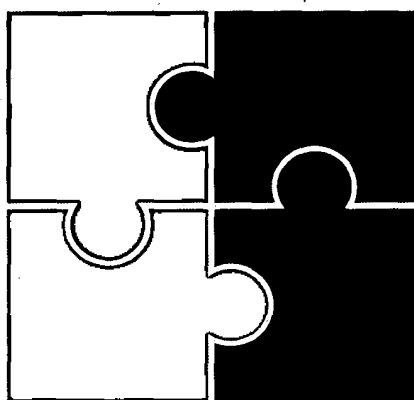


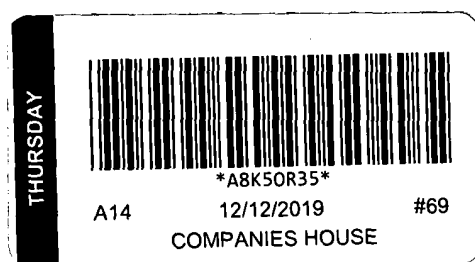
SAPIENTIA EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2019



SAPIENTIA
EDUCATION TRUST



Company Registration Number:
07466353 (England and Wales)

SAPIENTIA EDUCATION TRUST

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 17
Governance Statement	18 - 23
Statement on Regularity, Propriety and Compliance	24
Statement of Trustees' Responsibilities	25
Independent Auditor's Report on the Financial Statements	26 - 28
Independent Reporting Accountant's Report on Regularity	29 - 30
Statement of Financial Activities incorporating Income and Expenditure Account	31
Balance Sheet	32
Statement of Cash Flows	33
Notes to the Financial Statements	34 - 59

SAPIENTIA EDUCATION TRUST

Reference and Administrative Details

Members

Mr P Rout
Mrs D Ralphs
Mr A Underwood OBE
Mrs M Abel
Mrs S Dinneen OBE

Directors (Trustees)

Mr P Rout (Chairman) #
Mr P Norton (Vice Chairman)
Mr J Taylor (SET CEO/Executive Principal and Accounting Officer) #
Mr I Baker #
Mr F Davey #
Mr R Hill
Ms L Wayman
Mr R Margand
Mrs E Soule
Professor J Last

= member of Audit and Risk Committee

SET Leadership Team

Chief Executive Officer

Mr J Taylor

Chief Operating Officer/Company Secretary

Mr R Moorhouse MBE

Director of MAT Growth and Development

Miss K Bray

Director of Secondary Improvement

Mrs Z Fisher

Director of Primary Improvement (until 1 July 2019)

Mrs K Stokes

Director of Primary Improvement (from 1 September 2019)

Mrs J Powar

Finance Director

Mr G Hough

HR Director

Mrs T Smith

SAPIENTIA EDUCATION TRUST

Reference and Administrative Details (continued)

Company Name	Sapientia Education Trust
Principal and Registered Office	Wymondham College Golf Links Road Wymondham Norfolk NR18 9SZ
Company Registration Number	07466353 (England and Wales)
Independent Auditor	Lovewell Blake LLP Chartered Accountants and Statutory Auditor Bankside 300 Peachman Way Broadland Business Park Norwich NR7 0LB
Bankers	NatWest Bank plc 5 Market Place Wymondham Norfolk NR18 0AG
Solicitors	NP Law Limited 7 St. Andrews Street Blackburn Lancashire BB1 8AE

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates the following schools:

Wymondham College (became an Academy on 1 February 2011)
Old Buckenham Primary School (joined the Trust on 1 September 2016)
Seething and Mundham Primary School (joined the Trust on 1 April 2017)
Burston Primary School (joined the Trust on 1 June 2017)
Tivetshall Primary School (joined the Trust on 1 June 2017)
Rockland St Mary Primary School (joined the Trust on 1 September 2017)
Surlingham Primary School (joined the Trust on 1 September 2017)
Great Hockham Primary and Nursery School (joined the Trust on 1 November 2017)
Stradbroke High School (joined the Trust on 1 December 2017)
Ghost Hill Infant and Nursery School (joined the Trust on 1 April 2018)
Framingham Earl High School (joined the Trust on 1 May 2018)
Old Buckenham High School (joined the Trust on 1 September 2018)
White House Farm Primary School (joined the Trust on 1 September 2019)

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association dated 1 February 2011 are the primary governing documents of the Academy Trust. A deed of variation of the funding agreement was issued on 1 March 2016. The Trustees of Sapientia Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sapientia Education Trust.

Details of the Trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act, every Trustee or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default breach of duty or breach of trust in relation to affairs of the Academy Trust.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Structure, Governance and Management (continued)

Method of Recruitment and Appointment or Election of Trustees

The number of Trustees shall be not less than three but shall not be subject to any maximum. The term of office for any Trustee shall be four years; this time limit shall not apply to the CEO. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected.

The members shall appoint Trustees save that no more than one individual appointed as a Trustee shall be an employee of the Academy Trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Trustees, on appointment, receive a briefing from the Clerk to the Trustees and a set list of supporting documentation. The Academy Trust arranges its own Trustee training and training for Governors who serve at Local Governing Body level.

Organisational Structure

The Academy Trust's organisational structure consists of four levels: the Members, Board of Trustees, the Local Governing Body and the Executive at each school. The Executive are the Executive Principal/Headteacher and Senior Leadership Team. Below the Senior Leadership Team there may be other groups according to the requirements of each individual school e.g. at Wyndham College there are Heads of House and Heads of Department meetings.

The Board of Trustees has the following sub - committees:

Finance and Infrastructure Committee which oversees all financial and infrastructure issues for the Academy Trust and reports to the Board of Trustees. The Committee split into separate Finance and Infrastructure Committees during the year as detailed throughout this report.

Infrastructure Committee which oversees all infrastructure issues for the Academy Trust including Health & Safety matters. The Committee was established in this academic year to recognise the growth of the Trust and the award of School Condition Allocation (SCA) funding; the Committee reports to the Board of Trustees.

Audit and Risk Committee which oversees audit and risk matters for the Academy Trust and reports to the Board of Trustees.

Human Resources and Remuneration Committee which oversees human resources and remuneration matters for the Academy Trust and reports to the Board of Trustees.

Standards Committee which oversees educational standards and boarding matters for the Academy Trust and reports to the Board of Trustees.

The sub-committees receive consolidated reports capturing the relevant information from each MAT school in a common format to allow the sub-committee members to assess performance data across all MAT schools. The sub-committees then report to the MAT Board.

The Trustees have approved a scheme of financial delegation that allows budgetary responsibility to be delegated, through the CEO, to the lowest effective level.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Structure, Governance and Management (continued)

Organisational Structure (continued)

The Local Governing Body is responsible for setting specific school policy, maintenance of standards approving and monitoring performance and delivery against the strategic plan. To do this effectively, the Local Governing Body meets at least termly. The Local Governing Body reports are collated by the MAT central team and are reported to the relevant Board sub-committee.

The Executive Principal/Headteacher at each school is responsible, along with their Senior Leadership team for implementing the policies approved by the Trust Board and the Local Governing Body.

Arrangements for setting pay and remuneration of key management personnel

The pay levels of senior staff at all MAT schools are reviewed annually, reported to and approved by the Board of Trustees. Any decisions about pay rises are based on a combination of national pay agreements, performance and inflation.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require relevant public sector employers to publish specified information related to facility time taken by trade union officials. The relevant information related to Sapientia Trust between 1 April 2018 and 31 March 2019 is published below:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	554

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1-50%	7
51-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£9,960
Provide the total pay bill	£19,419,880
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.05%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0%
---	----

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Structure, Governance and Management (continued)

Related Parties and other Connected Charities and Organisations

Wymondham College Enterprises Limited is a fully owned subsidiary company of Sapiaientia Education Trust. The company's principal activity is the running of the breakfast and after-school clubs. For the year ended 31 August 2019 the subsidiary company returned a net loss before taxation of £3,914. The subsidiary company is not consolidated within these accounts on the grounds of materiality.

Objectives and Activities

Objects and Aims

The principal object and activity of the Academy Trust is to advance for public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education. It ensures that all MAT schools provide a balanced and broad curriculum and it approves each individual school's Admissions Policy to ensure it meets the requirements of the Schools Admissions Code.

Objectives, Strategies and Activities

The main objectives of the Academy Trust for the year ended 31 August 2019 are summarised as follows:

- to provide a high quality and well-rounded education for all students;
- to provide value for money for the funds expended;
- to ensure that the MAT schools are suitably staffed;
- to comply with all statutory and curriculum requirements;
- to develop and maintain links with local industry and the wider community in Norfolk including working with other educational establishments; and
- to conduct the MAT's business in accordance with the highest standards of integrity, probity and openness.

The Board's revised Academy Trust's Vision is:

"To provide a world class education locally, enabling all to flourish."

Strategic intent:

- To deliver an education that is holistic and broad ranging, of high quality in and beyond the classroom
- To ensure opportunities to achieve are available for all
- To harness and develop the talents that exist in the MAT
- To meet the professional needs of staff, sharing best practice, with a strong commitment to personal development.

In meeting this intent the Academy Trust will be:

- Responsive to schools as they join the MAT, valuing the unique qualities/individualism of each MAT school, whilst recognising the need for all schools to deliver the strategic intents of the Academy Trust.
- Run on sound and ethical business principles, offering a structure whereby resources and expertise can be focused across all of the schools, keeping down back office costs and driving up standards.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Objectives, Strategies and Activities (continued)

The Academy Trust Strategic Plan is reviewed and evaluated annually by Trustees. Where appropriate the plan is amended and will be in place for the start of the 2019-20 financial year. A summary of the achievements during the course of the year up until 31 August 2019 is outlined in achievements and performance below.

Public Benefit

The key public benefit delivered by the Academy Trust is the maintenance and delivery of high quality day and boarding education to the children of Norfolk and others.

The Trustees confirm that they have had due regard to the Charity Commission's guidance on public benefit.

Strategic Report

Achievements and Performance

In the year leading up to 31 August 2019 the following were achieved:

- Old Buckenham High School Governing Body joined the Academy Trust on 1 September 2018;
- the Department for Education (DfE) appointed the Trust to run the White House Farm Primary School. White House Farm Primary School opened on 1 September 2019;
- the DfE appointed the Academy Trust to run the Wymondham College Prep School and Junior Boarding House (Year 5/6 pupils). The new school is planned to open in September 2020;
- a new Director of Primary Improvement was recruited to work across primary schools within the Academy Trust. The previous Director of Primary Improvement was appointed as the first Headteacher of White House Farm Primary School;
- the Trust commissioned the Association of School and College leaders (ASCL) to carry out an integrated curriculum and financial planning review in the Autumn Term 2018;
- additional appointments to the SET central HR and Finance teams were made to provide support to all Academy Trust schools;
- the Sapientia Education Teaching School ran a full programme of training activities at all levels throughout the year;
- Old Buckenham Primary School secured a 'good' judgment in its Section 5 Ofsted inspection;
- Wymondham College secured an 'outstanding' judgment from Ofsted in its Social Care Inspection; and
- the Academy Trust invested in Maths mastery and new approaches to Phonics across our Primary schools.

At Old Buckenham Primary School:

- Ofsted judged the school to be 'good';
- the former private nursery that ran on the school site was absorbed into the school operation providing education through to Year 6;
- attainment fell at KS2 with 38% securing the combined measure; whilst a 'dip' was anticipated, weakness in maths led this to be bigger than anticipated;
- despite this fall progress levels at KS2 remained above 'floor,' with a slight fall in progress scores in reading, whilst in Maths and writing progress remained in line with last year; and
- KS1 measures improved and are now broadly in line national levels. Phonics screening results show continued improvement.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Achievements and Performance (continued)

Trust investment in the school has included:

- installing a safety fence along the hedge line that borders Chapel Green School's entrance road;
- providing new mobile accommodation for the 'Bears' after-school club; and
- artificial turf being installed in some external areas.

At Seething and Mundham Primary School:

- a new Head teacher started in January 2019;
- KS2 outcomes were well above national, with 80% achieving the combined score;
- progress measures were positive in all three areas at KS2;
- KS1 data was slightly below national, Phonics scores were above national levels; and
- numbers on roll have increased enabling the school to move to a preferred four class structure.

Trust investment in the school has included:

- continuing the programme of internal redecoration with two classrooms being painted; and
- making good the outside area in preparation for the installation of artificial turf (due in the Autumn Term 2019).

At Burston Primary School:

- a new Executive Head teacher started in January 2019;
- KS2 Outcomes were in line with national in reading and writing and slightly below in Maths. The overall combined scores was slightly below national. Progress levels were positive in writing and reading and slightly below average in Maths;
- KS1 data was slightly below national combined levels, however Phonics screening scores were above national (with very small numbers); and
- internal QA indicates the school is continuing to improve and now 'good.'

At Tivetshall Primary School:

- a new Executive Head teacher started in January 2019;
- very small numbers are not statistically significant at both KS1 and KS2, however KS2 progress levels are low in all three areas. Whilst above 'floor' standards, they are the lowest in the Trust; and
- numbers on roll have fallen and are of significant concern.

At Rockland St Mary Primary School:

- the School has demonstrated significant improvement;
- combined scores at KS2 rose significantly and were above the national average for the first time;
- progress measures are all positive.
- at KS1 progress measures are slightly above the national average and 100% passed the Phonics Screen test;
- a new staffing structure was introduced; including appointing a Head of school; and
- external QA indicates that this is a rapidly improving school.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Achievements and Performance (continued)

At Surlingham Primary School:

- at KS2 the combined scores remain well above national; Progress levels are positive in all three areas;
- KS1 outcomes remain strong; and
- KS1 is significantly above national and 100% passed the Phonics Screening test.

At Great Hockham Primary and Nursery School:

- a new Head teacher started in May 2019;
- the KS2 combined scores fell to 42%, this was as predicted. However, progress levels were above national for writing, in line with national for reading and slightly below in maths; and
- at KS1 the combined scores were above national and phonics screen broadly in line.

Trust investment in the school has included:

- phase one of the window replacement project was completed; and
- the outside early years area has been replaced with artificial turf.

At Stradbroke High School:

- GCSE results remain strong – 61% of students secured the 4+ Maths and English Measure; and 49% 5 plus;
- Provisional Progress scores are well above average - +0.37, maintaining Stradbroke as one of the highest performing schools in Suffolk; and
- the number of pupils on roll continues to rise, with the school very much the first choice of the local community.

At Ghost Hill Infant and Nursery School:

- KS1 outcomes remained strong. Phonics scores and KS1 Outcomes are both significantly above national levels

Trust investment in the school has included:

- phase one of the window replacement project was completed;
- the entrance drive and car park was re-surfaced; and
- flooring was replaced in the Nursery and classroom areas.

At Framingham Earl High School:

- GCSE results demonstrated high levels of attainment – 55% securing the 5 plus measure AND 73% 4 plus; this will place the School in the top 4 in Norfolk in terms of attainment;
- Provisional progress levels improved significantly, +.30 slightly and 'above average'; and
- the School remains over subscribed

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Achievements and Performance (continued)

Trust investment in the school has included:

- the student toilet refurbishment work was completed.

At Old Buckenham High School:

- GCSE results were disappointing and fell in both progress and attainment terms from the previous year. 34% secured 5+ English and Maths and 55% 4 plus; and
- Provisional progress levels fell, though are likely to remain as 'average' by the DfE

Trust investment in the school has included:

- phase one of the roof replacement project was completed;
- the old wooden canopy was replaced with a new canopy in one courtyard;
- double-glazed windows were installed in the courtyard where the canopy was replaced;
- artificial turf was installed in one courtyard;
- a new SALTO lock system was installed;
- three mobile classrooms in very poor condition were removed;
- the old outdoor swimming pool was filled in;
- new security fencing was installed at the rear of the school; and
- student toilet refurbishment project was completed.

At Wymondham College:

- The College secured an 'outstanding' judgment in its Ofsted social care inspection at A level, the overall pass rate (A-E) was 99% with 62% of students achieving passes at Grade A*/B; Value added data indicates progress is 'significantly above' national levels. These are slightly up on last year;
- at GCSE, 31% achieved passes at A*/A. There were 83% of students who achieved the 4+ 'basics' measure and 64% the key government 5+ measure, The College is likely to be in the top 2 in Norfolk on the key DfE measure;
- Provisional progress 8 +.36 ('above average' nationally);
- the new Maths classroom teaching building to replace the Student Services Building was finished and the new building was occupied; and
- the curriculum offer has been reviewed, with a clear focus on curriculum intent.

Key Performance Indicators

The Academy Trust met its aims and objectives from the income received for the period. The effective management of cash flow and scheduling of capital expenditure meant that the Academy Trust's cash balances were never exceeded by commitments. In particular:

- All schools in the Academy Trust met their planned carry-forward targets at the end of the year;
- there was a significant reduction in boarding numbers at Wymondham College compared to previous years which necessitated a budget revision. The Board commissioned an internal review of boarding recruitment processes. Numbers have returned to traditional levels for the academic year 2019/20;

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Achievements and Performance (continued)

Key Performance Indicators (continued)

- as a result of the reduction in boarding numbers, the planned programme of expenditure contained within the Rate of Return plan for boarding accommodation improvements at Wymondham College was revised. Projects that could not be delivered in the year will be carried forward into the academic year 2019/20;
- the new Maths teaching building and new Estates Maintenance team facilities at Wymondham College were completed during the year and are now occupied; and
- the Trust received School Condition Funding (SCA) for the first time and a number of planned capital projects were delivered at Trust schools. In recognition of this level of funding the Board established an Infrastructure Committee to oversee SCA expenditure.

Examination results are covered in the Achievements and Performance section of this report.

Going concern

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

Financial Review

Most of the Academy Trust's income is obtained either from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes, or fee income for the provision of boarding. The grants received from ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2019, the Academy Trust received income of £18,545k (2018: £11,846k) in respect of General Annual Grant and other Government funding, £787k (2018: £2,661k) in the form of ESFA capital grants, £6,663k (2018: £7,038k) fee income, transfers from the local authority on conversion of £4,098k (2018: £17,947k), transfers from an existing academy joining the trust of £Nil (2018: £3,414k), teaching school income of £137k (2018: £125k) and £1,085k (2017: £436k) other income, giving total income of £31,315k (2018: £43,467k) for the period. Expenditure for the period amounted to £32,232k (2018: £22,303k).

The in year deficit (changes in balance of restricted general funds, excluding pension reserves, plus unrestricted reserves) was £318k.

The Academy Trust receives grants for fixed assets from ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income, in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charge over the expected useful life of the assets concerned.

At 31 August 2019 the net book value of fixed assets was £58,651k (2018: £55,708k) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Financial Review (continued)

Reserves Policy

The Trustees have reviewed reserve levels and believe that they should provide sufficient working capital to cover delays between spending and receipt of grants to allow for unexpected situations such as urgent maintenance work.

The Academy Trust held fund balances at 31 August 2019 of £48,846k (2018: £53,972k) comprising a deficit of £11,275k (2018: £5,531k) of restricted funds, surplus of £59,078k (2018: £58,086k) of restricted fixed assets and surplus of £1,043k (2018: £1,417k) of unrestricted general funds. The deficit in restricted funds has arisen primarily as a result of the deficit on the local government pension fund of £11,525k (2018: £5,725k). Any increase in pension contributions suggested by the Scheme Actuary should be able to be met from the Academy Trust's budgeted annual income.

As at 31 August 2019 the Academy Trust had free reserves of £1,008k (2018: £1,321k).

Investment Policy

With the exception of cash held for operation of the Academy Trust, the Academy Trust has no realisable investments as at 31 August 2019. The Academy Trust seeks to maximise returns from its investments, minimise risk and maintain flexibility and access to funds. The level of investment will depend on resources available at the time the investment is considered and will take into account the current financial situation as well as consideration of the finances during the period the investment is being considered for. Equally the Audit and Risk Committee will take a view on prevailing national economic circumstances and the credit ratings of those who are offering investment opportunities. Finally, the period of the investment will be judged on the rates available and other Academy Trust priorities at the time.

Principal Risks and Uncertainties

The Trustees have identified and reviewed the major risks to which the Academy Trust is exposed, and have established systems and procedures to manage these risks.

The Audit and Risk Committee have identified the top five risks faced by Sapienia Education Trust as:

- the impact on Trust schools of the new Ofsted inspection framework;
- Trust schools maintaining a high level of expectation for their pupils;
- ensuring that communication across all levels of Academy Trust governance meets the requirements of the Academy Trust Board;
- uncertainty about central government funding to schools is under increasing pressure and uncertainty in the current political climate; and
- the financial impact of low or reduced pupil numbers at Academy Trust schools.

Financial and Risk Management Objectives and Policies

The Trustees have responsibility to assess the strategic risks to which the Academy Trust is exposed and have completed a risk management register to ensure that steps are taken to mitigate risks.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Principal Risks and Uncertainties (continued)

Financial and Risk Management Objectives and Policies (continued)

This is done through the sub-committees and includes educational risks such as the Academy Trust not achieving the planned educational outcomes and maintenance and improvement on previous examination results, whole or partial building loss, financial and operational risks, including budget risks and health and safety reviews and safeguarding students. In this way steps are taken to mitigate risk. Some significant risks such as public and employee liability are covered by the Academy Trust's insurance policy. The Risk Register is managed through the Trustees' Audit and Risk Committee.

During the 2018/19 academic year, the introduced a process of internal audit carried by an external auditor; this is explained in more detail in this report. In addition for the coming FY, the Trust Board has strengthened the monitoring of risk by amending the role of each of the Board Committees to ensure that the Committee owns their relevant area of the risk register. Each Committee will be required to review their area of the risk register at each meeting and amend/update as appropriate. Where they have identified a significant risk, this will be reported to the Board at each Board meeting. Overall monitoring of the risk register will remain with the Audit & Risk Committee as noted above.

Fundraising

The Academy Trust does not use any external fundraisers, and no fundraising was undertaken during the year.

Plans for Future Periods

For the coming financial year, the Academy Trust plans to implement the following key objectives:

Sapientia Education Trust:

- continue to work with the Department for Education on the planned delivery of the Primary Free School planned to open in September 2020;
- further develop capacity within the MAT central team commensurate with the growth of the MAT;
- focus on improving outcomes in the primary phase, especially in maths;
- be mindful of staff workload issues;
- review the curriculum offer in all schools, to ensure clear intent, implementation and impact;
- support Old Buckenham High School to improve outcomes;
- review the effectiveness of governance arrangements in all schools;
- further develop the Sapientia Teaching School Alliance, in the light of national changes; and
- implement a programme of Internal Audit as directed by the Academy Trust Audit and Risk Committee.

Wymondham College:

- Embed work around the curriculum;
- implement a review of Middle Leadership;
- maintain the improvement in boarding numbers;
- further improve the quality of teaching and learning across the College;
- drive improvement in the quality of intervention across the College at all levels;
- deliver the wellbeing strategic plan;
- further enhance 'Wymondham life' extra-curricular offer;
- enhance and improve continual professional development opportunities at all levels across the College;
- develop the boarding offer;

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Plans for Future Periods (continued)

- continue to develop enrichment opportunities at the College;
- re-surface the Lincoln Road and Water Tower Car Park;
- extend the Refectory dining and kitchen areas; and
- continue the improvement to boarding accommodation through the Rate of Return programme.

Old Buckenham Primary School:

- develop the quality and impact of middle leadership;
- further improve progress levels at KS2, including Maths; and
- start Phase one of the window replacement project.

Seething and Mundham Primary School:

- develop the quality and impact of middle leadership; and
- build sustainability in terms of student numbers.

Burston Primary School:

- improve outcomes in maths;
- develop the quality and impact of leadership at school level;
- build sustainability in terms of student numbers; and
- replace the artificial turf in the outdoor play area.

Tivetshall Primary School:

- review the viability of the school;
- ensure all students progress levels are appropriate; and
- build sustainability in terms of student numbers.

Rockland St Mary Primary School:

- develop the quality and impact of middle leadership;
- maintain improved outcomes at KS2; and
- build sustainability in terms of student numbers.

Surlingham Primary School:

- develop the quality and impact of middle leadership; and
- build sustainability in terms of student numbers.

Great Hockham Primary and Nursery School

- develop the quality and impact of middle leadership;
- maintain recent improvements in KS2 SATs; and
- start Phase two of the window replacement project.

At Stradbroke High School:

- embedding new QA systems and processes;
- reviewing data setting processes;
- embedding approaches to the curriculum, including leadership roles;
- maintain recent improvements; and
- complete the roof replacement project.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Plans for Future Periods (continued)

At Ghost Hill Infant and Nursery School:

- maintain improved KS1 outcomes; and increase the proportion pupils achieving of greater depth; and
- start Phase two of the window replacement project.

At Framingham Earl High School:

- inducting the new Head teacher, starting Jan 2020;
- maintaining the improvement in progress levels;
- improve progress levels for Higher Attaining Students at GCSE;
- develop and implement plans for the car-park enhancement project; and
- begin the programme of window replacement.

At White House Farm Primary School:

- ensuring an effective Curriculum offer, with high quality teaching and learning;
- building Pupil numbers; and
- developing Phonics expertise.

Equal Opportunities Policy

Sapientia Education Trust recognises its commitment to students, staff, parents/carers and Trustees/Governors and to the wider community based on the principle of promotion of self-respect and respect for others. As such we believe that discrimination is unacceptable and our equal opportunities policy seeks to foster all individuals' abilities. In meeting the duties, all our actions will embody our Trust's key principles and values which include:

- we encourage young people to develop into good citizens to aim for excellence in all they attempt, to communicate effectively, work well in teams and to enjoy life;
- we strive to make the best possible provision for all students, staff, governors and those connected with the Academy Trust regardless of disability, ethnicity, culture, religious belief, national origin or status, gender or sexual orientation;
- we respect diversity. We know that treating everyone equally is not simply a matter of treating everyone the same. We adopt the Norfolk Inclusion Statement's view that inclusion is 'The process of taking necessary steps to ensure that every young person is given an equality of opportunity to develop socially, to learn and enjoy community life'. This means we do our best to make reasonable adjustments for disability, recognise and celebrate cultural differences and understand the different needs and experiences of boys and girls;
- we know that equality is not simply about protecting the potentially vulnerable. We believe that all students may be disadvantaged by the holding of prejudicial views, and seek to promote good relationships between all groups, and positive attitudes towards disabled people, people from different ethnic or cultural groups or faith backgrounds and people of different gender or sexual orientation;
- we value our staff for their ability and potential to help us make the best possible provision for the students in the Academy Trust regardless of disability, ethnicity, culture, religious belief, national origin, gender or sexual orientation;
- we are proactive in our efforts to identify and minimise existing barriers or inequalities;
- we seek the views of all groups affected by the policies and work of our Academy Trust and involve them in policy review where appropriate; and
- we recognise our role in promoting community cohesion and actively encourage the participation in public life of all in the Academy Trust.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

Disabled Persons

Sapientia Education Trust recognises its responsibilities under the Disability Discrimination Act. The general duty to promote disability equality is owed to all disabled people which means that we have due regard to:

- promote equality of opportunity between disabled people and other people;
- eliminate unlawful discrimination;
- eliminate disability related harassment;
- promote positive attitudes towards disabled people;
- encourage participation by disabled people in public life; and
- take steps to take account of disabled people's disabilities, even where that involves treating disabled people more favourably than other people.

Accessibility

There is specific disability legislation in relation to disabled students and accessibility which means we plan strategically over time to:

- increase access to the curriculum;
- make improvements to the physical environment of the Schools within the Academy Trust to increase access; and
- make written information available to students in a range of different ways.

We must ensure that disabled students do not receive less favourable treatment and to do this the Schools within the Academy Trust have a duty to make reasonable adjustments.

All Academy Trust schools have a Single Equality Scheme (SES) which integrates statutory duties in relation to race, disability and gender and promoting community cohesion. The duties cover staff, students and people using the services of the schools such as parents. It also addresses the legislation relating to religion or belief, sexual orientation and age and therefore includes our priorities and actions to eliminate discrimination and harassment in these equality areas.

The SES and Action plan enables the schools to achieve a framework for action which covers all eight equality strands and ensures that we meet our public sector duty responsibilities in an inclusive way. We will continue to meet our statutory duties by reporting annually on the progress of the SES and action plan. This will be reviewed annually by the individual school Local Governing Body, and will cover activity in relation to the eight equality strands and promoting community cohesion.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT (including Strategic Report) for the year ended 31 August 2019

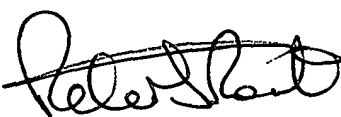

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees have taken all steps 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.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 28 November 2019 and signed on the Board's behalf by:

Peter Rout
Chairman of Board

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Sapienia 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 Trustees have delegated the day-to-day responsibility to the Chief Executive Officer, 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 Sapienia Education Trust and the Secretary of State for Education. He is also responsible for reporting to the 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. The Trustee Board attendance during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Rout (Chair)	6	6
Mr P Norton (Vice-Chair)	5	6
Mr J Taylor (CEO and Accounting Officer)	6	6
Mr I Baker (Responsible Officer)	3	6
Mr F Davey	6	6
Mr R Hill	5	6
Ms L Wayman	4	6
Mr R Margand	5	6
Mrs E Soule	5	6
Professor J Last	3	6

Over the course of the year the Board has focused on putting together the structures required to bring more schools into the Academy Trust. This work has involved embedding a Board Committee structure to provide additional committees to sit alongside the Audit and Risk Committee noted below. The additional committees are Finance, HR and Remuneration, Standards, and Infrastructure; each committee has sat during the FY 2018-19. The Board has also amended policies to reflect the changes that the MAT structures bring. This work has been in addition to the Board's normal role of maintaining academic standards across all schools in the Academy Trust and ensuring prudent financial management.

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

The Board has risen positively to the new challenges it has faced over the course of this year and Trustees have actively engaged to ensure that structures and systems are in place and appropriate for the growth of the MAT. The committee structure noted above has allowed the Board to bring in additional skill-sets to the committees, where appropriate, to supplement those of existing Trustees. In addition to the specialist advisors co-opted to the Audit and Risk and HR and Remuneration committees as non-voting members, the Infrastructure Committee has also welcomed non-voting specialist members to help advise Trustees. The Board has assessed the operation of the Committees over the academic year and has moved towards a more risk-based approach for FY 19-20, managed through the Committees, to ensure that they receive more targeted and relevant information they need to be to guide the strategic direction of the Trust. This builds on work over the past year about reviewing and amending the levels of information reported to LGBs and through to the Board but also is cognisant of the outcomes of the Integrated Curriculum and Financial planning review carried out during the year by ASCL.

The Board has strengthened its compliance procedures during the year. In the educational environment, the Board employs an external consultant to carry out a review of each Academy Trust school during the course of the year. This review is triangulated with the reviews carried out by the central team staff and that carried out by each Local Governing Body. For the coming FY, the Trust will be employing another external consultant to also carry out QA work. This will ensure that an alternative viewpoint will be taken of the performance at Trust schools and help strengthen the accuracy and relevance of the Trust's QA work. She is an experience DfE adviser and serving Ofsted inspector. In addition, the Trust employs a Health and Safety Officer who carries out a termly Health and Safety inspection of each school. His inspection includes compliance with Trust H&S policy but also physical inspection of the premises. This latter inspection is then reported to the Trust Estate Management team for immediate rectification. During the 2018-19 FY the Board appointed Larking Gowen to carry out an internal audit programme. During the course of the year the following areas were considered:

- Autumn Term – Central Finance Team operation and procedures inspection
- Spring Term – Wymondham College Boarding recruitment
- Summer Term – Staff recruitment procedures

The Audit and Risk Committee will direct the work programme of the internal auditor.

The Academy Trust Board also commissioned the Institute of School Business Leaders (ISBL) to deliver integrated financial curriculum and planning training for Academy Trust staff and carry out an integrated financial curriculum and planning review during the autumn term of FY 2018-19.

During the FY 2017-18, the Board commissioned the National Association of Governors (NGA) to carry out an external review of governance that reported back to the Board in July 2018. The Board are committed to annual self-review process which is aimed at ensuring that the Board have the right skill-set across all Trustees, training or Trustees is identified where necessary and the Board has an effective succession plan in place. The next self-review will be completed in the Autumn Term 2019 with the outcome of that review considered by the Board at its meeting in December 2019.

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

The **Audit and Risk Committee** is also a sub-committee of the main Board of Trustees. Its purpose is to review the Trust's internal and external financial statements to ensure they reflect best practice, and to review the effectiveness of the Academy Trust's internal control systems established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner. The Committee received Health and safety reports from the two Health and Safety Officers employed by the Academy Trust up until the point when the Infrastructure Committee was established.

Trustee attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Rout	3	3
Mr J Taylor	3	3
Mr I Baker (Chair)	3	3
Mr F Davey	3	3

The **Finance and Infrastructure Committee** (this committee split into two separate committees: Finance Committee and Infrastructure Committee in the Spring Term 2019) is also a sub-committee of the main Board of Trustees. Its purpose is to review the financial performance at each Academy Trust school to ensure that each school operates its budget within approved limits and in accordance with the Academy Trust Financial Rules and Procedures. Until the establishment of the Infrastructure Committee (see below) the Committee also had an overview of Trust estate and infrastructure planning.

Trustee attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Rout (Chair)	3	3
Mr J Taylor	2	3
Mr I Baker (Responsible Officer)	1	3
Mr F Davey	3	3
Mr R Margand	2	3
Mr P Norton	3	3

The **HR and Remuneration Committee** is also a sub-committee of the main Board of Trustees. Its purpose is to review the Academy Trust's HR policies and HR activity as well as approving any pay award recommendations.

Trustee attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Hill (Chair)	1	3
Mr J Taylor	3	4
Professor J Last	1	4
Mr P Rout	3	4
Mr Davey	1	1
Mr P Norton	1	1
Mr I Baker	1	1
Mr R Margand	1	2

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

The **Infrastructure Committee** is also a sub-committee of the main Board of Trustees. Its purpose is to review the Academy Trust's Estate Management Plan, H&S activities and IT Infrastructure.

Trustee attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr F Davey (Chair)	2	2
Mr J Taylor	2	2
Mr P Rout	2	2

The **Standards Committee** is also a sub-committee of the main Board of Trustees. Its purpose is to review the Academy Trust's educational performance across all schools and to monitor progress of pupils at all stages of their education.

Trustee attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ms L Wayman (Chair)	1	2
Mr P Rout	2	2
Mr J Taylor	2	2
Mr R Margand	2	2
Mr P Norton	2	2
Mrs E Soule	1	2

Review of Value for Money

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

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

- ensuring that three quotations are sought for high value orders in accordance with the Academy Trust Financial Rules and procedures;
- ensuring that the new buildings constructed at Wymondham College have appropriate energy efficiency measures incorporated into the building design; and
- ensuring that, where possible, contracts are re-negotiated on a Trust-wide basis to achieve better economies of scale.

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sapienia Education Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Academy Trust Board on at least six occasions during the FY;
- monthly meetings with the CEO, Chief Operating Officer, Finance Director, Chair of the Trust Board and Responsible Officer to review the financial performance of Trust schools;
- regular reviews by the Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

During the FY 2018-19 the Board re-appointed Mr I Baker, a Trustee, as the Responsible Officer (RO). The RO's role includes giving advice on financial matters and attending monthly finance meetings as noted above. The RO also approves a chosen supplier once the 'three quotes' have been obtained for items over the limit specified in each individual school's Headteacher's letter of delegation.

The Board of Trustees has considered the need for a specific audit function and has decided to appoint MHA Larking Gowen as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- Autumn Term – Central Finance Team operation and procedures inspection
- Spring Term – Wymondham College Boarding recruitment
- Summer Term – Staff recruitment procedures

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (continued)

On a termly basis, the internal auditor reports to the Board of Trustees, through the Audit and Risk Committee on the operations of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

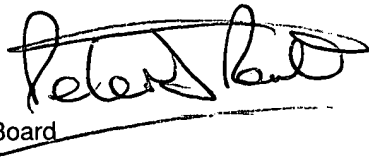
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of members of the Governing Body on 28 November 2019 and signed on its behalf by:

Peter Rout
Chairman of Board



Jonathan Taylor
Accounting Officer



SAPIENTIA EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sapiencia Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

During the course of the 2018-19 FY, the Board were required to provide assurance to the ESFA regarding related-third party transactions and the ESFA found no evidence of irregularity. 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.



Jonathan Taylor
Accounting Officer

28 November 2019

SAPIENTIA EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including Strategic Report) and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

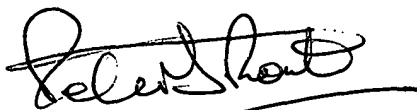
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Governing Body on 28 November 2019 and signed on its behalf by:



Peter Rout
Chairman of Board

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAPIENTIA EDUCATION TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the Trustees' report (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officers statement. Our opinion in the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAPIENTIA EDUCATION TRUST (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAPIENTIA EDUCATION TRUST (continued)


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


MARK PROCTOR FCA DChA (Senior Statutory Auditor)
For and on behalf of LOVEWELL BLAKE LLP, Statutory Auditor
04/12/19.....

Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

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

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

This report is made solely to Sapientia Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sapientia 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 Sapientia Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Sapientia Education Trust's funding agreement with the Secretary of State for Education dated 1 February 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

Delegated authorities: Carrying out the suggested procedures detailed in the Academies Accounts Direction 2018/19 Annex B section 4.4 – 4.10 in order to obtain evidence that the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding write-offs, property transactions, leases, novel and contentious payments, special payments to staff, borrowings, and if the terms of a FNTI have been complied with;

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAPIENTIA
EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
(continued)**

Transactions with connected parties: Carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B section 4.12 in order to obtain evidence that the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding declarations of interest and contracts with connected parties, including governors, and employees providing external consultancy;

Governance: Carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B Section 4.14 in considering whether the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding its governance arrangements;


Internal controls: Identifying the policies, reviewing their effectiveness and testing the operation of controls, through carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B Section 4.16 in order to consider whether the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding its internal controls;

Procurement: Identifying the policies, reviewing their effectiveness and testing their operation, through carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B Section 4.18 in order to obtain evidence that the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding its procurement procedures; and

Income: Considering the conditions associated with specialist grant income and whether it has been spent as the purposes intended.

Conclusion

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


MARK PROCTOR FCA DChA (Reporting Accountant)
LOVEWELL BLAKE LLP

07/12/19

Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

SAPIENTIA EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2019
(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income & endowments from:						
Donations & capital grants	2	5	-	787	792	2,665
Transfer from local authority on conversion	27	(46)	(505)	4,649	4,098	17,947
Transfer of existing academy joining the academy trust		-	-	-	-	3,414
Charitable activities:						
Funding for the Academy Trust's educational operations	3	64	18,571	-	18,635	11,889
Provision of boarding activities	3, 25	6,776	-	-	6,776	7,135
Teaching schools	26	-	137	-	137	125
Other trading activities	4	845	25	-	870	288
Investments	5	-	7	-	7	4
Total		7,644	18,235	5,436	31,315	43,467
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations	7	108	21,875	4,444	26,427	15,911
Provision of boarding activities	7, 25	5,725	-	-	5,725	6,308
Teaching schools	26	-	80	-	80	84
Total	6	5,833	21,955	4,444	32,232	22,303
Net income / (expenditure)		1,811	(3,720)	992	(917)	21,164
Transfers between funds	15	(2,185)	2,185	-	-	-
Other recognised gains / (losses):						
Actuarial gain /(losses) on defined benefit pension schemes	15, 22	-	(4,209)	-	(4,209)	2,152
Net movement in funds		(374)	(5,744)	992	(5,126)	23,316
Reconciliation of funds						
Total funds brought forward	15	1,417	(5,531)	58,086	53,972	30,656
Total funds carried forward	15	1,043	(11,275)	59,078	48,846	53,972

All of the multi-academy trust's activities derive from continuing operations during the above two financial periods.

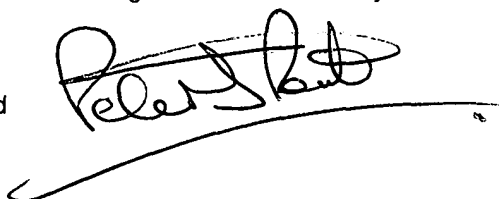
The notes on pages 34 to 59 form part of these financial statements.

SAPIENTIA EDUCATION TRUST**BALANCE SHEET as at 31 August 2019**

	Note	2019 £000	2019 £000	2018 £000
Fixed assets				
Tangible assets	12		58,651	55,708
Current assets				
Debtors	13	1,078		730
Cash at bank and in hand		<u>4,238</u>		<u>6,529</u>
			5,316	7,259
Liabilities				
Creditors: Amounts falling due within one year	14		<u>3,596</u>	<u>3,270</u>
Net current assets			<u>1,720</u>	<u>3,989</u>
Total assets less current liabilities			60,371	59,697
Defined benefit pension scheme liability	22		<u>(11,525)</u>	<u>(5,725)</u>
Total net assets	16		<u>48,846</u>	<u>53,972</u>
Funds of the multi-academy trust:				
Restricted funds				
Fixed asset fund	15		59,078	58,086
Restricted income fund	15		250	194
Pension reserve	15		<u>(11,525)</u>	<u>(5,725)</u>
Total restricted funds			<u>47,803</u>	<u>52,555</u>
Unrestricted income funds	15		<u>1,043</u>	<u>1,417</u>
Total funds			<u>48,846</u>	<u>53,972</u>

The financial statements on pages 31 to 59 were approved by the Trustees, and authorised for issue on 28 November 2019 and are signed on their behalf by:

Peter Rout
Chairman of Board



The notes on pages 34 to 59 form part of these financial statements.

SAPIENTIA EDUCATION TRUST

STATEMENT OF CASH FLOWS for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	(3,084)	(148)
Cash flows from investing activities	19	<u>793</u>	<u>2,609</u>
Change in cash and cash equivalents in the reporting period		<u>(2,291)</u>	<u>2,461</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2018		<u>6,529</u>	<u>4,068</u>
Cash and cash equivalents at 31 August 2019	20	<u>4,238</u>	<u>6,529</u>

The notes on pages 34 to 59 form part of these financial statements.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

1. Statement of accounting policies

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

a) Basis of Preparation

The financial statements 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

b) Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year 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 grant 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.

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 Academy Trust has provided the goods or services.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

1. Statement of accounting policies (continued)

c) Income (continued)

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'.

Transfer on conversion

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Donated fixed assets (excluding Transfers on conversion/into the Academy Trust)

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

d) 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 allocated on the portion of the asset's use.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

e) Tangible Fixed Assets

Assets costing £5,000 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 requiring 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.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

1. Statement of accounting policies (continued)

e) Tangible Fixed Assets (continued)

f) Depreciation

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

Freehold buildings	2% straight line
Leasehold property	Over the period of the lease/average remaining life
Plant and machinery	10% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	25% reducing balance
Computer hardware	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

g) Liabilities

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

h) Provisions

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

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

i) Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

j) Leased property

The academy trust has recognised the value of the property occupied by it, under a lease of 125 years, as prepared on behalf of the Education and Skills Funding Agency as at 1 September 2016 (Old Buckenham Primary School), 1 April 2017 (Seething and Mundham Primary School), 1 June 2017 (Burstons Primary School and Tivetshall Primary School), 1 September 2017 (Rockland St Mary Primary School and Surlingham Primary School), 1 November 2017 (Great Hockham Primary and Nursery School), 1 December 2017 (Stradbroke High School), 1 April 2018 (Ghost Hill Infant and Nursery School), 1 May 2018 (Framingham Earl High School) and 1 September 2018 (Old Buckenham High School).

k) Financial Instruments

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

1. Statement of accounting policies (continued)

j) Financial Instruments (continued)

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

k) Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 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.

l) Pensions Benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Local Government Pension Scheme

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

1. Statement of accounting policies (continued)

m) Fund Accounting

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

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

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

n) Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

o) Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis. The assets and liabilities transferred on conversion from Old Buckenham High School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further detail of the transactions is set out in note 26.

p) Redundancies

Where an obligation to make a redundancy or termination payment arises, the costs incurred by the Academy Trust are accounted for on an accruals basis and included within employee benefits.

q) Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	787	787	2,661
Other donations	5	-	5	4
	<u>5</u>	<u>787</u>	<u>792</u>	<u>2,665</u>

Income from donations and capital grants was £792k (2018: £2,665k) of which £5k (2018: £4k) was unrestricted and £787k (2018: £2,661k) related to restricted fixed asset funds.

Donations and capital grants include government funding of £787k (2018: £2,661k).

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL AND BOARDING OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Educational operations				
DfE / ESFA grants				
• General Annual Grant (GAG)	-	16,478	16,478	10,885
• Other DfE/ESFA Grants	47	1,606	1,653	834
Other Government grants				
• Local authority grants	-	386	386	127
• National grants	-	28	28	-
Other educational income				
• Attleborough High School Link	-	-	-	3
• Exam Re-sit Fees	2	-	2	10
• Teacher Training Income	-	19	19	6
• Supply Teacher Cover Income	-	54	54	12
• 6 th Form facility fees	15	-	15	12
	<u>64</u>	<u>18,571</u>	<u>18,635</u>	<u>11,889</u>
Boarding operations				
Boarding fees	6,218	-	6,218	6,641
Day pupil fees	445	-	445	397
Staff gas and electricity income	5	-	5	8
Interest receivable	9	-	9	10
Rents received	36	-	36	21
Hire of facilities	-	-	-	16
Catering income	59	-	59	39
Miscellaneous income	4	-	4	3
	<u>6,776</u>	<u>-</u>	<u>6,776</u>	<u>7,135</u>
	<u>6,840</u>	<u>18,571</u>	<u>25,411</u>	<u>19,024</u>

Funding for educational and boarding operations amounted to £25,411k (2018: £19,024) of which £6,840k (2018: £7,199k) was unrestricted and £18,571k (2018: £11,825k) related to restricted general funds.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

4. OTHER TRADING ACTIVITIES	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	210	-	210	59
Sales of goods and services	444	6	450	164
School trips and other income	130	19	149	36
Miscellaneous income	61	-	61	29
	<u>845</u>	<u>25</u>	<u>870</u>	<u>288</u>

Income from other trading activities was £870k (2018: £288k) of which £845k (2018: £254k) was unrestricted and £25k (2018: £34k) related to restricted general funds.

5. INVESTMENT INCOME	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	<u>7</u>	<u>-</u>	<u>7</u>	<u>4</u>
	<u>7</u>	<u>-</u>	<u>7</u>	<u>4</u>

Investment income relating to the Trust's boarding operations is shown in note 3.

6. EXPENDITURE

	Staff Costs £000	Non Pay Expenditure		Total 2019 £000	Total 2018 £000
		Premises £000	Other £000		
Academy's educational operations (note 7)					
• Direct costs	10,660	4,299	2,047	17,006	10,671
• Allocated support costs	5,946	1,097	1,292	8,335	4,250
• FRS102 pension costs	1,086	-	-	1,086	990
	<u>17,692</u>	<u>5,396</u>	<u>3,339</u>	<u>26,427</u>	<u>15,911</u>
Academy's boarding operations (note 25)					
• Direct costs	3,448	-	203	3,651	4,106
• Allocated support costs	816	389	869	2,074	2,202
	<u>4,264</u>	<u>389</u>	<u>1,072</u>	<u>5,725</u>	<u>6,308</u>
Teaching School	56	-	24	80	84
	<u>22,012</u>	<u>5,785</u>	<u>4,435</u>	<u>32,232</u>	<u>22,303</u>

Total expenditure for 2019 was £32,232k (2018: £22,303k) of which £5,833k (2018: £6,448k) was unrestricted, £21,955k (2018: £14,229k) related to restricted general funds and £4,444k (2018: £1,626) related to restricted fixed asset funds.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

6. EXPENDITURE

Net income/(expenditure) for the period includes:

	2019 £000	2018 £000
Operating lease rentals	92	292
Depreciation	1,688	1,104
Fees payable to auditor for:		
- Audit	21	16
- other services	11	9

7. CHARITABLE ACTIVITIES

		Total 2019 £000	Total 2018 £000
Direct costs – educational operations		17,006	10,671
Direct costs – boarding and catering	25	3,651	4,106
Support costs – educational operations		8,335	4,250
Support costs – boarding and catering	25	2,074	2,202
Teaching schools		80	84
FRS102 Pension costs	22	1,086	990
		<u>32,232</u>	<u>22,303</u>

Analysis of support costs

	Boarding £000	Educational Operations £000	Total 2019 £000	Total 2018 £000
Support staff costs	816	5,946	6,762	3,398
Premises costs	389	1,076	1,465	1,392
Other support costs	869	1,239	2,108	1,549
Governance costs	-	74	74	113
Total support costs	<u>2,074</u>	<u>8,335</u>	<u>10,409</u>	<u>6,452</u>

Governance costs

Legal and professional fees	38	82
Auditor's remuneration	32	25
Governors' reimbursed expenses	4	6
	<u>74</u>	<u>113</u>

Charitable activities amounting to £21,048k (2018: £14,229k) related to restricted general funds and £4,265k (2018: £1,626) related to restricted fixed asset funds.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

8. STAFF

a. Staff costs

	Total 2019 £000	Total 2018 £000
Staff costs during the period were:		
Wages and salaries	16,100	11,686
Social security costs	1,497	1,029
Pension costs	2,872	2,066
	<u>20,469</u>	<u>14,781</u>
Agency staff costs	375	272
Staff restructuring costs	26	6
	<u>20,870</u>	<u>15,059</u>
Staff restructuring costs comprise:		
Redundancy payments	11	-
Severance payments	15	6
	<u>26</u>	<u>6</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15k (2018: £nil).

c. Staff numbers

The average number of persons employed by the Trust during the period was as follows:

	2019 No.	2018 No.
Charitable Activities		
Teaching	310	263
Admin/Educational Support	383	274
Residential/matrons	134	132
Cleaners/estates/catering	118	86
Medical	12	10
	<u>957</u>	<u>765</u>

d. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	9	5
£70,001 - £80,000	1	2
£80,001 - £90,000	4	2
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

e. Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £646k (2018: £370k).

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

9. CENTRAL SERVICES

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

- human resources
- financial services
- legal services
- educational support services
- others as arising

The trust charges for these services on the following basis:

- flat percentage of income 4.25%

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Wymondham College – includes charges for SET Central Team	920	874
Old Buckenham Primary School	32	32
Seething & Mundham Primary School	15	15
Burston Primary School	10	10
Tivetshall Primary School	9	8
Rockland St Mary Primary School	12	13
Surlingham Primary School	12	13
Great Hockham Primary and Nursery School	16	14
Stradbroke High School	66	46
Framingham Earl High School	143	48
Ghost Hill Infant and Nursery School	28	-
Old Buckenham High School	116	-
	<u>1,379</u>	<u>1,073</u>

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from employment with the academy trust. The CEO and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment.

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

J Taylor (CEO and Trustee)		
Remuneration	£135,000 - £140,000	(2018: £125,000 - £130,000)
Employer's pension contributions	£20,000 - £25,000	(2018: £20,000 - £25,000)

During the period ended 31 August 2019, travel and subsistence expenses totalling £2,045 were reimbursed or paid directly to 1 Trustee (2018: £4,408 to 1 Trustee).

Other related party transactions involving the Trustees are set out in note 23.

11. TRUSTEES AND OFFICERS INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides maximum cover up to £2,000,000 and the cost for the period ended 31 August 2019 is included within the premium per pupil as part of the risk protection arrangement with the DfE. The cost of this insurance is included in the total insurance cost.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

12. TANGIBLE FIXED ASSETS

	Land & buildings £000	Fixtures & fittings, plant & machinery £000	Motor vehicles £000	Total 2019 £000
Cost				
At 1 September 2018	60,847	202	141	61,190
Transfers on conversion	4,621	-	-	4,621
Additions	-	-	10	10
Disposal	-	-	-	-
At 31 August 2019	65,468	202	151	65,821
Depreciation				
At 1 September 2018	5,286	112	84	5,482
Charged in year	1,668	4	16	1,688
On disposals	-	-	-	-
At 31 August 2019	6,954	116	100	7,170
Net book values				
At 31 August 2019	58,514	86	51	58,651
At 31 August 2018	55,561	90	57	55,708

13. DEBTORS

	2019 £000	2018 £000
Trade debtors	364	167
VAT recoverable	324	232
Other debtors	40	36
Prepayments and accrued income	350	294
	<u>1,078</u>	<u>729</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Trade creditors	315	303
Other taxation and social security	640	558
Other creditors	1,406	1,823
Accruals and deferred income	1,235	585
	<u>3,596</u>	<u>3,269</u>
Deferred income		
	2019 £000	2018 £000
Deferred income at 1 September 2018	122	65
Released from previous years	(122)	(65)
Resources deferred in the year	991	122
Deferred income at 31 August 2019	<u>991</u>	<u>122</u>

Deferred income related to amounts received from ESFA and NCC during 2018/19 relating to 2019/20.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

15. FUNDS	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG) and other DfE/ESFA grants	-	18,085	(20,788)	2,703	-
MAT Central funding	148	518	(1)	(518)	147
Teaching School	46	137	(80)	-	103
Pension reserve	(5,725)	(505)	(1,086)	(4,209)	(11,525)
	<u>(5,531)</u>	<u>18,235</u>	<u>(21,955)</u>	<u>(2,024)</u>	<u>(11,275)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	2,926	787	(2,790)	-	923
Transfer on conversion	51,933	4,649	(1,607)	-	54,975
Transfer on existing academy joining academy trust	3,227	-	(47)	-	3,180
	<u>58,086</u>	<u>5,436</u>	<u>(4,444)</u>	<u>-</u>	<u>59,078</u>
Total restricted funds	52,555	23,671	(26,399)	(2,024)	47,803
Unrestricted funds					
General fund	1,321	7,690	(5,799)	(2,231)	981
Transfer on conversion	-	(46)	-	46	-
Fixed asset fund	96	-	(34)	-	62
	<u>1,417</u>	<u>7,644</u>	<u>(5,833)</u>	<u>(2,185)</u>	<u>1,043</u>
Total unrestricted funds	1,417	7,644	(5,833)	(2,185)	1,043
Total funds	53,972	31,315	(32,232)	161	48,846

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

GAG & other DfE/ESFA grants: the restricted income fund is for the purpose of specific expenditure within the Trust's declared objectives. DfE/ESFA grants relate to government funding for the provision of education by the Trust. Funding is repayable if the Trust does not meet all funding requirements. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

MAT funding: this relates to the Sponsor Capacity, Conversion and Teaching and Learning funding from the ESFA.

Pension reserve: this relates to the deficit on the local government pension fund. Any increase in pension contributions suggested by the Scheme Actuary should be able to be met from the Trust's budgeted annual income.

DfE/ESFA capital grants: provided by the government for specific capital projects.

Transfer on conversion: value of donated assets recognised in the financial statements at their estimated value to the Trust in the period in which they are receivable and where the benefit is both quantifiable and measurable.

Fixed asset fund: the value of fixed assets acquired from unrestricted funds since conversion.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

15. FUNDS (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG) and other DfE/ESFA grants	323	10,576	(11,901)	1,002	-
MAT Central funding	97	1,282	(1,255)	24	148
Teaching school	4	125	(83)	-	46
Pension reserve	(5,497)	(1,390)	(990)	2,152	(5,725)
	<u>(5,073)</u>	<u>10,593</u>	<u>(14,229)</u>	<u>3,178</u>	<u>(5,531)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	825	2,661	(560)	-	2,926
Transfer on conversion	34,110	18,820	(997)	-	51,933
Transfer on existing academy joining trust	-	3,296	(69)	-	3,227
	<u>34,935</u>	<u>24,777</u>	<u>(1,626)</u>	<u>-</u>	<u>58,086</u>
Total restricted funds	<u>29,862</u>	<u>35,370</u>	<u>(15,855)</u>	<u>3,178</u>	<u>52,555</u>
Unrestricted funds					
General fund	661	7,461	(6,411)	(390)	1,321
Transfer on conversion	-	238	-	(238)	-
Transfer on existing academy joining trust	-	398	-	(398)	-
Fixed asset fund	133	-	(37)	-	96
	<u>794</u>	<u>8,097</u>	<u>(6,448)</u>	<u>(1,026)</u>	<u>1,417</u>
Total unrestricted funds	<u>794</u>	<u>8,097</u>	<u>(6,448)</u>	<u>(1,026)</u>	<u>1,417</u>
Total funds	<u>30,656</u>	<u>43,467</u>	<u>(22,303)</u>	<u>2,152</u>	<u>53,972</u>

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

15. FUNDS (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Wymondham College	619	838
Old Buckenham Primary School	189	170
Seething & Mundham Primary School	(20)	(7)
Burston Primary School	64	53
Tivetshall Primary School	64	52
Rockland St Mary Primary School	87	71
Surlingham Primary School	98	77
Great Hockham Primary and Nursery School	40	54
Stradbroke High School	50	145
Ghost Hill Infant and Nursery School	67	49
Framingham Earl High School	(206)	(39)
Old Buckenham High School	82	-
Central Services	159	148
Total before fixed assets and pension reserve	1,293	1,611
Restricted fixed asset fund	59,078	58,086
Pension reserve	(11,525)	(5,725)
	48,846	53,972

In terms of the deficit show for Seething and Mundham, this school has seen a significant upturn in numbers for the 2019/20 academic year which will return the school to surplus in the next financial year.

In terms of Framingham Earl High School's deficit, the Trust has started to implement some of the recommendations of the ICFP as well as reviewing the non-academic aspects of the school's operation. The current budget for the 2019/20 FY predicts a surplus and this along with the changes that the Trust are implementing should return the school to a surplus position.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

15. FUNDS (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2019 £000	Total 2018 £000
Wymondham College	4,965	4,563	332	4,444	14,304	13,395
Old Buckenham Primary School	685	77	10	150	922	763
Seething & Mundham Primary	273	85	20	66	444	420
Burston Primary	183	26	4	69	282	256
Tivetshall Primary	136	36	5	57	234	225
Rockland St Mary Primary School	226	43	10	66	345	337
Surlingham Primary	197	35	13	86	331	323
Great Hockham Primary and Nursery School	322	66	8	63	459	363
Stradbroke High	1,290	215	71	602	2,178	1,538
Ghost Hill Infant and Nursery School	633	71	21	171	896	288
Framingham Earl High School	2,671	345	180	644	3,840	1,046
Old Buckenham High School	2,013	366	144	475	2,998	-
Central Services	-	1,348	-	877	2,225	1,255
Total expenditure	13,594	7,276	818	7,770	29,458	20,209

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	35	-	58,616	58,651
Net current assets	1,008	250	462	1,720
Pension scheme liability	-	(11,525)	-	(11,525)
Total net assets	1,043	(11,275)	59,078	48,846

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total Funds £000
Tangible fixed assets	96	-	55,612	55,708
Net current assets	1,321	194	2,474	3,989
Pension scheme liability	-	(5,725)	-	(5,725)
Total net assets	1,417	(5,531)	58,086	53,972

17. COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2019 £000	2018 £000
Amounts due within one year	91	328
Amounts due between one and five years	141	334
Amounts due after five years	345	367
	577	1,029

18. RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £000	2018 £000
Net income / (expenditure) for the reporting period (as per the SOFA)	(917)	21,164
Adjusted for:		
Depreciation (note 12)	1,688	1,104
Capital grants from DfE/ESFA and other capital income	(787)	(2,661)
Transfer of fixed assets on conversion	(4,621)	(18,758)
Transfer of fixed assets on academy joining trust	-	(3,296)
Interest receivable (notes 3 and 5)	(16)	(14)
Defined benefit pension scheme obligation transferred on conversion	505	1,390
Defined benefit pension scheme cost less contribution payable(note 22)	2,462	2,056
Defined benefit pension scheme finance cost (note 22)	(1,376)	(1,066)
(Increase) / decrease in debtors	(348)	(351)
Increase / (decrease) in creditors	326	284
Net cash provided by Operating Activities	(3,084)	(148)

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

19. CASH FLOWS FROM INVESTING ACTIVITIES

	2019	2018
	£000	£000
Dividends, interest and rents received from investments	16	14
Purchase of tangible fixed assets	(10)	(66)
Capital grants from DfE/ESFA	787	2,661
Net cash provided by / (used in) investing activities	793	2,609

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31	At 31
	August	August
	2019	2018
	£000	£000
Cash in hand and at bank	4,238	6,529
Total cash and cash equivalents	4,238	6,529

21. MEMBERS LIABILITY

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

22. PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Norfolk County Council, and Suffolk County Council in respect of Stradbroke High School. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at the 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' 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 valuations 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)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

22. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The employer's pension costs paid to the TPS in the period amounted to £1,381,342 (2018: £904,181).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,734,000 (2018: £1,355,000) of which employer's contributions totalled £1,376,000 (2018: £1,066,000) and employees' contributions totalled £358,000 (2018: £289,000). The agreed contribution rates for future years range from 5.5% - 12.5% for employees, and 16% for employers.

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

Principal Actuarial Assumptions

Norfolk County Council

	At 31 August 2019	At 31 August 2018
	%	%
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Commutation of pensions to lump sums	50% and 75%	50% & 75%

Suffolk County Council

	At 31 August 2019	At 31 August 2018
	%	%
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.8	2.8
Commutation of pensions to lump sums	25% & 63%	25% & 63%

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

22. PENSION 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:

Norfolk County Council

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.1	22.1
Females (average of schemes with Norfolk County Council)	23.5	24.4
<i>Retiring in 20 years</i>		
Males (average of schemes with Norfolk County Council)	22.4	24.1
Females (average of schemes with Norfolk County Council)	25.0	26.4

Suffolk County Council

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.3	21.9
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.3	23.9
Females	24.9	26.4

Sensitivity analysis

	31 August 2019 £000	31 August 2018 £000
Real discount rate -0.5%	4,003	2,785
Salary increase rate +0.5%	589	471
Pension increase rate +0.5%	3,337	2,276

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

22. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The Trust's share of the assets in the scheme were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equity instruments	9,426	8,342
Debt instruments	6,801	5,398
Property	2,433	1,910
Cash	551	461
Total market value of assets	19,211	16,111

The actual return on scheme assets was £XXX (£877,000).

Amounts recognised in the Statement of Financial Activities	2019 £000	2018 £000
Current service cost	(796)	(823)
Past service cost	(106)	-
Interest income	490	351
Interest cost	(674)	(518)
Total operating charge	(1,086)	(990)

Changes in the present value of defined benefit obligations were as follows:

	2019 £000	2018 £000
At 1 September	21,836	17,541
On conversion	1,148	2,132
On existing academy joining the Academy Trust	-	1,303
Current service cost	2,172	1,889
Past service cost	106	-
Interest cost	674	518
Employee contributions	358	289
Actuarial (gain)/loss	4,658	(1,626)
Benefits paid	(216)	(210)
At 31 August	30,736	21,836

Changes in the fair value of academy's share of scheme assets:

	2019 £000	2018 £000
At 1 September	16,111	12,044
On conversion	643	1,022
On existing academy joining the Academy Trust	-	1,023
Interest income	490	351
Actuarial gain	449	526
Employer contributions	1,376	1,066
Employee contributions	358	289
Estimated benefits paid	(216)	(210)
At 31 August	19,211	16,111

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

23. RELATED PARTY TRANSACTIONS

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

Expenditure Related Party Transaction

Julie Taylor associates – wife of the CEO and Trustee Jonathan Taylor

- The approval of a Free School at Wymondham College is accompanied with funding from the Department of Education to appoint a Project Officer to oversee the project from a Trust perspective.
- Trustees interviewed three prospective candidates for the role of Project Officer for the Wymondham College Free School project and after appropriate evaluation they appointed Julie Taylor Associates to carry out this role.
- In entering into this related party transaction, the Trustees ensured that they complied with the requirements of the Academies Finance Handbook and secured assurance from Mrs Taylor that her services have been provided at 'no more than cost'.
- Mr Taylor played no part in the interviews of prospective candidates or in the decision to appoint Mrs Taylor.
- In January 2019, the Trust was appointed by the Department of Education to run White House Primary School that was due to open in September 2019. Due to the short timescales involved in this project, the Trust appointed Julie Taylor Associates to the role of Project Officer.
- In March 2019, the Education Skills Funding Agency verified the appointment process and concluded that the Trustees had followed all appropriate procedures in appointing Julie Taylor Associates to both projects.
- Total expenditure for the period was £59,730 covering both projects. The work in support of the White House Farm project concluded in August 2019.

Rosecroft Primary School – a local authority school of which Ms L Wayman (a trustee) is Head Teacher

- The academy trust purchased the services of a Head Teacher and Assistant Head Teacher for interim cover at Great Hockham Primary School, totalling £13,396 (2018: £Nil) during the period, from the Local Authority run school. There were no amounts outstanding at 31 August 2019.
- The Academy Trust made the purchase at arm's length following a competitive tendering exercise in accordance with its financial regulations, which Ms Wayman neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above (£13,396) has been provided 'at no more than cost' and Rosecroft Primary School has provided a statement of assurance confirming this.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

23. RELATED PARTY TRANSACTIONS (CONTINUED)

Wymondham College Enterprises Limited is a fully owned subsidiary company of Sapientia Education Trust. The company's principal activity is the running of the breakfast and after-school clubs at the Primary Schools within the Academy Trust. For the year ended 31 August 2019 the subsidiary company returned a net loss before taxation of £3,914.

Results for the period:

Turnover	£31,499
Expenditure	£35,413
Loss	£3,914
Capital & reserves	£8,978
Aggregate assets & liabilities	£8,978

The subsidiary company is not consolidated within these accounts on the grounds of materiality. Therefore, the accounts present information about the Academy Trust as an individual undertaking and not as a group.

The following Governors had family members attending the College and Framingham Earl High School during the Year: Mr Margand. Full fees were paid and no concessions received.

The CEO and two members received out of pocket expenses during the period totalling £3,618 (2018: CEO and three Trustees £5,909).

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 9.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

White House Farm Primary School joined the Academy Trust on 1 September 2019.

Wymondham College Prep School (Free School) is expected to join the Academy Trust on 1 September 2020.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

25. ACADEMY BOARDING TRADING ACCOUNT

	£000	2019 £000	£000	2018 £000
Income				
Fee income	6,663		7,038	
Rents received	41		46	
Catering income	59		38	
Other income	<u>13</u>		<u>13</u>	
		<u>6,776</u>		<u>7,135</u>
Expenditure				
Direct costs				
Boarding salaries	3,448		3,657	
Rate of return expenditure	46		295	
Educational consultancy	-		-	
Other direct costs	<u>167</u>		<u>154</u>	
Total direct costs		3,661		4,106
Allocated support costs				
Catering salaries	816		805	
Maintenance of premises and equipment	154		208	
Cleaning	21		22	
Security	2		2	
Rent and rates	98		99	
Energy costs	132		205	
Provisions	710		734	
Transport	5		(3)	
Bank charges	10		7	
Advertising, marketing and recruitment	48		64	
Technology costs	-		-	
Other support costs	<u>78</u>		<u>59</u>	
Total support costs		<u>2,074</u>		<u>2,202</u>
Total operating costs		<u>5,735</u>		<u>6,308</u>
Surplus on Boarding and Catering		1,041		827
Surplus brought forward at 1 September 2018		<u>1,709</u>		<u>882</u>
Surplus carried forward at 31 August 2019		<u>2,750</u>		<u>1,709</u>

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

26. TEACHING SCHOOL TRADING ACCOUNT

	£000	2019 £000	£000	2018 £000
Income				
Direct Income				
Other income	137		125	
Other Income				
Fundraising and other trading activities	—		—	
		<u>137</u>		<u>125</u>
Expenditure				
Direct costs				
Direct staff costs	<u>56</u>		<u>58</u>	
Total direct costs		56		58
Other costs				
Other support costs	<u>24</u>		<u>25</u>	
Total other costs		<u>24</u>		<u>25</u>
Total expenditure		<u>(80)</u>		<u>(83)</u>
Surplus from all sources		57		42
Teaching school balances at 1 September 2018		<u>46</u>		<u>4</u>
Teaching school balances at 31 August 2019		<u>103</u>		<u>46</u>

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

27. CONVERSION TO AN ACADEMY TRUST

On 1 September 2018 Old Buckenham High School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Sapienia Education Trust from the Norfolk County Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	4,621	4,621
Budget surplus/(deficit) on LA funds	(46)	-	28	(18)
LGPS pension surplus/(deficit)	-	(505)	-	(505)
Net assets	(46)	(505)	4,649	4,098

28. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £1,670k and disbursed £1,670k from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2018 are £1,879k received, £1,879k disbursed and £Nil included in other creditors.