in telling their own stories. This was a fantastic project to be part of and we saw some amazing outcomes for some of our students with more complex needs.

Another highlight was an amazing performance at Salisbury Playhouse of 'From Little Acorns' which was written and performed by our drama club alongside a professional Theatre company. It was fantastic to see how all the students, some of whom have quite complex needs, were able to participate in their own way in a performance that was created in a matter of days.

The Exeter House Bake Off challenge was a huge success. Students from across the school created some amazing biscuits. Mr and Mrs Reeve from Reeve the Bakers were on the judging panel and were very impressed by the standard of presentation of the biscuits the students had baked. Our Post 16 students also created some fantastic craft pieces which they sold at two significant local events, the Salisbury Xmas Market and later in the year at Downton Cuckoo Fair. On both occasions it was a great success and the quality of the crafts sold was very high.

Exeter House Vocational Centre

In September 2016, upon instruction from the DFE, Wiltshire Council transferred the leasehold of the Former John Ivie Centre to Exeter House School. During the year this structure has been transformed from an uninhabitable building to the new Vocational Centre for 15-19 year olds. Despite failing in a CIF bid amounting to £500,000 for total refurbishment, the School has been able to open the Centre to pupils in September 2017 with a spend of £84,000. This spend has resulted in a building which is compliant and accessible and most importantly an appropriate learning environment for our older pupils.

Infrastructure Improvements at Exeter House Main Site

The ongoing program of the upgrading of facilities has continued this year within the main school and during this academic year improvements were made to the new Reception Class. As a result of this £24,000 spend the class now has a much improved teaching and learning environment with a safe and secure outdoor space.

Despite these improvements being self-funded from the allocated 2016/17 revenue and capital budget, the school has continued to remain in a secure budgetary position.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

St Mark's C.E. Junior School

Key achievements for St Mark's 2016-17

Standards

KS2 outcomes were significantly below expectations. Annual performance is judged as 'underperformed' by the Local Authority.

| Headline Measures | |
|--|---|
| Attainment at this school is below the national figure | 41% of children met the expected standard for Reading, Writing and Maths (RWM) simultaneously |
| In reading children make less progress than nationally | -3.2 progress in reading |
| In writing children make less progress than nationally | -6.9 progress in writing |
| In maths children make less progress than nationally | -3.0 progress in maths |
| Subject measures | |
| In reading, attainment was below the national figure | 68% children at the expected standard |
| In writing, attainment was below the national figure | 45% at expected standard in writing |
| In maths, attainment was below the national figure | 66% at expected standard in maths |
| In EGPS, attainment was below the national figure | 75% at expected standard in EGPS |

EGPS – English Grammar, Punctuation and Spelling

What progress measures mean

- Most schools will have progress scores between –5 and +5.
- If a school has a progress score of 0 this means that on average their pupils achieved similar results at the end of KS2 (end of year 6) to pupils in other schools with similar results at the end of KS1 (Y2)
- Scaled scores are calculated between 80-120 with 100 being the nationally expected standard
- If a school has a positive progress score this means that on average their pupils made more progress than pupils in other schools with similar results at the end of KS1.
- For example: a score of +3 in reading would mean that on average pupils at the school got 3 scaled score points more in the KS2 English reading test, compared to other pupils nationally with similar results at the end of KS1.
- A negative score doesn't mean a school has failed or pupils have made no progress. It just means that on average their pupils have made less progress than pupils in other schools with similar results at the end of KS1.
- For example: a score of –4 in maths would mean that on average pupils at the school got 4 scaled score points fewer in the KS2 maths test, compared to other pupils nationally with similar results at the end of KS1.

Other outcomes:

Internal turbulence – The school experienced significant staff turbulence with illness, reduction in hours, high turnover, promotions, retirement etc and weathered the storm

SIAMS Inspection – The school was inspected under section 48 for a church school inspection on 05-04-17. The process was positive and the school was judged strongly good in all areas

Schools Direct – Lead school for a consortium of six schools offering Schools Direct teacher training placements. The alliance was granted 12 places for 2018-19 (doubling capacity)

Internship (TA Training) – Our programme has trained twenty six people over four years. Many now work for the school and are fulfilling their ambition to work with children.

Building developments – Successful in second CIF bid process and had a new £150,000 roof fitted to the school

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

'Grow your own' – DHT promoted to HT (Jan 17); Two internal YLs appointed (Jan 17); New internal ELSA began (June 2017)

After School Care - the provision started by the Head (now run by Simplyoutofschool) is now well-established and part of our USP for parents across WPIS and SMJS

USP The school is unique in the local area for offering specialist teaching in PE, Music and Computing to all children. These are areas of excellence to celebrate

Extra-curricular activities – Our uptake rose from 40 to 200+ in one year. The quality is outstanding, the feedback from children/parents is excellent and the additional income helpful

New staff appointed - Although we have an established reputation for 'grow your own' we appointed four outstanding external candidates to start in September 2017

Building Leadership Capacity – The school signed up to Challenge Partners Programme to establish an annual cycle of external challenge/support, train existing staff to become reviewers and help us improve our provision and outcomes

School Readiness Clinic – In consultation with a team of applied behaviour analysts (Centre for Behaviour Solutions) we hosted free sessions for Reception aged children who struggle with school – expectations, behaviour, routines etc. This has benefitted several children in WPIS

School events – History project in conjunction with Salisbury Museum; Cartoon Workshops; Poetry workshop (Paul Cookson);

On 7/8th November 2017 OfSTED Inspected St Mark's C.E. Junior School, initially under Section 8 of the Education Act (2005) then under Section 5 because the lead HMI was not satisfied that the school was still 'good' under the current regulations. The report concluded:

| Overall effectiveness | Requires improvement |
|--|---|
| Effectiveness of leadership and management | Requires improvement |
| Quality of teaching, learning and assessment | Requires improvement |
| Personal development, behaviour and welfare | Good |
| Outcomes for pupils | Requires improvement |
| Overall effectiveness at previous inspection | Not previously inspected Last OFSTED December 2011 before conversion |

The full report is available via OfSTED or the St Mark's school website:

<https://stmarkswilts.files.wordpress.com/2017/12/ofsted-report-st-marks-cofe-junior-school-november-2017.pdf>

The report highlighted the following areas that the school needs to improve upon:

- **Improve the consistency of teaching and learning to ensure pupils make good progress and reach the standards of which they are capable, by:**
 - ensuring teachers use what they know about pupils to plan high-quality sequences of work to deepen pupils' knowledge and understanding, particularly in writing and mathematics
 - improving the accuracy of spelling and quality of handwriting across the school
 - strengthening pupils' reasoning and problem-solving skills in mathematics
 - continuing to build on the recent improvements in pupils' reading skills.
- **Improve the effectiveness of leadership and management by:**
 - developing the skills and understanding of governors in holding leaders rigorously to account for pupils' achievement
 - robustly checking and evaluating the newly implemented strategies to accelerate pupils' progress, including for disadvantaged pupils and those who have special educational needs and/or disabilities.

In addition:

An external review of governance and of the school's use of the pupil premium should be undertaken in order to assess how these aspects of leadership and management may be improved.

The school has taken advice, consulted widely and is preparing its action plan to address the areas for development in good order.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Wyndham Park Infants' School

Key Academic Achievements 2016-17

- At the end of Reception, our children performed in line with national results with 70% achieving a good level of development at the end of early years. On entry, our baseline data shows that children entered broadly in line with age related expectations. Progress in Reception from starting points is at an expected level.
- There has been considerable improvement in phonics outcomes across the school, as this had been a key focus on the school development plan. In 2017, 78% of children reached the expected standard in phonics at the end of Year 1. This is a 20% increase from school data in 2016 meaning our outcomes in phonics are now in line with national data, which was 81% this year. In Year 2, children who did not pass the screening check in Year 1 were screened again. Cumulatively 97% of children passed the phonics screening check by the end of Year 2. This is better than the national data of 92%.

| % of pupils meeting the expected standard in phonics | 2015 | | 2016 | | 2017 | |
|--|--------|----------|--------|----------|--------|----------|
| | School | National | School | National | School | National |
| Year 1 | 54% | 77% | 58% | 81% | 78% | 81% |
| Year 2 | 74% | 90% | 84% | 91% | 97% | 92% |

- The new assessment measures have been in place in Year 2 for two years and our data remains in line with or above national data. A focus for the 2016-2017 academic year was to increase standards in writing, as these were below national in 2016. Standards have increased in this area and outcomes are 6% above national. However, maths attainment is slightly below national and is a focus for the coming year.

| % of pupils attaining age related expectations and above in 2017 | National 2017 | School 2017 | School 2016 |
|--|---------------|-------------|-------------|
| Reading | 76% | 81% | 80% |
| Writing | 68% | 74% | 63% |
| Maths | 75% | 72% | 81% |

- In addition to increasing standards in writing, increasing the number of children achieving the greater depth standard was a key focus for the year. All data at greater depth at the end of Key Stage 1 is above national and shows a significant improvement from the previous year.

| % of pupils attaining greater depth | National 2017 | School 2017 | School 2016 |
|-------------------------------------|---------------|-------------|-------------|
| Reading | 25% | 48% | 25% |
| Writing | 16% | 21% | 10% |
| Maths | 21% | 33% | 12% |

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Other Key Achievements

- A new chair of governors has been appointed and has completed a skills audit in the local governing body to identify strengths and areas for development as we move forward. This has supported progress towards a more rigorous approach in holding the school to account.
- The headteacher achieved the National Professional Qualification for Headship (NPQH) award.
- The school has been a lead school in Salisbury Primary Teaching Alliance, along with several other local schools, and has offered initial teacher training through the school direct programme.
- We joined the Pickwick Learning Teaching School Alliance and are working to support another local school in their application to become a teaching school. This has also opened up new opportunities for continued professional development in the next academic year.
- We were successful in a Condition Improvement Fund (CIF) bid and some significant building work has occurred to replace roof lights using this funding.
- A growth mindset approach to learning is embedded throughout the school and children are more confident and willing to have a go at challenging activities and learning.
- Each year group rehearsed and performed excellent shows to their parents and families including Lights, Camel, Action in Year 1, Tap Tap... The Egg Cracked in Reception and The Tales of Beatrix Potter in Year 2.

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 deficit £2,355.

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 2017 and associated expenditure are shown as restricted funds in the statement of activities.

At 31st August 2017, the balances in the trust's revenue funds were:

Restricted £223,947

Unrestricted funds £288,979

During the period the SRET undertook a major CIF-funded roof upgrade to St Mark's C.E. School and began a CIF upgrade to the road at Wyndham Park Infants' School. No other major capital or other works were undertaken in the period. A comprehensive list of future CIF bids is maintained in the 5-year plan.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 was as follows:

Exeter House School £198,706 equivalent to 7% of annual turnover
St Mark's C.E. School £186,174 equivalent to 13% of annual turnover
Wyndham Park School £113,487 equivalent to 10% of annual turnover

Where funds over 8% are held, plans are, or will be, put in place to use them. St Marks C. E. School is utilising some of the available reserves to release the Deputy Headteacher to focus on issues arising from the recent OFSTED report.

Investment policy and powers

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

SRET feels that it has a solid base from an education standpoint. St Mark's and Wyndham Park schools are 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.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 financial reports are monitored closely and reserves at a level of 5-8% of annual expenditure are now held.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

The SRET is in the midst of a major transformation project to address and improve its structure and governance. These changes are well in hand and will be completed within the timeframe of the 2017-18 Academic year. They include:

- appointment of a permanent CEO and Accounting Officer
- Changing the number of Members
- Reconfiguration of the Board structure and membership
- Producing a clearer line management structure within the Trust
- Producing an improved Scheme of Delegation
- Re-vamping LGBs as Local Governing Committees with new terms of reference
- Introducing an Executive Management Team (EMT) chaired by the CEO and comprising the other two Headteachers and, when required, the SRET Business Manager and Site Manager.

SRET intends to continue to put forward bids into the EFA Condition Improvement Fund (CIF) programme for 2017-18.

Following the acquisition by SRET of the former John Ivie Centre on a 125-year lease Exeter House School, and its make-over of the building to make it useable, Exeter House Special School will be submitting a revised CIF bid for improvements and redesign of the interior of the building.

St Mark's School will be bidding for funds to upgrade some of its aged toilets;

and

Wyndham Park School will be looking for funds for replacement of roof valleys and guttering, and for an upgrade of lighting throughout the school.

Five-year plan

The SRET Directors drew up a 5-year plan for the MAT last year taking account of individual Schools' Development Plans. The main Goals were 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.

This plan will be reviewed and revised following completion of the Transformation Project.

SOMERSET ROAD EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Funds held as custodian trustee on behalf of others

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

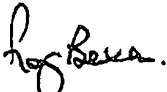
Auditor

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 15 December 2017 and signed on its behalf by:



R Bexon
Chairman

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Somerset Road Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

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

| Trustees | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| R Bexon (Chairman) | 6 | 6 |
| Z Bailey | 6 | 6 |
| C Clifford | 6 | 6 |
| N Curtis | 4 | 6 |
| G Flemington (Chief Executive & Accounting Officer) | 6 | 6 |
| S Hackett (Resigned 28 June 2017) | 4 | 5 |
| A Mayhew | 5 | 6 |
| A Murley (Resigned 27 September 2017) | 5 | 6 |
| M Podkolinski | 5 | 6 |
| P Wain (Resigned 28 June 2017) | 4 | 5 |
| G Walker | 5 | 6 |
| H Morton (Appointed 23 November 2016) | 4 | 5 |
| M Sambrook (Appointed 27 September 2017) | 0 | 0 |

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

Mrs A Murley stepped down from the post of Acting Headteacher of Exeter House Special School, to resume her duties as DHT, following the appointment of Mr M Sambrook as the substantive Headteacher. She therefore ceased to be a Trustee on 27th September 2017.

Mr S Hackett resigned from being a Trustee on 28th June 2017.

Mr H Morton replaced Mr Hackett as Chair of Governors at Wyndham Park Infants' School and was appointed as a Member and Trustee on 23rd November 2016.

Mr M Sambrook became a Trustee on 27th September 2017 following his appointment as Headteacher of Exeter House Special School.

Mrs P Wain resigned from being a Trustee on 28th June 2017.

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. At a Board meeting on 10 May 2017 it was agreed that this Operations Board should be replaced by a Senior Operations Group comprising the CEO, the other two Headteachers and others by invitation. It has met weekly during school terms since that date.

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 and is well under way.

A major review of governance within SRET has been taking place during the year.

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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
A SRET Trustee
The Chairs on the schools' finance sub-committees
SRET Business Manager
Headteacher from each of the three schools
Business Manager from each of the three schools.

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 meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Z Bailey | 8 | 9 |
| G Flemington (Chief Executive & Accounting Officer) | 9 | 9 |
| A Murley (Resigned 27 September 2017) | | |
| M Podkolinski | 8 | 9 |
| G Walker | 7 | 9 |

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. It is chaired by Gavin Walker and comprises three trustees. They have met four times in the financial year as well as maintaining informal contact.

The committee has met with the external and internal auditor during the year to discuss risks facing SRET. They have been responsible for:

1. Planning and reviewing work carried out by the internal auditors and ensuring recommendations are carried out.
2. Discussing changes of accounting policies with the auditors, and reviewing the recommendations following the external audit and ensuring they are carried out.
3. Ensuring MAT policies are appropriate and up to date.
4. Monitoring the risk management process and ensuring major risks are addressed where possible.

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|----------|-------------------|-----------------|
| N Curtis | 3 | 4 |
| A Mayhew | 4 | 4 |
| G Walker | 4 | 4 |

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the multi-academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the multi-academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the multi-academy trust has delivered improved value for money during the year by:

- 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 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.
- The hub kitchen, provided under a CIF bid, began operation in September 2016, having been completed to time and within cost. St Mark's School began using it then and Exeter House School used it from November 2016 onwards, bringing together the two schools. This move by Exeter House saved the school approximately £30K during the year.
- Streamlining of contracts has resulted in savings across the whole Trust. As a result we have now changed our grounds maintenance contract but not our cleaning one. We also undertook a review of IT systems in the three schools and decided that further work was required before a decision could be taken. A further review of IT will be undertaken in the near future with a view to bringing systems fully into line.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of multi-academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Somerset Road Education Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the multi-academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the multi-academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and continue to engage Wiltshire Council as internal auditor.

The internal auditors role includes giving advice on financial matters and performing a range of checks on the multi-academy 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.

The internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

No major risks were identified by the internal auditors.

Review of effectiveness

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

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

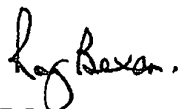
SOMERSET ROAD EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)


FOR THE YEAR ENDED 31 AUGUST 2017

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.

Approved by order of the board of trustees on 15 December 2017 and signed on its behalf by:



R Bexon
Chairman



G Flemington
Chief Executive & Accounting Officer

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2016.

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 2016.

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



G Flemington
Accounting Officer

15 December 2017

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

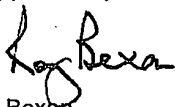
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 15 December 2017 and signed on its behalf by:



R Bexon
Chairman

SOMERSET ROAD EDUCATION TRUST

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

Opinion

We have audited the accounts of Somerset Road Education Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 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 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

SOMERSET ROAD EDUCATION TRUST

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

SOMERSET ROAD EDUCATION TRUST

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

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

Ann Mathias

Ann Mathias (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

Chartered Accountants
Statutory Auditor

23 December 2017

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

SOMERSET ROAD EDUCATION TRUST

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

In accordance with the terms of our engagement letter dated 5 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Somerset Road Education Trust and ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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;
- substantive testing of individual transactions.

SOMERSET ROAD EDUCATION TRUST

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens (South) LLP

Reporting Accountant

Moore Stephens (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Dated:

23 December 2017

SOMERSET ROAD EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

| | | Unrestricted Funds | Restricted funds: General Fixed asset | | Total 2017 | Total 2016 as restated |
|---|----------|-----------------------|--|----------------|------------------|------------------------------|
| | Notes | £ | £ | £ | £ | £ |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | 40,010 | - | 529,106 | 569,116 | 242,762 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | - | 5,012,576 | - | 5,012,576 | 5,109,543 |
| Other trading activities | 5 | 217,387 | 42,638 | - | 260,025 | 249,215 |
| Investments | 6 | 670 | - | - | 670 | 858 |
| Total income and endowments | | 258,067 | 5,055,214 | 529,106 | 5,842,387 | 5,602,378 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| - Educational operations | 8 | 227,596 | 5,316,806 | 331,106 | 5,875,508 | 5,639,099 |
| Total expenditure | 7 | 227,596 | 5,316,806 | 331,106 | 5,875,508 | 5,639,099 |
| Net income/(expenditure) | | 30,471 | (261,592) | 198,000 | (33,121) | (36,721) |
| Transfers between funds | | (26,975) | 138,741 | (111,766) | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 19 | - | 858,000 | - | 858,000 | (839,000) |
| Net movement in funds | | 3,496 | 735,149 | 86,234 | 824,879 | (875,721) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 285,483 | (1,778,202) | 15,177,784 | 13,685,065 | 14,560,786 |
| Total funds carried forward | | 288,979 | (1,043,053) | 15,264,018 | 14,509,944 | 13,685,065 |

SOMERSET ROAD EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2017

| Comparative year information Year ended 31 August 2016 As restated | Notes | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total 2016 £ |
|--|-------|----------------------------|-----------------------------------|------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 38,767 | - | 203,995 | 242,762 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 5,109,543 | - | 5,109,543 |
| Other trading activities | 5 | 181,284 | 67,931 | - | 249,215 |
| Investments | 6 | 858 | - | - | 858 |
| Total income and endowments | | 220,909 | 5,177,474 | 203,995 | 5,602,378 |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 8 | 194,822 | 5,128,226 | 316,051 | 5,639,099 |
| Total expenditure | 7 | 194,822 | 5,128,226 | 316,051 | 5,639,099 |
| Net income/(expenditure) | | 26,087 | 49,248 | (112,056) | (36,721) |
| Transfers between funds | | (2,883) | 57,508 | (54,625) | - |
| Other recognised gains and losses | | | | | |
| Actuarial losses on defined benefit pension schemes | 19 | - | (839,000) | - | (839,000) |
| Net movement in funds | | 23,204 | (732,244) | (166,681) | (875,721) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 262,279 | (1,045,958) | 15,344,465 | 14,560,786 |
| Total funds carried forward | | 285,483 | (1,778,202) | 15,177,784 | 13,685,065 |

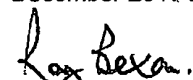
SOMERSET ROAD EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

| | | 2017 | | 2016 as restated | |
|---|-------|-----------|-------------|---------------------|-------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 15,183,434 | | 15,134,070 |
| Current assets | | | | | |
| Debtors | 13 | 162,299 | | 155,893 | |
| Cash at bank and in hand | | 853,713 | | 838,508 | |
| | | 1,016,012 | | 994,401 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (422,502) | | (403,326) | |
| Net current assets | | | 593,510 | | 591,075 |
| Total assets less current liabilities | | | 15,776,944 | | 15,725,145 |
| Creditors: amounts falling due after more than one year | 15 | | - | | (32,080) |
| Net assets excluding pension liability | | | 15,776,944 | | 15,693,065 |
| Defined benefit pension liability | 19 | | (1,267,000) | | (2,008,000) |
| Net assets | | | 14,509,944 | | 13,685,065 |
| Funds of the multi-academy trust: | | | | | |
| Restricted funds | 17 | | | | |
| - Fixed asset funds | | | 15,264,018 | | 15,177,784 |
| - Restricted income funds | | | 223,947 | | 229,798 |
| - Pension reserve | | | (1,267,000) | | (2,008,000) |
| Total restricted funds | | | 14,220,965 | | 13,399,582 |
| Unrestricted income funds | 17 | | 288,979 | | 285,483 |
| Total funds | | | 14,509,944 | | 13,685,065 |

The accounts set out on pages 30 to 56 were approved by the board of trustees and authorised for issue on 15 December 2017 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 2017

| | | 2017 | | 2016 as restated | |
|--|-------|----------|----------------|---------------------|----------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Net cash provided by (used in) operating activities | 20 | | (134,101) | | 266,201 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 670 | | 858 | |
| Capital grants from DfE and EFA | | 229,106 | | 203,995 | |
| Payments to acquire tangible fixed assets | | (80,470) | | (153,995) | |
| | | | 149,306 | | 50,858 |
| Cash flows from financing activities | | | | | |
| Repayment of long term bank loan | | - | | 32,080 | |
| | | | - | | 32,080 |
| Change in cash and cash equivalents in the reporting period | | | 15,205 | | 349,139 |
| Cash and cash equivalents at 1 September 2016 | | | 838,508 | | 489,369 |
| Cash and cash equivalents at 31 August 2017 | | | <u>853,713</u> | | <u>838,508</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Somerset Road Education Trust is a charitable company limited by guarantee incorporated in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

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

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

1.2 Going concern

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

Sponsorship income

Sponsorship income provided to the 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 2017

1 Accounting policies

(Continued)

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'.

Donated fixed assets

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

Governance costs

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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 or services it must provide.

1.7 Leasing commitments

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

1.8 Financial instruments

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

Financial assets

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

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Financial liabilities

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

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

1.9 Taxation

The 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.

1.10 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.

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 19, 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.

1.11 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.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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.

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 buildings involves a significant degree of estimation refer to Note 12 for further detail to this estimation.

3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|----------------------|----------------------------|--------------------------|--------------------|--------------------|
| Donated fixed assets | - | 300,000 | 300,000 | - |
| Capital grants | - | 229,106 | 229,106 | 203,995 |
| Other donations | 40,010 | - | 40,010 | 38,767 |
| | <u>40,010</u> | <u>529,106</u> | <u>569,116</u> | <u>242,762</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 3,422,260 | 3,422,260 | 3,288,360 |
| Other DfE / ESFA grants | - | 259,437 | 259,437 | 256,728 |
| | - | 3,681,697 | 3,681,697 | 3,545,088 |
| Other government grants | | | | |
| Local authority grants | - | 1,320,402 | 1,320,402 | 1,542,186 |
| Other Government Grants | - | 10,477 | 10,477 | 22,269 |
| | - | 1,330,879 | 1,330,879 | 1,564,455 |
| Total funding | - | 5,012,576 | 5,012,576 | 5,109,543 |

5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|----------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 15,454 | - | 15,454 | 15,435 |
| Catering income | 77,238 | - | 77,238 | 64,459 |
| School Shop | 20,345 | - | 20,345 | 20,278 |
| Parental contributions and clubs | 93,922 | - | 93,922 | 67,694 |
| Supply insurance income | - | 42,638 | 42,638 | 67,931 |
| Other income | 10,428 | - | 10,428 | 13,418 |
| | 217,387 | 42,638 | 260,025 | 249,215 |

6 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|-------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Other investment income | 670 | - | 670 | 858 |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2017 £ | Total 2016 £ |
|----------------------------------|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 3,656,135 | 331,106 | 317,044 | 4,304,285 | 4,229,785 |
| - Allocated support costs | 691,261 | 511,395 | 368,567 | 1,571,223 | 1,409,314 |
| | <u>4,347,396</u> | <u>842,501</u> | <u>685,611</u> | <u>5,875,508</u> | <u>5,639,099</u> |

Net income/(expenditure) for the year includes:

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Fees payable to auditor for: | | |
| - Audit | 6,000 | 6,000 |
| - Other services | 2,500 | 2,500 |
| Operating lease rentals | 4,563 | 4,563 |
| Depreciation of tangible fixed assets | 331,106 | 316,051 |
| Net interest on defined benefit pension liability | 43,000 | 44,000 |

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 for this financial year:

- a flat rate per school

The amounts charged during the year were as follows:

| | Total £ |
|--------------------------------|---------------|
| Exeter House Special School | 30,000 |
| St Marks CE Junior School | 30,000 |
| Wyndham Park Infants School | 30,000 |
| Somerset Road Academy Trust | - |
| | <u>90,000</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs - educational operations | 75,559 | 4,228,726 | 4,304,285 | 4,229,785 |
| Support costs - educational operations | 152,037 | 1,419,186 | 1,571,223 | 1,409,314 |
| | <u>227,596</u> | <u>5,647,912</u> | <u>5,875,508</u> | <u>5,639,099</u> |
| Analysis of costs | | | 2017 | 2016 |
| | | | £ | £ |
| Direct costs | | | | |
| Teaching and educational support staff costs | | | 3,614,805 | 3,571,351 |
| Staff development | | | 41,330 | 41,259 |
| Depreciation and amortisation | | | 331,106 | 316,051 |
| Technology costs | | | 53,267 | 57,728 |
| Educational supplies and services | | | 115,742 | 114,467 |
| Examination fees | | | 635 | 461 |
| Educational consultancy | | | 78,328 | 76,659 |
| Other direct costs | | | 69,072 | 51,809 |
| | | | <u>4,304,285</u> | <u>4,229,785</u> |
| Support costs | | | | |
| Support staff costs | | | 691,261 | 669,581 |
| Technology costs | | | 35,773 | 36,006 |
| Recruitment and support | | | 61,789 | 74,966 |
| Maintenance of premises and equipment | | | 377,811 | 224,665 |
| Cleaning | | | 22,719 | 23,661 |
| Energy costs | | | 73,507 | 66,657 |
| Rent and rates | | | 22,458 | 22,006 |
| Insurance | | | 14,900 | 21,391 |
| Security and transport | | | 8,047 | 5,196 |
| Catering | | | 137,765 | 115,414 |
| Finance costs | | | 43,000 | 44,000 |
| Other support costs | | | 31,380 | 39,587 |
| Governance costs | | | 50,813 | 66,184 |
| | | | <u>1,571,223</u> | <u>1,409,314</u> |

Premises costs include an asset donation to the Salisbury Diocesan Board of Education of £201,260 in relation to alterations to completion of the kitchen refurbishment, works to the roof and hot water system works (2016 £84,793 for kitchen refurbishment).

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Wages and salaries | 3,307,123 | 3,398,129 |
| Social security costs | 261,129 | 229,952 |
| Operating costs of defined benefit pension schemes | 708,954 | 592,151 |
| Staff costs | 4,277,206 | 4,220,232 |
| Supply staff costs | 28,860 | 12,422 |
| Staff restructuring costs | - | 8,278 |
| Staff development and other staff costs | 41,330 | 41,259 |
| Total staff expenditure | 4,347,396 | 4,282,191 |

Staff numbers

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

| | 2017 Number | 2016 Number |
|----------------------------|----------------|----------------|
| Teachers | 55 | 47 |
| Administration and support | 135 | 144 |
| Management | 6 | 7 |
| | 196 | 198 |

Higher paid staff

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

| | 2017 Number | 2016 Number |
|-----------------|----------------|----------------|
| £60,001-£70,000 | 2 | 2 |

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 £276,997 (2016 £274,334).

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 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 Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

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

G Flemington (Head teacher and Governor)

Remuneration £65,000 - £70,000 (2016: £65,000 - £70,000)

Employers Pension £10,000 - £15,000 (2016: £5,000 - £10,000)

A Murley (Acting Head teacher and Governor) Appointed January 2016

Remuneration £65,000 - £70,000 (2016: £45,000 - £50,000 eight months)

Employers Pension £10,000 - £15,000 (2016: £5,000 - £10,000)

Z Bailey (Head teacher and Governor)

Remuneration £55,000 - £60,000 (2016: £50,000 - £55,000)

Employers Pension £5,000 - £10,000 (2016: £5,000 - £10,000)

R Chapman (Head teacher and governor) Left December 2015

Remuneration (2016: £25,000 - £30,000)

Employers Pension (2016: £0,000 - £5,000)

During the period ended 31 August 2017, travel, and subsistence expenses totalling £619.75 (2016: £803.70) were reimbursed to 2 (2016: 3 trustees).

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

11 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.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

| | Land and buildings | Property improvements | Computer equipment | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------------------|-------------------|------------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 September 2016 | 15,323,000 | - | 72,236 | 176,365 | 83,000 | 15,654,601 |
| Additions | 308,844 | 51,203 | 17,423 | 3,000 | - | 380,470 |
| At 31 August 2017 | 15,631,844 | 51,203 | 89,659 | 179,365 | 83,000 | 16,035,071 |
| Depreciation | | | | | | |
| At 1 September 2016 | 449,367 | - | 20,223 | 16,358 | 34,583 | 520,531 |
| Charge for the year | 275,620 | 5,120 | 17,932 | 11,684 | 20,750 | 331,106 |
| At 31 August 2017 | 724,987 | 5,120 | 38,155 | 28,042 | 55,333 | 851,637 |
| Net book value | | | | | | |
| At 31 August 2017 | 14,906,857 | 46,083 | 51,504 | 151,323 | 27,667 | 15,183,434 |
| At 31 August 2016 | 14,873,633 | - | 52,013 | 160,007 | 48,417 | 15,134,070 |

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 school's land and builds has been valued as follows:

| | Land | Buildings |
|-----------------------------|------------|-------------|
| Exeter House Special School | £1,180,000 | £11,139,000 |
| Wyndham Park Infants School | £662,000 | £2,342,000 |

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 has been introduced into the accounts as a gift for the value of £300,000, which has been agreed by the directors as a reasonable value based on guide prices for the property.

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 St Mark's CE Junior School land and buildings have been removed by way of a prior year adjustment due to the clarification by the ESFA on Church owned land and buildings operated by the trust on a Church Supplementary Agreement. A notional rent value has not been included as it is not possible to obtain a reasonable estimate at this point.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

| 13 Debtors | 2017 £ | 2016 £ |
|--|----------------|----------------|
| VAT recoverable | 58,627 | 53,481 |
| Other debtors | 70,226 | 78,974 |
| Prepayments and accrued income | 33,446 | 23,438 |
| | <u>162,299</u> | <u>155,893</u> |
| 14 Creditors: amounts falling due within one year | 2017 £ | 2016 £ |
| Government loans | 32,080 | - |
| Trade creditors | 37 | - |
| Other creditors | 306,521 | 198,502 |
| Accruals and deferred income | 83,864 | 204,824 |
| | <u>422,502</u> | <u>403,326</u> |
| 15 Creditors: amounts falling due after more than one year | 2017 £ | 2016 £ |
| Government loans | - | 32,080 |
| Analysis of loans | | |
| Not wholly repayable within five years by instalments | - | 17,637 |
| Wholly repayable within five years | 32,080 | 14,443 |
| | <u>32,080</u> | <u>32,080</u> |
| Less: included in current liabilities | (32,080) | - |
| Amounts included above | <u>-</u> | <u>32,080</u> |
| Loan maturity | | |
| Debt due in one year or less | 32,080 | - |
| 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 | - | 17,637 |
| | <u>32,080</u> | <u>32,080</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

| | | (Continued) |
|--|------|-------------|
| | 2017 | 2016 |

15 Creditors: amounts falling due after more than one year

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

The trustees have agreed the loan will all be repaid within the financial year ended 31st August 2018 and have contacted the ESFA to take payment. The total loan balance is therefore disclosed as due within one year.

| 16 Deferred income | 2017 | 2016 |
|--|---------------|----------------|
| | £ | £ |
| Deferred income is included within: | | |
| Creditors due within one year | 83,864 | 204,824 |
| | <u>83,864</u> | <u>204,824</u> |
| Deferred income at 1 September 2016 | 204,824 | 82,861 |
| Released from previous years | (204,824) | (82,861) |
| Amounts deferred in the year | 83,864 | 204,824 |
| | <u>83,864</u> | <u>204,824</u> |
| Deferred income at 31 August 2017 | 83,864 | 204,824 |

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

Bursary grant unspent

Universal infant free school meals (UIFSM)

Rates

Equipping Grant

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | 198,226 | 3,422,260 | (3,553,838) | 138,741 | 205,389 |
| Other DfE / ESFA grants | 10,003 | 259,437 | (250,882) | - | 18,558 |
| Other government grants | 21,569 | 1,330,879 | (1,352,448) | - | - |
| Other restricted funds | - | 42,638 | (42,638) | - | - |
| | <u>229,798</u> | <u>5,055,214</u> | <u>(5,199,806)</u> | <u>138,741</u> | <u>223,947</u> |
| Funds excluding pensions | (2,008,000) | - | (117,000) | 858,000 | (1,267,000) |
| | <u>(1,778,202)</u> | <u>5,055,214</u> | <u>(5,316,806)</u> | <u>996,741</u> | <u>(1,043,053)</u> |
| Restricted fixed asset funds | | | | | |
| DfE / ESFA capital grants | 15,177,784 | 229,106 | (331,106) | (111,766) | 14,964,018 |
| Private sector capital sponsorship | - | 300,000 | - | - | 300,000 |
| | <u>15,177,784</u> | <u>529,106</u> | <u>(331,106)</u> | <u>(111,766)</u> | <u>15,264,018</u> |
| Total restricted funds | <u>13,399,582</u> | <u>5,584,320</u> | <u>(5,647,912)</u> | <u>884,975</u> | <u>14,220,965</u> |
| Unrestricted funds | | | | | |
| General funds | 285,483 | 258,067 | (227,596) | (26,975) | 288,979 |
| | <u>285,483</u> | <u>258,067</u> | <u>(227,596)</u> | <u>(26,975)</u> | <u>288,979</u> |
| Total funds | <u>13,685,065</u> | <u>5,842,387</u> | <u>(5,875,508)</u> | <u>858,000</u> | <u>14,509,944</u> |

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 2017.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

| | Balance at 1 September 2015 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2016 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | 58,954 | 3,288,360 | (3,206,596) | 57,508 | 198,226 |
| Other DfE / ESFA 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) | - | - |
| | <u>128,042</u> | <u>5,177,474</u> | <u>(5,133,226)</u> | <u>57,508</u> | <u>229,798</u> |
| Funds excluding pensions | (1,174,000) | - | 5,000 | (839,000) | (2,008,000) |
| | <u>(1,045,958)</u> | <u>5,177,474</u> | <u>(5,128,226)</u> | <u>(781,492)</u> | <u>(1,778,202)</u> |
| Restricted fixed asset funds | | | | | |
| DfE / ESFA capital grants | 15,344,465 | 203,995 | (316,051) | (84,793) | 15,147,616 |
| Capital expenditure from GAG | - | - | - | 30,168 | 30,168 |
| | <u>15,344,465</u> | <u>203,995</u> | <u>(316,051)</u> | <u>(54,625)</u> | <u>15,177,784</u> |
| Total restricted funds | <u>14,298,507</u> | <u>5,381,469</u> | <u>(5,444,277)</u> | <u>(836,117)</u> | <u>13,399,582</u> |
| Unrestricted funds | | | | | |
| General funds | <u>262,279</u> | <u>220,909</u> | <u>(194,822)</u> | <u>(2,883)</u> | <u>285,483</u> |
| Total funds | <u>14,560,786</u> | <u>5,602,378</u> | <u>(5,639,099)</u> | <u>(839,000)</u> | <u>13,685,065</u> |

Total funds analysis by academy

| | Total £ |
|--|-------------------|
| Fund balances at 31 August 2017 were allocated as follows: | |
| Exeter House Special School | 198,706 |
| St Marks CE Junior School | 186,174 |
| Wyndham Park Infants School | 113,487 |
| Somerset Road Academy Trust | 14,559 |
| Total before fixed assets fund and pension reserve | 512,926 |
| Restricted fixed asset fund | 15,264,018 |
| Pension reserve | (1,267,000) |
| Total funds | <u>14,509,944</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy

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

| | Teaching and educational support staff costs | Other support staff costs | Educational supplies | Other costs excluding depreciation | Total |
|-----------------------------|---|---------------------------------|-------------------------|--|------------------|
| | £ | £ | £ | £ | £ |
| Exeter House Special School | 1,869,846 | 290,376 | 173,837 | 309,223 | 2,643,282 |
| St Marks CE Junior School | 933,040 | 146,507 | 121,430 | 375,983 | 1,576,960 |
| Wyndham Park Infants School | 804,883 | 136,670 | 62,591 | 127,505 | 1,131,649 |
| Somerset Road Academy Trust | 7,036 | 43,707 | 485 | 24,282 | 75,510 |
| | <u>3,614,805</u> | <u>617,260</u> | <u>358,343</u> | <u>836,993</u> | <u>5,427,401</u> |

Funds analysis by academy - previous year

| | Total 2016 £ |
|--|--------------------|
| 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 | - |
| Total before fixed assets fund and pension reserve | <u>515,281</u> |
| Restricted fixed asset fund | 15,177,784 |
| Pension reserve | <u>(2,008,000)</u> |
| Total funds | <u>13,685,065</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy - previous year

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

| | Teaching and educational support staff costs | Other support staff costs | Educational supplies | Other costs excluding depreciation | Total 2016 |
|-----------------------------|---|---------------------------------|-------------------------|--|------------------|
| | £ | £ | £ | £ | £ |
| 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 | 260,129 | 1,408,218 |
| 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>695,733</u> | <u>5,328,048</u> |

18 Analysis of net assets between funds

| | Unrestricted Funds | Restricted funds: General | Fixed asset | Total 2017 |
|--|-----------------------|------------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | - | - | 15,183,434 | 15,183,434 |
| Current assets | 288,979 | 646,449 | 80,584 | 1,016,012 |
| Creditors falling due within one year | - | (422,502) | - | (422,502) |
| Defined benefit pension liability | - | (1,267,000) | - | (1,267,000) |
| | <u>288,979</u> | <u>(1,043,053)</u> | <u>15,264,018</u> | <u>14,509,944</u> |

| | Unrestricted Funds | Restricted funds: General | Fixed asset | Total 2016 |
|--|-----------------------|------------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Fund balances at 31 August 2016 are represented by: | | | | |
| Tangible fixed assets | - | - | 15,134,070 | 15,134,070 |
| 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>15,177,784</u> | <u>13,685,065</u> |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 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 Council. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £260,106.

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

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 5.5 to 12.5% for employers and 25.7% for employees. The estimated value of employer contributions for the forthcoming year is £345,000.

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 |
|-----------------------------------|--|--|--|
| 2017/2018 | 22.5% | 3.2% | 25.7% |
| 2018/2019 | 22.5% | 2.9% | 25.4% |
| 2019/2020 | 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 | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Employer's contributions | 347,000 | 420,000 |
| Employees' contributions | 78,000 | 86,000 |
| Total contributions | 425,000 | 506,000 |
| Principal actuarial assumptions | 2017 % | 2016 % |
| Rate of increases in salaries | 2.7 | 4.1 |
| Rate of increase for pensions in payment | 2.4 | 2.1 |
| Discount rate | 2.5 | 2.1 |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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

| | 2017 Years | 2016 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 22.5 | 22.3 |
| - Females | 24.9 | 24.5 |
| Retiring in 20 years | | |
| - Males | 24.1 | 24.1 |
| - Females | 26.7 | 26.9 |

Sensitivity Analysis

Change in assumptions at 31 August 2017:

| | Approximate % increase in employer liability | Approximate monetary amount (£000) |
|--|---|---------------------------------------|
| 0.5% decrease in Real Discount Rate | 12% | 592 |
| 0.5% increase in the Salary Increase Rate | 2% | 86 |
| 0.5% increase in the Pension Increase Rate | 10% | 498 |

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

| | 2017 Fair value £ | 2016 Fair value £ |
|--|-------------------------|-------------------------|
| Equities | 2,478,610 | 1,901,500 |
| Bonds | 488,740 | 396,150 |
| Cash | 69,820 | 26,410 |
| Property | 453,830 | 316,940 |
| Total market value of assets | 3,491,000 | 2,641,000 |
| Actual return on scheme assets - gain/(loss) | 459,000 | 223,000 |

Amounts recognised in the statement of financial activities

| | 2017 £ | 2016 £ |
|------------------------|-----------|-----------|
| Current service cost | 74,000 | (49,000) |
| Interest income | (59,000) | (82,000) |
| Interest cost | 102,000 | 126,000 |
| Total operating charge | 117,000 | (5,000) |

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

| Changes in the present value of defined benefit obligations | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Obligations at 1 September 2016 | 4,649,000 | 3,089,000 |
| Current service cost | 421,000 | 371,000 |
| Interest cost | 102,000 | 126,000 |
| Employee contributions | 78,000 | 86,000 |
| Actuarial (gain)/loss | (458,000) | 980,000 |
| Benefits paid | (34,000) | (3,000) |
| At 31 August 2017 | 4,758,000 | 4,649,000 |

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

| | 2017 £ | 2016 £ |
|----------------------------|-----------|-----------|
| Assets at 1 September 2016 | 2,641,000 | 1,915,000 |
| Interest income | 59,000 | 82,000 |
| Actuarial gain | 400,000 | 141,000 |
| Employer contributions | 347,000 | 420,000 |
| Employee contributions | 78,000 | 86,000 |
| Benefits paid | (34,000) | (3,000) |
| At 31 August 2017 | 3,491,000 | 2,641,000 |

20 Reconciliation of net expenditure to net cash flows from operating activities

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Net expenditure for the reporting period | (33,121) | (36,721) |
| Adjusted for: | | |
| Capital grants from DfE/ESFA and other capital income | (529,106) | (203,995) |
| Investment income receivable | (670) | (858) |
| Defined benefit pension costs less contributions payable | 74,000 | (49,000) |
| Defined benefit pension net finance cost | 43,000 | 44,000 |
| Depreciation of tangible fixed assets | 331,106 | 316,051 |
| (Increase)/decrease in debtors | (6,406) | 86,950 |
| (Decrease)/increase in creditors | (12,904) | 109,774 |
| Net cash used in operating activities | (134,101) | 266,201 |

21 Contingent liabilities

Due to an injury parents have pursued a claim which the RPA are dealing with.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

| | 2017 £ | 2016 £ |
|-----------------------------------|--------------|---------------|
| Amounts due within one year | 4,563 | 4,563 |
| Amounts due in two and five years | 2,825 | 10,077 |
| | <u>7,388</u> | <u>14,640</u> |

23 Capital commitments

| | 2017 £ | 2016 £ |
|---|---------------|-----------|
| Expenditure contracted for but not provided in the accounts | <u>53,547</u> | <u>-</u> |

24 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 transaction 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 married to S Flemington who is also employed by the trust. Her salary is £36,020 plus employers pension of £5,812.

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 2017 | Relationship |
|-----------|------------------|-------------------------------|-------------------|
| D Crane | £1,829 | £1,829 | Future son-in-law |
| P Delaney | £10,034 | £4,192 | Close friend |
| R Astley | £1,267 | £0 | Son-in-law |

There were amounts outstanding at 31 August 2016 D Crane £2,250, P Delaney £196.

In entering into these transactions, the multi-academy trust has complied with the requirements of the Academies Financial Handbook 2016.

SOMERSET ROAD EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

25 Members' liability

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

26 Prior period adjustment

A prior period adjustment affected the figures reported for the comparative period for funds and net income or expenditure, as follows.

| | Notes | 1 September 2015 £ | 31 August 2016 £ |
|---|-------|--------------------------|------------------------|
| Reconciliation of funds | | | |
| Funds as previously reported | | 17,483,693 | 16,650,625 |
| Adjustments arising: | | | |
| In respect of removal of Church land and buildings held under supplementary agreement | | (2,922,907) | (2,965,560) |
| Funds as restated | | <u>14,560,786</u> | <u>13,685,065</u> |
| | | | 2016 £ |
| Reconciliation of net income/(expenditure) for the previous financial period | Notes | | |
| Net income as previously reported | | | 5,932 |
| Adjustments arising: | | | |
| In respect of removal of Church land and buildings held under supplementary agreement | | | (42,653) |
| Net expenditure as restated | | | <u>(36,721)</u> |

Notes to restatement

Removal of church land and buildings held under supplementary agreement

St Mark's CE Junior school occupies premises owned by the Salisbury Diocese of Education. As per the updated academies accounts direction 2016/17 church school land and buildings should not be recognised on the balance sheet as they do not meet the FRS102 definition of an asset. The schools do not have control over assets and works of the premises and therefore have been removed from the financial statements. St Mark's land and buildings were previously included within the financial statements at a net book value as at 31 August 2016 of £2,965,560 which was made up of £844,000 land element and £2,121,560 building element.