

Company Registration No. 10479401 (England and Wales)

**SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2017**



# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Trustees**

Ben Mearns (Appointed 1 January 2017)  
Philip May (Appointed 1 January 2017)  
David Blow (Accounting Officer) (Appointed 1 January 2017)  
Peter Butterworth (Appointed 15 November 2016)  
Raymond Elgy (Chair) (Appointed 15 November 2016)  
Andrew Kent (Appointed 15 November 2016)  
Terry McDonald (Appointed 15 November 2016)  
Katherine Milliken (Appointed 15 November 2016)  
Timothy Poole (Appointed 15 November 2016)  
Ian Wilson (Appointed 15 November 2016)

### **Members**

Andy Simons (Appointed 15 November 2016)  
Clive Roberts (Appointed 15 November 2016)  
Barbara Brigham (Appointed 15 November 2016)  
Andrew Potterton (Appointed 15 November 2016)  
Andrew Saunders (Appointed 15 November 2016)

### **Senior leadership team**

D Blow	- Executive Headteacher & Headteacher
J Malley	- Headteacher
R Searle	- Headteacher
P Stace	- Business Manager & CFO

### **Company secretary**

Paula Stace

### **Company registration number**

10479401 (England and Wales)

### **Registered office**

The Ashcombe School  
Ashcombe Road  
Dorking  
Surrey  
RH4 1LY  
United Kingdom

### **Academies operated**

The Ashcombe School  
Therfield School  
The Warwick School

### **Location**

Dorking  
Leatherhead  
Redhill

### **Headteacher**

D Blow  
J Malley  
R Searle

### **Independent auditor**

Wilkins Kennedy LLP  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Bankers**

Lloyds Bank  
PO Box 1000  
Andover  
Hampshire  
BX1 1LT

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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The Trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 15 November 2016 (date of incorporation) to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The academy trust operates three schools for pupils aged 11-18 serving a catchment area in South East Surrey. It has a pupil capacity of 3,939 and had a roll of 3015 in the school census on October 2016.

### **Structure, governance and management**

#### **Constitution**

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

The charitable company is known as South East Surrey Schools Education Trust (SESSET).

The Trustees of South East Surrey Schools Education Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the Period are included in the Reference and Administrative Details on page 1.

At 1st January 2017 the component schools within SESSET were Therfield School, The Warwick School and The Ashcombe School (Schools).

#### **Members' liability**

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

#### **Trustees' indemnities**

There were no provisions required for third party indemnity. In accordance with normal commercial practice, SESSET has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on SESSET business.

#### **Method of recruitment and appointment or election of Trustees**

##### **Members**

Members are the subscribers to SESSET's Memorandum of Association. Members have an overview of the governance arrangements of SESSET and have the power to appoint and remove Trustees. The Members may agree in writing to appoint additional Members as they see fit. They may also, in writing, agree to remove any such additional Members. Any Member may resign provided that after such resignation the number of Members is not less than three.

##### **Trustees**

All Trustees have a term of office of 4 years and Members may appoint up to 12.

Members can appoint Staff Trustees through any such process as they may determine provided that the total number of Trustees who are employees does not exceed one third of the total number of Trustees.

The Trustees may appoint Co-opted Trustees but should not co-opt an employee of the Company if it would mean the total number of Trustees who are employees would exceed a third. A Co-opted Trustee may not themselves appoint further Co-opted Trustees.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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

SESSET employs the services of Babcock to provide support and training for school Governors, Trustees and Members. The training and induction provided for new Trustees and Members of individual governing bodies will depend on their existing experience and is tailored to the individual.

All new Trustees and Governors are offered a tour of the Schools and the chance to meet staff and students. All Trustees are provided with the relevant information that they will need to undertake their role as Trustees.

### Organisational structure

The management structure comprises:

- The Trust Board, constituted under the Trust's Articles of Association
- The Trust Board serves as the Trust Audit Committee
- The Warwick School Governing Body
- Therfield School Governing Body
- The Ashcombe School Governing Body
- The Headteachers of The Warwick School, Therfield School and The Ashcombe School (who is also Executive Head of SESSET) and the Chief Financial Officer (CFO) of SESSET (who is also Business Manager of The Ashcombe School)

The Board of Trustees and Senior Leadership Team are detailed on pages 1 and 2 of this report.

### **The Board of Trustees**

The Trustees make the key decisions for, and determine the general policies of SESSET and meet at least four times a year as a full Board and receive reports from the Governing Bodies of the Schools which each meet a minimum of three times a year.

Trustees are responsible for controlling the management and administration of the Schools, in line with the Trust's Articles of Association. Trustees are responsible for directing the Trust's affairs and for ensuring that it is solvent, well-run and delivering the Trust's charitable outcomes. Each Trustee has duties as a company director and charity trustee.

### **The Executive Headteacher**

The Executive Headteacher is the Accounting Officer with overall executive responsibility for the Trust's activities, including financial activities.

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

The Trustees volunteer their services and are, therefore, unpaid. The Senior Leadership Team of SESSET are remunerated for their roles within each school and their performance assessed according to each school's policies. The Executive Headteacher receives no remuneration for the performance of this role. His performance is reviewed annually by the Trustees. That part of the CFO's remuneration for and performance in her role as CFO is reviewed annually by the Trustees. The reviews are through a performance management system very similar to those operated by the schools for their Headteachers.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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### Related parties and other connected charities and organisations

Details of related parties and transactions during the year can be found in note 21 of the financial statements. The following parties operate within SESSET, but have clear and distinct functions which are a continuation from their role prior to the formation of SESSET (which extend beyond the schools in SESSET), and their funds are restricted funds. For accounting purposes, they are referred to in some of the Notes as within "Central Services", but Note 7 explains the expenditure on SESSET central administration services such as financial and HR support.

**DSP (Dorking Schools Partnership)** - this is a continuation of the existing Confederation which is funded by Surrey LA and by the schools in Dorking and South Mole Valley to coordinate a range of provision such as CPD, SEN and Home-School Liaison Workers.

**Mole Valley (MV) 14-19 Network** - this is a continuation of the existing 14-19 Network which is funded by Surrey LA and by the schools in Mole Valley to coordinate Alternative Learning Provision (ALP), in particular, The Link, an ALP based at Surrey Youth Services centre, The Malthouse, in Dorking

**Chatterbox Nursery** - this is a continuation of the existing day nursery provision based at the site of The Ashcombe School in its own building. Its operations are self-funding. The staff at The Ashcombe have priority use and it is open to, and used by, others in the community.

### **Objectives and activities**

#### Objects and aims

Our aim is to provide excellent learning opportunities and secure good progress in learning.

In pursuing this aim, the Multi Academy Trust framework enables us to explore models of collaboration with our partners that will benefit all our students. The need for this collaborative approach is in part driven by the reduced role that the local authority now plays in supporting local schools. The governance structure which SESSET has adopted ensures local accountability for maintaining the highest standards for all within an overall framework that constantly strives to improve those standards.

In a climate of greater independence and autonomy for schools, we wish to retain the ethos and character of each of our Schools while committing to working collaboratively to provide the best education we can to the children and young people in our community. We believe that by offering mutual support and constructive challenge across the partnership, we can ensure that learning is an enjoyable and productive experience.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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### Objectives, strategies and activities

In this first year of its operation, the Trust's objectives have been:

- To establish the Trust and create the systems and processes it needs to operate.
- To build on the existing sharing of good practice between the Schools.

SESSET has developed a sound Scheme of Delegation, and implemented a new integrated finance system (PSF) with strong cooperation between the Schools. A good modus operandi has been established by the Governing Bodies and Trustees and the senior teams.

The second objective has been pursued by engaging in partnership and development work between each of the Schools e.g. Heads of Department meeting, the Business Teams sharing information on suppliers and best practice.

The Trustees have undertaken a self-evaluation to reflect on the steps taken since the Trust was formed, as well as formally considering in October the points from the Academies Financial Handbook 2017 and the letters from Peter Lauener to ensure that SESSET is operating in accordance with the highest standards of probity and integrity. Considerable care and thought has been taken in the installation and configuration of the new integrated financial system to maintain and reinforce the existing strong controls, whilst giving immediate and complete overview and monitoring.

The activities of the three schools are reported on in their websites:

<http://www.ashcombe.surrey.sch.uk>

<http://www.therfield.surrey.sch.uk/>

<http://www.warwick.surrey.sch.uk/>

The Trust welcomes applications for employment from disabled persons. The Trust's recruitment procedures include assessing the health needs of new employees to ensure that staff receive the appropriate support to enable them to carry out their role. The training and development opportunities provided by each of the three schools are open for applications from all staff.

### Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

A variety of methods are used to inform and consult staff on matters that will affect them. These include formal and informal meetings with the senior staff at each school where necessary.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **Strategic report**

#### **Achievements and performance**

##### Key performance indicators

The achievements and performance of the three schools are reported on their websites:

<http://www.ashcombe.surrey.sch.uk>

<http://www.therfield.surrey.sch.uk/>

<http://www.warwick.surrey.sch.uk/>

and the DfE's Performance Tables at <https://www.compare-school-performance.service.gov.uk/>

	Target	Achievement
<b>Financial:</b>	The Trust's target was to have a positive carry forward	The Trust achieved a positive carry forward of £989K in the period ending 31st August 2017.
<b>Academic performance:</b>	The Trust seeks to ensure that pupils make progress in their time at the three schools.	In each school for Year 11 in June 2017, the school is in the DfE "average" band for Progress 8.

##### Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that SESSET has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

The majority of SESSET's revenue income is obtained from the ESFA in the form of recurring grants, principally the General Annual Grant (GAG), which amounted to £9,922k for the period. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown in the Statement of Financial Activities.

The only Capital Grant awarded to the schools by the ESFA to provide fixed assets was the Devolved Formula Capital Grant (DFC), which amounted to £81k. In accordance with the Charities SORP, the DFC received is shown in the Statement of Financial Activities as restricted fixed asset funds.

On conversion on 1 January 2017, all of the fixed assets of the former maintained schools were transferred to the Schools, and are shown as restricted fixed asset funds. The balance sheet fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

The General Annual Grant (GAG) received from the ESFA and other income, such as voluntary income and activities for generating funds, exceeded the expenditure for the period.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### Reserves policy

In line with the SESSET's Reserves Policy, the Trustees are aware of the requirement to balance current and future needs to maintain the future strength and viability of each school. As such, the Trustees review the reserve levels of SESSET annually. This review encompasses the nature of income and expenditure streams.

SESSET has brought together the reserve assessments by the governors of the 3 schools including the needs of Dorking School Partnership, 14-19 Network and Chatterbox nursery and considers the overall need for a reserve of £700,000 to cover revenue calculation, contingency, including staff employment liabilities and capital projects.

On 31 August 2017 SESSET held the following Reserves:

### **Reserves at 31 August 2017**

Unrestricted General Funds	£989k
Restricted Capital Funds	£55,241k
Restricted General Funds	(£4,621k)
Reserves at 31 August 2017	£51,609k

On conversion the initial funding level of the LGPS was 75% which matches the target set by the Funds Funding Strategy Statement.

The restricted funds will be spent in accordance with the terms of the particular funds.

Free reserves' represent income to SESSET which is to be spent at the Trustees' discretion in furtherance of any of SESSET's objects but which is not yet spent, committed or designated.

As at 31 August 2017, SESSET held free reserves of £989,000, this represents the Unrestricted General Funds,

The Trust's support staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme and consequently the Trust balance sheet shows a net liability of £4,621,000. Of this sum, £4,332,000 was inherited by the Trust from Surrey County Council on 1 January 2017.

This deficit is not an immediate liability of the Trust. As highlighted in Note 1.11 the fund has been independently assessed and conforming with current practice, employer contributions will be reviewed in 2019.

### Investment policy and powers

Trustees may invest to further the Trust's charitable aims, ensuring that investment risk is properly managed. When considering making an investment they will act within their powers to invest as set out in their Articles of Association, control and track their financial exposure, and ensure value for money.

SESSET does not currently hold any investments.

### Principal risks and uncertainties

The major risks facing SESSET have been identified and reviewed by the Trustees. The Trustees have prepared a monitoring document in the format set out in Annex C of the Academies Financial Handbook to ensure that appropriate steps are taken to mitigate risk.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

The key risks identified were:

<b>Category</b>	<b>Risk</b>	<b>Description of risk</b>	<b>Remedial action identified</b>
Strategic	Staff recruitment	Not being able to recruit and retain high quality staff to ensure quality of teaching	<ol style="list-style-type: none"><li>1. Develop and publicise the support we offer to teaching staff (e.g. through recruitment)</li><li>2. Sustain The Warwick Partnership for training teachers</li></ol>
Funding	The effect of reduced funding	Detrimental effect of funding cuts on learning, including fewer resources, reduced premises maintenance, impact on class sizes, risk of staff leaving	<ol style="list-style-type: none"><li>1. Careful budget management</li><li>2. Monitor and, where possible, influence progress of the national funding formula</li><li>3. Maintain prudent cashflow management</li></ol>
Compliance	Policies and procedures	Procedures not followed or maintained properly, resulting in breaches in compliance, particularly with regard to safeguarding	<ol style="list-style-type: none"><li>1. Scrutiny at governance level/ Governors/Trustees</li><li>2. Process management overseen by Executive Headteachers and Senior Teams</li></ol>

### **Plans for future periods**

The Trustees are not envisaging any immediate growth, and will undertake careful discussion and due diligence for any future possibility.

Therfield School and The Warwick School are negotiating with ESFA and other bodies regarding possible building projects.

### **Funds held as custodian trustee on behalf of others**

SESSET holds no Assets and Funds as Custodian Trustee on behalf of others.

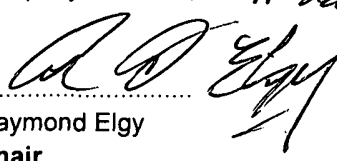
### **Auditor**

In so far as the Trustees are aware:

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

Wilkins Kennedy LLP were appointed as auditors during the period and a resolution proposing that Wilkins Kennedy LLP be reappointed as auditor of the charitable company will be put to the Members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11<sup>th</sup> Dec 2017 and signed on its behalf by:

  
Raymond Elgy  
Chair

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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### **Scope of responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South East Surrey Schools Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **Governance**

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

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Ben Mearns (Appointed 1 January 2017)	3	4
Philip May (Appointed 1 January 2017)	3	4
David Blow (Accounting Officer) (Appointed 1 January 2017)	4	4
Peter Butterworth (Appointed 15 November 2016)	5	6
Raymond Elgy (Chair) (Appointed 15 November 2016)	6	6
Andrew Kent (Appointed 15 November 2016)	1	6
Terry McDonald (Appointed 15 November 2016)	5	6
Katherine Milliken (Appointed 15 November 2016)	5	6
Timothy Poole (Appointed 15 November 2016)	5	6
Ian Wilson (Appointed 15 November 2016)	3	6

Resignations and Appointments during the period:

- There were no changes during the period

Particular challenges which have occurred for the Board during the period include:

- Conversion: final account with Local Authority
- Complete implementation of new financial system

### **Governance Reviews**

Financial Management and Governance Self-Assessment (FMGS) was reviewed by Trustees in April 2017. This informed further work on finance related policies.

SESSET does not have separate finance or audit committees and performs these duties as part of the Board's business.

Trustees' understanding was also enhanced on

- the delegations described in Academies Financial Handbook and SESSET's scheme of delegation
- budget planning linking curriculum demand to staffing
- the financial control environment established in the finance system
- insurance requirements
- value for money statements
- performing the tasks of an audit committee (not separately established)
- risks to financial control

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **Review of value for money**

As Accounting Officer the Headteacher has responsibility for ensuring that SESSET 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 SESSET's use of its resources has provided good value for money this academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for SESSET has delivered improved value for money during the year by:

- reviewing current service contracts to ensure they deliver value for money. This has resulted in a change of supplier for gas and electricity provision, broadband and equipment servicing and the reduction in or cessation of some contracts no longer considered essential
- the development across all three schools of skills in the roles of financial and human resource management to support the implementation of a robust internal control framework and budget planning

Work will continue in 2017-18 to deliver further efficiency savings.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of SESSET 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 South East Surrey Schools Education Trust for the period 15 November 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which SESSET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing SESSET's significant risks that has been in place for the period 15 November 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The Trustees have established a group of finance professionals from the governing bodies of each of the Schools to carry out an annual internal scrutiny of finance processes.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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The reviewer's role includes giving advice on financial matters and performing a range of checks on SESSET's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems

SESSET can confirm that the internal scrutiny group has delivered its schedule of work as planned, that there have been no material control issues arising, and that the Schools have responded to the findings in the internal scrutiny report.

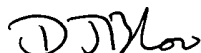
### **Review of effectiveness**

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

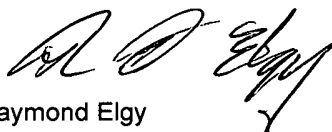
- the work of the internal scrutiny group
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within SESSET who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the Board of Trustees on 11<sup>th</sup> Dec '17 and signed on its behalf by:



David Blow  
Accounting Officer



Raymond Elgy  
Chair

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD ENDED 31 AUGUST 2017**

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As Accounting Officer of South East Surrey Schools Education Trust I have considered my responsibility to notify SESSET and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between SESSET and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and SESSET's Board of Trustees are able to identify any material irregular or improper use of funds by SESSET's, or material non-compliance with the terms and conditions of funding under SESSET's funding agreement and the Academies Financial Handbook 2016.

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



David Blow  
Accounting Officer

11/12/2017

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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

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

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

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

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

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

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

Approved by order of the Board of Trustees on *11<sup>th</sup> Dec '2017* and signed on its behalf by:

Raymond Elgy  
Chair



# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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### **Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the 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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST SURREY SCHOOLS EDUCATION TRUST (CONTINUED)**

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

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

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

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

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

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

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

### **Responsibilities of Trustees**

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

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

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST SURREY SCHOOLS EDUCATION TRUST (CONTINUED)**

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### **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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

*Wilkins Kennedy LLP*

**Paul Creasey (Senior Statutory Auditor)**  
**for and on behalf of Wilkins Kennedy LLP**

*11 December 2017*

**Statutory Auditor**  
**Chartered Accountants**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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In accordance with the terms of our engagement letter dated 5 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South East Surrey Schools Education Trust during the period 15 November 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of South East Surrey Schools Education Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of South East Surrey Schools Education Trust's funding agreement with the Secretary of State for Education dated 22 December 2016 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 15 November 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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### **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 15 November 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Wilkins Kennedy LLP*

### **Reporting Accountant**

Wilkins Kennedy LLP  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

Dated: *11 December 2017*

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2017

		Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000	Total 2017 £'000
	Notes			
<b>Income and endowments from:</b>				
Donations and capital grants	3	-	-	81
Donations - transfer from local authority on conversion	24	1,059	(4,332)	53,026
Charitable activities:				
- Funding for educational operations	4	730	11,068	-
Other trading activities	5	118	-	-
Investments	6	1	-	-
<b>Total income and endowments</b>		<u>1,908</u>	<u>6,736</u>	<u>56,380</u>
<b>Expenditure on:</b>				
Charitable activities:				
- Educational operations	8	773	11,478	1,139
<b>Total expenditure</b>	7	<u>773</u>	<u>11,478</u>	<u>1,139</u>
<b>Net income/(expenditure)</b>		1,135	(4,742)	55,241
Transfers between funds		(146)	146	-
<b>Other recognised gains and losses</b>				
Actuarial losses on defined benefit pension schemes	19	-	(25)	-
<b>Net movement in funds</b>		989	(4,621)	55,241
<b>Reconciliation of funds</b>				
Total funds brought forward		-	-	-
Total funds carried forward		<u>989</u>	<u>(4,621)</u>	<u>55,241</u>

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £'000	£'000
<b>Fixed assets</b>			
Tangible assets	12		54,885
<b>Current assets</b>			
Debtors	13	777	
Cash at bank and in hand		1,505	
		<u>2,282</u>	
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(937)	
		<u></u>	
<b>Net current assets</b>			1,345
<b>Net assets excluding pension liability</b>			56,230
Defined benefit pension liability	19		(4,621)
<b>Net assets</b>			<u>51,609</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	17		
- Fixed asset funds			55,241
- Pension reserve			(4,621)
<b>Total restricted funds</b>			<u>50,620</u>
<b>Unrestricted income funds</b>	17		989
<b>Total funds</b>			<u>51,609</u>

The financial statements set out on pages 20 to 42 were approved by the Board of Trustees and authorised for issue on 11<sup>th</sup> Dec 2017 and are signed on its behalf by:

  
Raymond Elgy  
Chair

Company Number 10479401

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

	Notes	2017 £'000	£'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20		(242)
Cash funds transferred on conversion			1,691
			<u>1,449</u>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		1	
Capital grants from DfE and EFA		81	
Payments to acquire tangible fixed assets		(26)	
		<u></u>	56
<b>Change in cash and cash equivalents in the reporting period</b>			<u>1,505</u>
Cash and cash equivalents at 15 November 2016			-
<b>Cash and cash equivalents at 31 August 2017</b>			<u><u>1,505</u></u>

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **1 Accounting policies**

South East Surrey Schools Education Trust is a charitable company, limited by guarantee and registered in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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

#### **1.1 Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

South East Surrey Schools Education Trust meets the definition of a public benefit entity under FRS 102.

These financial statements have been prepared for the period 15 November 2016 to 31 August 2017 which is a period of less than twelve months, which reflects the period for which the Trust has been in existence. Academy trusts are required by the Education Funding Agency to report annually to 31 August and the academy trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

#### **1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

#### **1.3 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 as set out below.

The assets and liabilities transferred on conversion from The Ashcombe School, Therfield School and The Warwick 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 details of the transaction are set out in note 24.

#### **1.4 Income**

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

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **1 Accounting policies**

**(Continued)**

#### Grants receivable

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

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

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

#### Sponsorship income

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

#### Donations

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

#### Other income

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

#### Donated goods, facilities and services

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

#### Donated fixed assets

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

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **1 Accounting policies**

**(Continued)**

#### **1.5 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### Governance costs

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

#### **1.6 Tangible fixed assets and depreciation**

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

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

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

Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	5 years

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

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **1 Accounting policies**

**(Continued)**

#### **1.7 Liabilities**

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

#### **1.8 Leasing commitments**

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

#### **1.9 Financial instruments**

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

##### Financial assets

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

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

##### Financial liabilities

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

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

#### **1.10 Taxation**

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

#### **1.11 Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **1 Accounting policies**

**(Continued)**

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

#### **1.12 Fund accounting**

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

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

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

#### **1.13 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administrative costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 23.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **2 Critical accounting estimates and areas of judgement**

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The current valuation of the school land and buildings is based on data provided by Surrey County Council in March 2015. The ESFA will provide an updated valuation of the sites in January 2018. This may result in an adjustment to the carrying value of the assets.

#### Critical areas of judgement

No judgements have been made in determining the amounts reported in the financial statements.

### **3 Donations and capital grants**

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2017 £'000</b>
Capital grants	-	81	81
	<u>          </u>	<u>          </u>	<u>          </u>

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
<b>DfE / ESFA grants</b>			
General annual grant (GAG)	-	9,922	9,922
Other DfE / ESFA grants	-	366	366
National College grants	-	32	32
	-	10,320	10,320
<b>Other government grants</b>			
Local authority grants	-	378	378
<b>Other funds</b>			
Other incoming resources	730	370	1,100
<b>Total funding</b>	730	11,068	11,798

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Hire of facilities	118	-	118

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Short term deposits	1	-	1

### 7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000
Academy trust's educational operations				
- Direct costs	8,273	1,093	1,462	10,828
- Allocated support costs	1,428	829	305	2,562
	9,701	1,922	1,767	13,390

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 7 Expenditure (Continued)

Net income/(expenditure) for the period includes:	2017 £'000
Fees payable to auditor for:	
- Audit	16
- Other services	4
Operating lease rentals	8
Depreciation of tangible fixed assets	1,139
Net interest on defined benefit pension liability	80
	<u>          </u>

#### Central services

The academy trust has taken a top-slice of 5% to cover central services such as HR and financial support, but in keeping with the model of delegation, most of these have been delivered locally under the overall supervision of the Executive Head and CFO. Therefore, the 3 schools have received 4.7% back, leaving a net central service cost of 0.3%. The contributions are calculated according to the GAG funding for each school.

The amounts charged during the Period were as follows:	Total £'000
The Ashcombe School	13
Therfield School	8
The Warwick School	9
	<u>          </u>
	30
	<u>          </u>

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Direct costs - educational operations	773	10,055	10,828
Support costs - educational operations	-	2,562	2,562
	<u>          </u>	<u>          </u>	<u>          </u>
	773	12,617	13,390
	<u>          </u>	<u>          </u>	<u>          </u>

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2017**

### **8 Charitable activities**

**(Continued)**

	<b>2017</b> <b>£'000</b>
<b>Analysis of support costs</b>	
Support staff costs	1,428
Depreciation and amortisation	46
Technology costs	12
Premises costs	649
Other support costs	326
Governance costs	101
	<u>2,562</u>

### **9 Staff costs**

	<b>2017</b> <b>£'000</b>
Wages and salaries	7,261
Social security costs	715
Operating costs of defined benefit pension schemes	1,518
Apprenticeship levy	10
	<u>9,504</u>
Staff costs	9,504
Supply staff costs	169
Staff development and other staff costs	28
	<u>9,701</u>
Total staff expenditure	<u>9,701</u>

#### **Staff numbers**

The average number of persons, by headcount, employed by the academy trust during the Period was as follows:

	<b>2017</b> <b>Number</b>
Teachers	218
Administration and support	230
Management	4
	<u>452</u>

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2017**

### **9 Staff costs**

**(Continued)**

The number of persons employed, expressed as a full time equivalent, was as follows:

	<b>2017 Number</b>
Teachers	197
Administration and support	117
Management	4
	<hr/> 318 <hr/>

#### **Higher paid staff**

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

	<b>2017 Number</b>
£60,001 - £70,000	2
	<hr/>

#### **Key management personnel**

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the schools in the academy trust was £276,735.

### **10 Trustees' remuneration and expenses**

One Trustee (the Executive Head) has been paid remuneration for his service as Headteacher of a school within the Trust, but does not receive remuneration for his services as Executive Head.

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

#### **D Blow (Headteacher)**

- Remuneration £65,000 - £70,000
- Employer's Pension Contributions £10,000 - £15,000

During the period, no expenses were reimbursed to Trustees.

### **11 Trustees and officers insurance**

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

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 15 November 2016	-	-	-	-	-
Additions	55,825	146	22	31	56,024
At 31 August 2017	55,825	146	22	31	56,024
<b>Depreciation</b>					
At 15 November 2016	-	-	-	-	-
Charge for the Period	1,093	38	3	5	1,139
At 31 August 2017	1,093	38	3	5	1,139
<b>Net book value</b>					
At 31 August 2017	54,732	108	19	26	54,885

The net book value of land and buildings comprises:

	2017 £'000
Long leaseholds (over 50 years)	54,732

The sites of the three schools have been leased by the Trust from Surrey County Council. The lease period for all three sites is 125 years at a peppercorn rent.

For the purpose of these financial statements, the land and buildings have been valued using data provided by Surrey County Council as at 31 March 2015. The ESFA will provide an updated valuation of the sites in January 2018. This may result in an adjustment to the carrying value of the assets in the year ended 31 August 2018.

The land and buildings carrying value of £54.732 million includes non-depreciated land valued at £24.307 million.

### 13 Debtors

	2017 £'000
Trade debtors	108
VAT recoverable	319
Other debtors	81
Prepayments and accrued income	269
	777

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2017 £'000</b>
	Trade creditors	98
	Other taxation and social security	280
	ESFA creditors	79
	Other creditors	325
	Accruals and deferred income	155
		<u>937</u>
		<u><u>937</u></u>
<b>15</b>	<b>Deferred income</b>	<b>2017 £'000</b>
	Deferred income is included within:	
	Creditors due within one year	82
		<u>82</u>
	Amounts deferred in the Period	82
		<u>82</u>
	<b>Deferred income at 31 August 2017</b>	<b>82</b>
		<u><u>82</u></u>
	Deferred income comprises funds received in advance for trips taking place during the 2017-18 academic year.	
<b>16</b>	<b>Financial instruments</b>	<b>2017 £'000</b>
	<b>Carrying amount of financial assets</b>	
	Debt instruments measured at amortised cost	189
		<u>189</u>
	<b>Carrying amount of financial liabilities</b>	
	Measured at amortised cost	496
		<u><u>496</u></u>

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 17 Funds

	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>				
General Annual Grant	9,922	(10,068)	146	-
Other DfE / ESFA grants	398	(398)	-	-
Other government grants	378	(378)	-	-
Other restricted funds	370	(370)	-	-
	<u>11,068</u>	<u>(11,214)</u>	<u>146</u>	<u>-</u>
Funds excluding pensions	11,068	(11,214)	146	-
Pension reserve	(4,332)	(264)	(25)	(4,621)
	<u>6,736</u>	<u>(11,478)</u>	<u>121</u>	<u>(4,621)</u>
<b>Restricted fixed asset funds</b>				
Transferred on conversion	56,299	(1,118)	-	55,181
DfE / ESFA capital grants	81	(21)	-	60
	<u>56,380</u>	<u>(1,139)</u>	<u>-</u>	<u>55,241</u>
<b>Total restricted funds</b>	<u>63,116</u>	<u>(12,617)</u>	<u>121</u>	<u>50,620</u>
<b>Unrestricted funds</b>				
General funds	1,908	(773)	(146)	989
<b>Total funds</b>	<u>65,024</u>	<u>(13,390)</u>	<u>(25)</u>	<u>51,609</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants: This includes all other funding received from the ESFA and DfE, excluding capital grants.

Other government grants: This includes all funding received from Surrey County Council and grant from other government bodies.

Other restricted funds: This includes all non-grant restricted income, including donations to the laptop fund.

A planned transfer of funds of £146K has been made from monies set aside in previous years as part of a five-year plan to cope with a low point in pupil numbers two years ago and to fund the current increase in pupil numbers for which the funding is lagged.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2017 were allocated as follows:	
The Ashcombe School	203
Therfield School	482
The Warwick School	59
Central services	245
	<hr/>
Total before fixed assets fund and pension reserve	989
Restricted fixed asset fund	55,241
Pension reserve	(4,621)
	<hr/>
Total funds	51,609
	<hr/> <hr/>

#### 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 £'000
The Ashcombe School	3,381	410	770	415	4,976
Therfield School	2,151	319	354	318	3,142
The Warwick School	2,672	406	330	256	3,664
Central services	69	108	7	20	204
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,273	1,243	1,461	1,009	11,986
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The costs and fund balances quoted above for the Trust's Central services include all income and expenditure relating to the Chatterbox Nursery, Dorking Schools Partnership and the 14-19 Network.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	54,885	54,885
Current assets	1,926	-	356	2,282
Creditors falling due within one year	(937)	-	-	(937)
Defined benefit pension liability	-	(4,621)	-	(4,621)
	<u>989</u>	<u>(4,621)</u>	<u>55,241</u>	<u>51,609</u>

### 19 Pensions and similar obligations

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

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

Contributions amounting to £249,000 were payable to the schemes at 31 August 2017 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

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

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £870,000.

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.1% for employers and 5.5% to 12.5% for employees. Employer contributions for the year ended 31 August 2018 are estimated to be £383,000.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained schools (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the academy trust at the balance sheet date.

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

Total contributions made	2017 £'000
Employer's contributions	353
Employees' contributions	75
Total contributions	428

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2017 %
Rate of increases in salaries	2.7
Rate of increase for pensions in payment	2.4
Discount rate	2.5
Inflation assumption (CPI)	2.7

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

	2017 Years
Retiring today	
- Males	22.5
- Females	24.6
Retiring in 20 years	
- Males	24.1
- Females	26.4

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

	2017 £'000
0.5% decrease in Real Discount Rate	1,182
0.5% increase in Salary Increase Rate	293
0.5% increase in the Pension Increase Rate	863

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

	2017 Fair value £'000
Equities	3,680
Bonds	746
Cash	199
Property	348
Total market value of assets	4,973
Actual return on scheme assets - gain/(loss)	338

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2017**

<b>19 Pensions and similar obligations</b>	<b>(Continued)</b>
<b>Amounts recognised in the statement of financial activities</b>	<b>2017 £'000</b>
Current service cost	537
Interest income	(80)
Interest cost	160
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Total operating charge	617
	<hr/>
<b>Changes in the present value of defined benefit obligations</b>	<b>2017 £'000</b>
Obligations acquired on conversion	8,539
Current service cost	537
Interest cost	160
Employee contributions	75
Actuarial (gain)/loss	283
	<hr/>
At 31 August 2017	9,594
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<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2017 £'000</b>
Assets acquired on conversion	4,207
Interest income	80
Actuarial gain	258
Employer contributions	353
Employee contributions	75
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At 31 August 2017	4,973
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# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **20 Reconciliation of net income to net cash flows from operating activities**

	<b>2017 £'000</b>
Net income for the reporting period	51,634
Adjusted for:	
Net surplus on conversion to academy	(53,026)
Capital grants from DfE/ESFA and other capital income	(81)
Investment income receivable	(1)
Defined benefit pension costs less contributions payable	184
Defined benefit pension net finance cost	80
Depreciation of tangible fixed assets	1,139
(Increase) in debtors	(777)
Increase in creditors	937
Stocks, debtors and creditors transferred on conversion	(331)
<b>Net cash used in operating activities</b>	<b>(242)</b>

### **21 Related party transactions**

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 10.

### **22 Members' liability**

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

### **23 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2017, the trust received £7,362 and disbursed £8,383 from the fund. The excess bursaries awarded were met from funds inherited by the Trust on the conversion of The Ashcombe and Therfield Schools.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 24 Conversion to an academy

On 1 January 2017, The Ashcombe School, The Warwick School and Therfield School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to South East Surrey Schools Education Trust from the Surrey 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 values 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 statement of financial activities.

Academy	Location	Date of conversion
The Ashcombe School	Dorking	1 January 2017
Therfield School	Leatherhead	1 January 2017
The Warwick School	Redhill	1 January 2017

	2017 £'000
<b>Net assets transferred:</b>	
Leasehold land and buildings	55,825
Other tangible fixed assets	173
Cash	1,691
LGPS pension surplus/(deficit)	(4,332)
Debtors	121
Creditors	(452)
	<u>53,026</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	56,299	56,299
LA budget funds	775	-	-	775
LGPS pension funds	-	(4,332)	-	(4,332)
Other funds	284	-	-	284
	<u>1,059</u>	<u>(4,332)</u>	<u>56,299</u>	<u>53,026</u>

The sites of the three schools have been leased by the Trust from Surrey County Council. The lease period for all three sites is 125 years at a peppercorn rent.