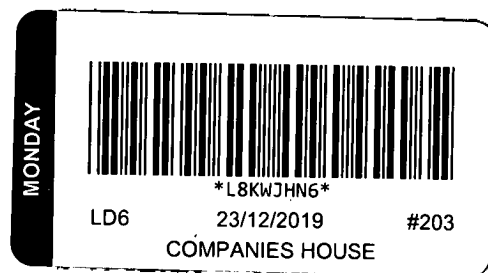


Company Registration No. 10479401 (England and Wales)

**SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Members**

Clive Roberts  
Barbara Brigham  
Andrew Potterton  
Andrew Saunders  
Neil McClelland

### **Trustees**

Ben Mearns  
Philip May  
David Blow (Accounting Officer)  
Peter Butterworth  
Raymond Elgy (Chair)  
Terry McDonald  
Katherine Milliken  
Timothy Poole  
Ian Wilson  
Deborah Zambardino  
Tim Jones (Appointed 6 September 2019)

### **Senior management team**

David Blow	- Executive Headteacher (SESSET) & The Ashcombe
Chris Panting	- Joint Acting Head of School
Alison Reed	- Joint Acting Head of School
James Malley	- Headteacher
Kerry Oakley	- Headteacher
Paula 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

#### **Location**

Dorking

#### **Headteacher**

David Blow (Chris Panting from 1 September 2019)  
See note 10

Therfield School

The Warwick School

Leatherhead

Redhill

James Malley

Kerry Oakley

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Independent auditor**

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

### **Bankers**

Lloyds Bank  
PO Box 1000  
Andover  
Hampshire  
BX1 1LT

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **TRUSTEES' REPORT**

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

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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 year to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The academy trust operates 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 3,179 in the school census in October 2018. This has risen to 3,290 in the school census in October 2019.

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

##### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association 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 year are included in the Reference and Administrative Details on page 1.

Legally SESSET was formed on 15th November 2016 but was an empty academy trust with no assets or income. Therfield School, The Warwick School and The Ashcombe School ("the Schools") joined on 1 January 2017.

##### 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 Trustees.

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 Academy Trust 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 YEAR ENDED 31 AUGUST 2019**

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

SESSET employs the services of Strictly Education 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 and Trust Finance 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 page 1 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 six 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 a very small remuneration for the performance of this role as an employee, but this is more than offset by payments to SESSET for his work for external organisations. His performance is reviewed annually by the Trustees. The 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 YEAR ENDED 31 AUGUST 2019

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### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	2.62

#### *Percentage of time spent on facility time*

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

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

#### *Paid trade union activities*

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

### Related parties and other connected charities and organisations

Details of related parties and transactions during the year can be found in note 23 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 8 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 the schools in Dorking and South Mole Valley to coordinate a range of provision such as Educational Psychologists, 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.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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

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### **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.

#### Objectives, strategies and activities

In the year to 31 August 2019, the Trust's objectives have been:

- To embed the operating systems and processes of SESSET
- To build on the existing sharing of good practice between the Schools

SESSET has gained experience of using its sound Scheme of Delegation on a regular basis, as well as in important situations such as the appointment of the new Headteacher at The Ashcombe School and the DfE funded major replacement building project at The Warwick School. It made good use of the integrated finance system (PSF) with strong cooperation between the Schools, and successfully completed its second financial year with the formal Statement of Accounts being filed at Companies House. A good modus operandi continues to be operated 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. There continues to be very helpful collaboration regarding the various building projects both in terms of the process for design, procurement and construction, and detailed suggestions and comparisons.

The Trustees continue to undertake self-evaluation to reflect on the actions and practice of the Trust, as well as formally considering in October the points from the Academies Financial Handbook 2018 and the letters during the year from Eileen Milner and Lord Agnew 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 maintenance and configuration of the integrated financial system to maintain and reinforce the existing strong controls, whilst giving immediate and complete overview and monitoring.

As regards the overall financial situation of each of the three schools, each of them is experiencing a rising roll. Because of the lagged funding formula it means that each of the schools is having to increase expenditure in the academic / financial year to ensure that the pupils are getting fair curriculum provision, but without receiving funding to do so within that financial year. However because of careful forward planning there is more than enough in the reserves to cover this, and the funding does come through in the following financial year.

As 1st January 2019 marked the beginning of the third year of operation of SESSET, all three schools have been inspected by Ofsted, and the links to the Ofsted reports are on each school website and the Ofsted website. Inspectors commented favourably on the support and oversight from SESSET.

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/>



# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 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.

#### **Strategic report**

##### 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 to 31 Aug 2019

- The Trust's target was to have a positive overall carry forward of unrestricted funds.
- The Trust seeks to ensure that pupils make progress in their time at the three schools.

	Target	Achievement to 31 Aug 18	Achievement to 31 Aug 19
<b>Financial:</b>	The Trust's target was to have a positive carry forward of unrestricted funds.	The Trust achieved a positive carry forward of £1,285 K in the year ending 31st August 2018.	The Trust achieved a positive carry forward of £1,338 K in the year ending 31st August 2019.
<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 2018, the school is in the DfE "average" band for Progress 8.	For two of the schools for Year 11 in June 2019, the school is in the DfE "average" band for Progress 8. For the other, Action plan in place in line with Ofsted inspection.

N.B. "average" on DfE website in terms of the progress made by pupils, i.e. they are making progress in line with pupils nationally.

#### 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 £15,227k (2018: £14,828k) for the year. The grants received from the ESFA during the year to 31 August 2019 and the associated expenditure are shown in the Statement of Financial Activities.

Capital Grants awarded to the schools by the ESFA to provide fixed assets comprised the Devolved Formula Capital Grant (DFC), which amounted to £226k (2018: £65k) and Condition Improvement Funding (CIF) of £1,451k (2018: £557k) for specific projects. Other capital funding of £Nil (2018: £488k) was received for a project at Therfield School.

In accordance with the Charities SORP, capital grants received are shown in the Statement of Financial Activities as restricted fixed asset funds.

The General Annual Grant (GAG) received from the ESFA and other income, such as voluntary income and activities for generating funds, exceeded operating expenditure (excluding pension adjustments and depreciation) by £53k in the year.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 2019 SESSET held the following Reserves:

Unrestricted Income Funds £1,338k (2018: £1,285k)  
Restricted Fixed Asset Funds £58,505k (2018: £59,093k)  
Restricted Pension Reserve (£6,725k) (2018: (£4,324k))  
Reserves at 31 August 2019 £53,118k (2018: £56,054k)

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 2019, SESSET held free reserves of £1,338k (2018 - £1,285k); this represents the Unrestricted General Funds.

The Trust's support staff are entitled to membership of the Local Government Pension Scheme (LGPS). 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 £6,725k (2018: £4,324k).

This deficit is not an immediate liability of the Trust. As highlighted in note 1.10 the fund has been independently assessed and conforming with current practice, employer contributions will be reviewed in 2020.

### Investment policy

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 YEAR ENDED 31 AUGUST 2019**

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</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 progress of the national funding formula</li><li>3. Maintain careful 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 by Governors/Trustees</li><li>2. Process management overseen by Headteachers and Senior Team</li></ol>

### **Fundraising**

Students in the three Schools undertake fundraising for charities, to support their trips and to finance events they run on behalf of the local community. These events are overseen by staff in the Schools, some of whom also write bids for funding school equipment. Where bids are successful, all information and reporting requirements attached to the bid are complied with.

### **Plans for future periods**

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

SESSET's priority for 2019-20 will be to support and monitor The Warwick during their post-Ofsted Action Plan.

The leadership team of SESSET, which from September 2019 includes the new Head at The Ashcombe with the Executive Head of SESSET in just that role (at no net cost to SESSET) rather than also as Head of The Ashcombe, will be working closely together to take SESSET forward and build on the good start.

Therfield and Ashcombe were successful in making CIF bids, leading to another roof project at Therfield, and a replacement rainwater goods, and a replacement heating and hot water pipework project at The Ashcombe all currently being undertaken. All 3 schools are likely to make CIF bids by the deadline of December 2019. Therfield School continue to negotiate with ESFA and other bodies regarding a new Sports Hall as part of the Fox Grove Special Free School building project (public exhibition in Nov 2019).

The Warwick School is working with ESFA on a Priority Schools Building Programme 2 project which will involve the re-build of the main teaching block and the Sports Hall. Construction began in 2019 in a carefully phased programme which will enable the school to avoid any need for temporary accommodation. Phase 1, The Sports Hall began in January 2019 and was handed over in September 2019, enabling the demolition of the existing Sports Hall in order to be able to build a new main block, which is scheduled to finish in early 2021.

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

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

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Employee consultation and disabled employees**

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.

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 all applications from all staff.

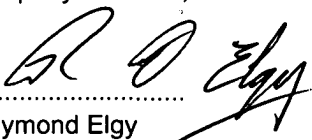
### **Auditor**

In so far as the Trustees are aware:

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

A resolution proposing that Wilkins Kennedy Audit Services 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 .....11.12.19..... and signed on its behalf by:

  
.....  
Raymond Elgy  
Chair

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Ben Mearns	3	6
Philip May	6	6
David Blow (Accounting Officer)	6	6
Peter Butterworth	3	6
Raymond Elgy (Chair)	6	6
Terry McDonald	5	6
Katherine Milliken	6	6
Timothy Poole	6	6
Ian Wilson	4	6
Deborah Zambardino	6	6
Tim Jones (Appointed 6 September 2019)		

### **Finance governance**

The Board continued with the same finance governance as in the previous year, looking at financial reporting as a whole, in keeping with the integrated curriculum, staffing and financial operation putting the SESSET ethos into practice. The Finance Advisory Group continued its functioning, chaired by a Trustee with accountancy qualifications.

This group oversees a programme of Internal Financial Scrutiny visits to each of the three schools by two members of the group on a distributed basis. These include a Pre-Visit Questionnaire based on FMGS, and checks on the control environment and processes especially in payroll and order payments. The outcomes are reported to the Group and actions agreed, which can be checked on the following visit.

The group is also able to interpret and communicate with the Governing Bodies and Trustees about the technical accountancy factors underpinning the Statement of Accounts and statutory returns to the ESFA (AAR, BFR, BFRO, etc)

The annual Internal Financial Scrutiny visits took place in the 2018-19 financial year under the oversight of the Group, and confirmed strong overall controls, whilst making suggestions for further improvements.

In the light of the requirements within AFH 2019, SESSET has established an Audit Committee whose work includes that of the Group, as well as Risk Management.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Oversight of building projects including Condition Improvement Fund (CIF)**

This is another area of significant risk, and the effective operation of SESSET was tested by two significant projects in this financial year. The first was the Drama Studio project at Therfield which had been initiated under Surrey County Council, then frozen in 2016 and finally agreed. Everyone is delighted that this long-awaited project was completed with opening in January 2019. This was a complex project with a fixed budget, requiring skilful project management by the school, supported by SESSET, to deal with various challenges which arose during the construction phase.

The other was the Priority Schools Building Programme 2 project at The Warwick School, funded and overseen by the ESFA. This exciting project will result in the replacement of the old central buildings at the school by a new block and Sports Hall. This is an enormously complex project as the school will continue to operate in existing buildings during the building programme which is carefully phased. Planning permission was granted in October and building began in January 2019 with the whole project completing in early 2021. The school has been closely involved in design and planning meetings with ESFA, architects and contractors, with SESSET represented by the Executive Headteacher. Trustees were fully informed with presentations, and again ensured that The Warwick's Governing Body had undertaken due scrutiny and accepted responsibility.

CIF projects were undertaken at Therfield (2 roofing projects) and The Ashcombe (replacement Supported Learning Centre (Jan - Aug 19), replacement rainwater goods (Summer and Autumn 19) and replacement heating and hot water pipework (Summer 19 ongoing). These were also complex projects, and each has been carefully managed to minimise disruption to the school and stay within budget and schedule.

### **Other self-evaluation outcomes**

Following the successful process for the appointment of a new Headteacher at The Warwick in Spring Term 2018, a similar process was again used successfully for the appointment of a new Headteacher at The Ashcombe in Spring Term 2019.

The Safeguarding Group met to review the policies, and update them in line with the latest guidance.

At the Trust meeting in September 2018, which had a development and self-evaluation focus, the response of the Trustees to potential requests to join SESSET was formulated, and then used in preliminary discussions with two interested schools, but these are cautious steps.

Trustees also had a practical development session on the use of Integrated Finance and Curriculum Planning (ICFP), including gaining a good understanding of the principles underlying the ASCL "Equation of Life" and the factors which have to balance.

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

As Accounting Officer the Executive 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 contracts on renewal, resulting, in some cases, in proposed price increases being managed to ensure continuing value for money, in others cost savings have been made, in particular in printing and in others, investment contributions have been made by suppliers to further the service levels
- internal processes continue to be reviewed to ensure effective deployment of staff

Work has already begun to identify savings in 2019-20 to deliver further efficiency savings including use of the DfE / ESFA "Deals for Schools" programme.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **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 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The 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 year to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the individual school Governor Committees 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;
- use of integrated financial management software across all three schools with tightly specified authorisation and controls incorporated, which were reviewed and checked during the year.

The Trustees have set up a Finance Advisory Group (see first page of Governance statement) to formalise the work of the internal scrutiny group, and there has been a thorough internal scrutiny of processes as in the previous year.

Each 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.

As described above, work has begun in the 2019-20 financial year to review arrangements in the light of AFH 2019 and associated documentation and Guidance, which is leading to the setting up of a separate Audit Committee.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **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:

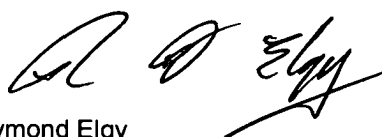
- the work of the internal scrutiny group
- the work of the external auditor
- the financial management and governance self-assessment process
- the post of Business Support Officer (BSO) (p/t for SESSET) set up in the previous year has been made substantive. It was created to provide resilience and additional capacity for the administration of the integrated financial system and the submission of returns to the ESFA and other bodies, and has been invaluable in providing skilled capacity to do so. This work has included a review of the design of the control and compliance mechanisms within the finance package. This year, it has been necessary to create the additional post of Business Administration Officer (BAO) (p/t for SESSET) to complement the other post, with a focus on HR and payroll, which links with the financial aspects. The team of CFO, BSO and BAO have worked well to ensure that SESSET is in a strong and secure position in the light of considerable extra external pressure and demands, enabling each school to focus on providing a quality education for its pupils efficiently and effectively.

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 .....11/12/19..... 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 YEAR ENDED 31 AUGUST 2019***

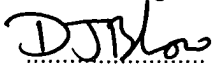
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As Accounting Officer of South East Surrey Schools Education Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance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

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

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

David Blow  
Accounting Officer



11 December 2019

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 members of the Board of Trustees on 11.12.19 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**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the financial statements of South East Surrey Schools Education Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Trustees are responsible for the other information, which 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)**

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

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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 the audit:

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

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

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

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

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

### **Responsibilities of Trustees**

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 Audit Services*

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

**Statutory Auditor**

*11 December 2019*

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 & SKILLS FUNDING AGENCY**

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

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In accordance with the terms of our engagement letter dated 11 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South East Surrey Schools Education Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

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 & SKILLS FUNDING AGENCY (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Wilkins Kennedy Audit Services*

### **Reporting Accountant**

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

Dated: *11 December 2019*

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	28	19	1,677	1,724	1,207
Charitable activities:						
- Funding for educational operations	4	919	17,221	-	18,140	17,748
Other trading activities	5	220	-	-	220	243
Investments	6	4	-	-	4	1
<b>Total</b>		<u>1,171</u>	<u>17,240</u>	<u>1,677</u>	<u>20,088</u>	<u>19,199</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	1,067	18,638	1,576	21,281	20,445
<b>Total</b>	7	<u>1,067</u>	<u>18,638</u>	<u>1,576</u>	<u>21,281</u>	<u>20,445</u>
<b>Net income/(expenditure)</b>		104	(1,398)	101	(1,193)	(1,246)
Transfers between funds	17	(51)	740	(689)	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(1,743)	-	(1,743)	978
Revaluation of fixed assets	13	-	-	-	-	4,713
<b>Net movement in funds</b>		53	(2,401)	(588)	(2,936)	4,445
<b>Reconciliation of funds</b>						
Total funds brought forward		1,285	(4,324)	59,093	56,054	51,609
Total funds carried forward		<u>1,338</u>	<u>(6,725)</u>	<u>58,505</u>	<u>53,118</u>	<u>56,054</u>



# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative information ended 31 August 2018	Notes	Unrestricted Funds £'000	Restricted funds: General	Fixed asset £'000	Total 2018 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	76	21	1,110	1,207
Charitable activities:					
- Funding for educational operations	4	1,186	16,562	-	17,748
Other trading activities	5	243	-	-	243
Investments	6	1	-	-	1
<b>Total</b>		<u>1,506</u>	<u>16,583</u>	<u>1,110</u>	<u>19,199</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	9	1,511	17,413	1,521	20,445
<b>Total</b>	7	<u>1,511</u>	<u>17,413</u>	<u>1,521</u>	<u>20,445</u>
<b>Net expenditure</b>		(5)	(830)	(411)	(1,246)
Transfers between funds	17	301	149	(450)	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	978	-	978
Revaluation of fixed assets	13	-	-	4,713	4,713
<b>Net movement in funds</b>		<u>296</u>	<u>297</u>	<u>3,852</u>	<u>4,445</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>989</u>	<u>(4,621)</u>	<u>55,241</u>	<u>51,609</u>
Total funds carried forward		<u>1,285</u>	<u>(4,324)</u>	<u>59,093</u>	<u>56,054</u>

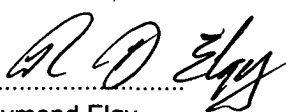
# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		58,149		58,506
<b>Current assets</b>					
Debtors	14	1,061		595	
Cash at bank and in hand		2,315		2,644	
		<u>3,376</u>		<u>3,239</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(1,682)		(1,367)	
<b>Net current assets</b>			<u>1,694</u>		<u>1,872</u>
<b>Net assets excluding pension liability</b>			<u>59,843</u>		<u>60,378</u>
Defined benefit pension scheme liability	19		(6,725)		(4,324)
<b>Total net assets</b>			<u>53,118</u>		<u>56,054</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			58,505		59,093
- Pension reserve			(6,725)		(4,324)
<b>Total restricted funds</b>			<u>51,780</u>		<u>54,769</u>
<b>Unrestricted income funds</b>	17		<u>1,338</u>		<u>1,285</u>
<b>Total funds</b>			<u>53,118</u>		<u>56,054</u>

The financial statements on pages 22 to 46 were approved by the Trustees and authorised for issue on 11.12.19 and are signed on their behalf by:

  
 Raymond Elgy  
 Chair

Company Number 10479401

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	(791)	457
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		4	1
Capital grants from DfE Group		1,677	1,104
Capital funding received from sponsors and others		-	6
Purchase of tangible fixed assets		(1,219)	(429)
<b>Net cash provided by investing activities</b>		462	682
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>		(329)	1,139
Cash and cash equivalents at beginning of the year		2,644	1,505
<b>Cash and cash equivalents at end of the year</b>		2,315	2,644

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

## **NOTES TO THE ACCOUNTS**

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

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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 2018 to 2019 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.

##### **1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 Income**

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

###### **Grants**

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 and there is not unconditional entitlement to the income, 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.

###### **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.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### Other income

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

#### Donated fixed assets

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

### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Charitable activities

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

### 1.5 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:

Buildings	50 years
Leasehold improvements	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	5 years

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### **1 Accounting policies**

**(Continued)**

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

#### **1.6 Liabilities**

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

#### **1.7 Leased assets**

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

#### **1.8 Financial instruments**

The 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.

#### **1.9 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.

#### **1.10 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.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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

---

#### **1 Accounting policies**

**(Continued)**

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

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

##### **1.11 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.

##### **1.12 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 25.

#### **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.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

(Continued)

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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

For the purpose of these financial statements, the land and buildings have been valued using valuations provided by the ESFA.

#### Critical areas of judgement

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

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	1,677	1,677	1,104
Other donations	28	19	47	103
	<u>28</u>	<u>1,696</u>	<u>1,724</u>	<u>1,207</u>

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	15,227	15,227	14,828
Other DfE group grants	-	808	808	634
	<u>-</u>	<u>16,035</u>	<u>16,035</u>	<u>15,462</u>
<b>Other government grants</b>				
Local authority grants	-	755	755	492
	<u>-</u>	<u>755</u>	<u>755</u>	<u>492</u>
<b>Other funding</b>				
Other incoming resources	919	431	1,350	1,794
	<u>919</u>	<u>431</u>	<u>1,350</u>	<u>1,794</u>
<b>Total funding</b>	<u>919</u>	<u>17,221</u>	<u>18,140</u>	<u>17,748</u>



# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	210	-	210	243
Other income	10	-	10	-
	<u>220</u>	<u>-</u>	<u>220</u>	<u>243</u>

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	4	-	4	1
	<u>4</u>	<u>-</u>	<u>4</u>	<u>1</u>

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
- Direct costs	12,857	1,437	1,952	16,246	16,087
- Allocated support costs	2,206	2,198	631	5,035	4,358
	<u>15,063</u>	<u>3,635</u>	<u>2,583</u>	<u>21,281</u>	<u>20,445</u>

#### Net income/(expenditure) for the year includes:

	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	21	21
- Other services	3	2
- Tax advisory services	-	2
Depreciation of tangible fixed assets	1,576	1,521
Net interest on defined benefit pension liability	128	122
	<u>1,728</u>	<u>1,668</u>

### 8 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.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
The Ashcombe School	20	20
Therfield School	12	12
The Warwick School	14	13
	<u>46</u>	<u>45</u>

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>				
Educational operations	1,063	15,183	16,246	16,087
<b>Support costs</b>				
Educational operations	4	5,031	5,035	4,358
	<u>1,067</u>	<u>20,214</u>	<u>21,281</u>	<u>20,445</u>

	2019 £'000	2018 £'000
<b>Analysis of support costs</b>		
Support staff costs	2,206	2,285
Depreciation	139	96
Technology costs	58	46
Premises costs	2,059	1,367
Other support costs	394	369
Governance costs	179	195
	<u>5,035</u>	<u>4,358</u>

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

### **10 Staff**

#### **Staff costs**

Staff costs during the year were:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	11,340	11,075
Social security costs	1,102	1,087
Pension costs	2,359	2,337
Amounts paid to employees	14,801	14,499
Agency staff costs	213	270
Staff restructuring costs	49	7
Amounts paid to staff	15,063	14,776
Staff development and other staff costs	215	157
Total staff expenditure	15,278	14,933

Staff restructuring costs comprise:

Severance payments	49	7
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#### **Non statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £24,082 (2018: £7,100). Individually, the payments were £13,169, £10,000 and £913.

#### **Staff numbers**

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Teachers	230	220
Administration and support	183	164
Management	6	4
	419	388

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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

#### **10 Staff**

**(Continued)**

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

	<b>2019 Number</b>	<b>2018 Number</b>
Teachers	202	195
Administration and support	111	114
Management	5	4
	<u>318</u>	<u>313</u>

#### **Higher paid staff**

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

	<b>2019 Number</b>	<b>2018 Number</b>
£60,001 - £70,000	5	7
£70,001 - £80,000	6	5
£80,001 - £90,000	3	1
£90,001 - £100,000	-	2
	<u>      </u>	<u>      </u>

#### **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 for the year ended 31 August 2019 was £464,251 (2018 - £289,347).

The figure for 2018-19 is temporarily higher because of the Acting Head arrangements at The Ashcombe School whereby two Deputy Heads becoming Joint Acting Heads of School were deemed to join the "Key Management personnel" with their salaries in their entirety even though they maintained significant deputy head responsibilities

#### **11 Trustees' remuneration and expenses**

One Trustee has been paid remuneration for his service as Executive Head.

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

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

- Remuneration £Nil - £5,000 (2018: £95,001 - £100,000)
- Employer's Pension Contributions £Nil - £5,000 (2018: £15,001 - £20,000)

One trustee received reimbursed travel expenses paid in the year ended 31 August 2019 totalling £1,392 (2018: £Nil).

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 12 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.

### 13 Tangible fixed assets

	Buildings	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2018	59,445	288	213	71	56	60,073
Additions	-	1,077	124	18	-	1,219
At 31 August 2019	59,445	1,365	337	89	56	61,292
<b>Depreciation</b>						
At 1 September 2018	1,425	-	109	16	17	1,567
Charge for the year	1,425	12	110	17	12	1,576
At 31 August 2019	2,850	12	219	33	29	3,143
<b>Net book value</b>						
At 31 August 2019	56,595	1,353	118	56	27	58,149
At 31 August 2018	58,020	288	104	55	39	58,506

The net book value of land and buildings comprises:

	2019 £'000	2018 £'000
Long leaseholds (over 50 years)	56,595	58,020

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 the valuations provided by the ESFA.

The land and buildings carrying value of £56,596k includes non-depreciated land valued at £32,078k.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>14 Debtors</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade debtors	63	46
VAT recoverable	283	219
Other debtors	-	28
Prepayments and accrued income	715	302
	<u>1,061</u>	<u>595</u>
	<u><u>1,061</u></u>	<u><u>595</u></u>
<b>15 Creditors: amounts falling due within one year</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade creditors	242	362
Other taxation and social security	288	279
ESFA creditors	23	51
Other creditors	303	305
Accruals and deferred income	826	370
	<u>1,682</u>	<u>1,367</u>
	<u><u>1,682</u></u>	<u><u>1,367</u></u>
<b>16 Deferred income</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Deferred income is included within:		
Creditors due within one year	<u>302</u>	<u>228</u>
	<u><u>302</u></u>	<u><u>228</u></u>
Deferred income at 1 September 2018	228	82
Released from previous years	(228)	(82)
Resources deferred in the year	<u>302</u>	<u>228</u>
<b>Deferred income at 31 August 2019</b>	<u><u>302</u></u>	<u><u>228</u></u>

Deferred income comprises funds received in advance for trips taking place during the 2019-20 academic year.

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	15,227	(15,982)	755	-
Other DfE / ESFA grants	-	808	(808)	-	-
Other government grants	-	755	(755)	-	-
Other restricted funds	-	450	(435)	(15)	-
Pension reserve	(4,324)	-	(658)	(1,743)	(6,725)
	<u>(4,324)</u>	<u>17,240</u>	<u>(18,638)</u>	<u>(1,003)</u>	<u>(6,725)</u>
<b>Restricted fixed asset funds</b>					
Fixed asset fund	58,506	-	(1,576)	1,219	58,149
DfE group capital grants	587	1,677	-	(1,908)	356
	<u>59,093</u>	<u>1,677</u>	<u>(1,576)</u>	<u>(689)</u>	<u>58,505</u>
<b>Total restricted funds</b>	<u>54,769</u>	<u>18,917</u>	<u>(20,214)</u>	<u>(1,692)</u>	<u>51,780</u>
<b>Unrestricted funds</b>					
General funds	1,285	1,171	(1,067)	(51)	1,338
<b>Total funds</b>	<u>56,054</u>	<u>20,088</u>	<u>(21,281)</u>	<u>(1,743)</u>	<u>53,118</u>

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **17 Funds**

**(Continued)**

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 2019.

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 grants from other government bodies.

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

#### Transfers

During the year, GAG funding of £132,000, donations from the Garfield Foundation of £15,000 and unrestricted reserves of £51,000 were used to purchase capital items. This funding has been transferred to the fixed asset fund.

During the year, CIF funding of £887,000 was spent on two roof refurbishments, rainwater goods replacement and heating works at various schools. This expenditure has been recorded through the GAG fund and the income recorded through the DfE Group capital grants fund. A transfer has therefore been made to match the income and expenditure through the same fund.



# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

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

### 17 Funds

(Continued)

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	14,828	(14,977)	149	-
Other DfE / ESFA grants	-	634	(634)	-	-
Other government grants	-	492	(492)	-	-
Other restricted funds	-	629	(629)	-	-
Pension reserve	(4,621)	-	(681)	978	(4,324)
	<u>(4,621)</u>	<u>16,583</u>	<u>(17,413)</u>	<u>1,127</u>	<u>(4,324)</u>
<b>Restricted fixed asset funds</b>					
Fixed asset fund	55,181	-	(1,521)	4,846	58,506
DfE group capital grants	60	1,110	-	(583)	587
	<u>55,241</u>	<u>1,110</u>	<u>(1,521)</u>	<u>4,263</u>	<u>59,093</u>
<b>Total restricted funds</b>	<u>50,620</u>	<u>17,693</u>	<u>(18,934)</u>	<u>5,390</u>	<u>54,769</u>
<b>Unrestricted funds</b>					
General funds	989	1,506	(1,511)	301	1,285
	<u>989</u>	<u>1,506</u>	<u>(1,511)</u>	<u>301</u>	<u>1,285</u>
<b>Total funds</b>	<u>51,609</u>	<u>19,199</u>	<u>(20,445)</u>	<u>5,691</u>	<u>56,054</u>

### Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
The Ashcombe School	454	376
Therfield School	343	561
The Warwick School	241	46
Central services	300	302
	<u>1,338</u>	<u>1,285</u>
Total before fixed assets fund and pension reserve	1,338	1,285
Restricted fixed asset fund	58,505	59,093
Pension reserve	(6,725)	(4,324)
	<u>53,118</u>	<u>56,054</u>
Total funds	53,118	56,054

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

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

### 17 Funds

(Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
The Ashcombe School	5,114	851	924	1,421	8,310	7,532
Therfield School	3,532	613	486	753	5,384	5,473
The Warwick School	3,950	743	491	494	5,678	5,617
Central services	261	-	48	24	333	264
	<u>12,857</u>	<u>2,207</u>	<u>1,949</u>	<u>2,692</u>	<u>19,705</u>	<u>18,886</u>

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.

### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	58,149	58,149
Current assets	3,020	-	356	3,376
Creditors falling due within one year	(1,682)	-	-	(1,682)
Defined benefit pension liability	-	(6,725)	-	(6,725)
<b>Total net assets</b>	<u>1,338</u>	<u>(6,725)</u>	<u>58,505</u>	<u>53,118</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	58,506	58,506
Current assets	2,652	-	587	3,239
Creditors falling due within one year	(1,367)	-	-	(1,367)
Defined benefit pension liability	-	(4,324)	-	(4,324)
<b>Total net assets</b>	<u>1,285</u>	<u>(4,324)</u>	<u>59,093</u>	<u>56,054</u>

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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

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#### **19 Pension and similar obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 £156,000 were payable to the schemes at 31 August 2019 (2018: £97,000) and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### **The Teachers' Pension Budgeting and Valuation account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

##### **Valuation of The Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2020.

The employer's pension costs paid to the TPS in the period amounted to £1,343,000 (2018: £1,304,000).

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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

#### **19 Pension and similar obligations**

**(Continued)**

##### **Scheme changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

##### **Local Government Pension Scheme**

The LGPS is a funded defined benefit pension 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 2020 are estimated to be £483,000.

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.

<b>Total contributions made</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	483	471
Employees' contributions	151	148
Total contributions	<u>634</u>	<u>619</u>
<b>Principal actuarial assumptions</b>	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	<u>1.8</u>	<u>2.8</u>

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

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

	2019 Years	2018 Years
Retiring today		
- Males	21.6	22.5
- Females	23.6	24.6
Retiring in 20 years		
- Males	22.5	24.1
- Females	25.0	26.4

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

	2019 £'000	2018 £'000
0.5% decrease in Real Discount Rate	1,710	1,267
0.5% increase in Salary Increase Rate	330	279
0.5% increase in the Pension Increase Rate	1,340	968

#### Defined benefit pension scheme net liability

Scheme assets	6,906	5,875
Scheme obligations	(13,631)	(10,199)
Net liability	(6,725)	(4,324)

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

	2019 Fair value £'000	2018 Fair value £'000
Equities	4,904	4,230
Bonds	1,243	999
Cash	207	235
Property	552	411
Total market value of assets	6,906	5,875

The actual return on scheme assets was £397,000 (2018: £283,000).

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2019 £'000	2018 £'000
Current service cost	959	1,030
Past service cost	54	-
Interest income	(173)	(132)
Interest cost	301	254
Total operating charge	1,141	1,152
Changes in the present value of defined benefit obligations	2019 £'000	2018 £'000
At 1 September 2018	10,199	9,594
Current service cost	959	1,030
Interest cost	301	254
Employee contributions	151	148
Actuarial loss/(gain)	1,967	(827)
Past service cost	54	-
At 31 August 2019	13,631	10,199
Changes in the fair value of the academy trust's share of scheme assets	2019 £'000	2018 £'000
At 1 September 2018	5,875	4,973
Interest income	173	132
Actuarial gain	224	151
Employer contributions	483	471
Employee contributions	151	148
At 31 August 2019	6,906	5,875

# SOUTH EAST SURREY SCHOOLS EDUCATION TRUST

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £'000	2018 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(1,193)	(1,246)
Adjusted for:		
Capital grants from DfE and other capital income	(1,677)	(1,110)
Investment income receivable	(4)	(1)
Defined benefit pension costs less contributions payable	530	559
Defined benefit pension scheme finance cost	128	122
Depreciation of tangible fixed assets	1,576	1,521
(Increase)/decrease in debtors	(466)	182
Increase in creditors	315	430
<b>Net cash (used in)/provided by operating activities</b>	<b>(791)</b>	<b>457</b>

### 21 Commitments under operating leases

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

	2019 £'000	2018 £'000
Amounts due within one year	5	-
Amounts due in two and five years	18	-
	<u>23</u>	<u>-</u>

### 22 Capital commitments

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the financial statements	823	546

### 23 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 11.

### 24 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.

# **SOUTH EAST SURREY SCHOOLS EDUCATION TRUST**

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

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

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### **25 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 2019, the trust received £19,585 (2018: £15,575) and disbursed £23,376 (2018: £25,924) from the fund. As at 31 August 2019, £6,558 (2018: £10,349) of unspent funds were recognised in Other Creditors.