

Sussex Education Trust Limited
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
07874411 (England and Wales)

Sussex Education Trust Limited

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Sussex Education Trust Limited

Reference and Administrative Details

Members:

C Adams
N Brown
H Humphry
S King
S Webber

Trustees:

R Andrews
J Appleby
M Burkes
K Christopher (appointed 13 December 2019)
R Crowe (appointed 13 December 2019)
A Harris
H Humphry
S King
M Leggatt (resigned 2 October 2020)
R Matthews
H Oyns (resigned 2 December 2020)
P Spencer Ellis
K Wade (resigned 22 November 2020)

Senior Management Team:

L New	Principal
L Hanna	Deputy Principal
G Grimwood	Business manager
L Hardwick	Assistant Headteacher
C Halton	Assistant Headteacher
C Dolan	Assistant Headteacher
S Apsey	Assistant Headteacher
R Griffiths	Key Stage 1 Lead
G Hayes	Key Stage 2 Lead
J Powell	Primary Inclusion Lead

Sussex Education Trust Limited

Reference and Administrative Details

Company Name

Sussex Education Trust Limited

Principal and Registered Office

Chichester Free School

Hunston Road

Chichester

West Sussex

PO20 1NP

Company Registration Number

07874411 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds Bank Plc

PO Box 3

Queen Square

Wolverhampton

WV1 1TF

Solicitors

SMR Solicitors Limited

50 Westgate

Chichester

West Sussex

PO19 3HE

Sussex Education Trust Limited

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 4 to 18 and does not have a specific catchment area. It has a pupil capacity of 1120 and had a roll of 1024 in the school census on 06 October 2020.

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 trustees of Sussex Education Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as Chichester Free School.

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

Members' Liability

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

Trustees' Indemnities

The academy trust provides indemnity insurance to cover the liability of Trustees/Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to Chichester Free School.

Method of Recruitment and Appointment or Election of Trustees

There are three main ways someone becomes a trustee, they can be elected by their constituents – either parents or staff. Second they can be appointed by the Members or they can be co-opted by the Trustees themselves.

Those appointed by the Members are considered to have certain skills or experience that the Members feel would be of great value to the Trustees. Those co-opted by the Trustees are similar, we have appointed ex Heads of School to the Trustees as well as some with particular, and very useful to have, skills.

Sussex Education Trust Limited

Trustees' Report

Policies and Procedures Adopted for the Induction and Training of Trustees

When a new trustee is appointed they are appointed a "mentor/buddy" whose role it is to guide them through the role etc. as well as be their font of knowledge. They are also taken on a tour of the school so the leadership team can introduce them to all aspects of school life. As for meetings they are invited to attend all committee meetings to acquaint them with items covered etc. then, in consultation with other Trustees it is agreed which committee/s they would be best to serve on. In parallel to this they have been given a sign on to West Sussex Governance Services website where, in conjunction with their mentor a training programme is mapped out to ensure they are as well trained as possible.

Organisational Structure

The working structure of the School is very much an operational matter and is largely left in the hands of the Principal. Structural discussions that impact on the Senior Leadership Team are brought to the full board for their input.

Arrangements for setting pay and remuneration of key management personnel

The pay for key management personnel is subject to performance management review and the Principal's and Business Managers pay is reviewed and set by the Pay Review Committee which has delegated responsibility to do this from the Board of Trustees.

Trade union facility time

There are no such officials working at the school.

Related Parties and other Connected Charities and Organisations

There are no related parties which either control or significantly influence the decisions and operations of the Academy trust. The Chichester Free School PTA operates as "The friends of Chichester Free School". There is no sponsor or connected charities and organisations with which the school jointly pursues its charitable activities.

Related parties are Mindworks Ltd whose Managing Director is the Associate Trustee Michelle Leggatt (resigned 2 October 2020). Mindworks provide marketing and PR support to the school. They manage, host and design the school website.

Mr Chris New designs, manages and supplies the bespoke school trackers for the whole school and is the husband of Mrs Louise New, Principal.

Mr Nick Wade is the husband of Mrs Kate Wade (Staff Trustee) and he has provided ad hoc taxi services to the school).

Sussex Education Trust Limited

Trustees' Report

Objectives and Activities

Objects and Aims

The principal objective is the operation of Chichester Free School – the school – to provide education and care for pupils of different abilities between the age of 4 and 19 years.

In accordance with the Articles of Association the charitable company has adopted a Funding agreement approved by the secretary of State for Education, the agreement specifies – amongst other things:

- That the school has a curriculum satisfying the requirements of Section 78 of EA 2002 – a balanced and broadly-based curriculum for pupils up to the age of 16.
- That it provides education for pupils of different abilities; and
- That the school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community.

Objectives, Strategies and Activities

For the 2020/2021 Academic Year prime focus area is to get the school functioning again as fully and as quickly as possible. Whilst we have strived to provide excellent home schooling many of our pupils have struggled without the framework of a "normal" education and they are our first priority, alongside them we are focusing very hard on our year 11's who have lost a significant amount of their education in preparation for their GCSE's. Closing any and all education gaps will remain our key focus area as the year unfurls. We will also ensure a keen focus on our 6th formers preparing for their A level's, especially as this will be our last cohort. Closing the 6th form was our only option financially and we continue to work with the ESFA to manage the process and to ensure as smooth a conclusion as possible.

In addition, we are hopeful we can conclude the purchase of land to the West and the South of the School – approx. 9 acres – once we secure that it will offer many possibilities for the future of the school.

Public Benefit

In setting their objectives and planning their activities the Governors have given careful consideration to the Charity Commission general guidelines on public benefit.

Sussex Education Trust Limited

Trustees' Report

Strategic Report

Achievements and Performance

The specific aims for the school that were set out when the School was founded continue to remain at the heart of everything we do. These include but are not limited to:

- Consistently high quality of education deliverables
- Excellent progress and achievements for all pupils – including vulnerable sub-groups
- High standards of behaviour and safety for pupils and staff
- All statutory requirements met
- High standards of educational quality control exercised by leadership
- Strategic three-year plan covering the maintenance of pupils' numbers and having the core objectives of continuing to deliver and improve the above aims.

At the start of the academic year 2019/2020 we had appointed a new Principal for the school – Mrs Louise New, who has been a senior member of staff for a number of years. The Board of Governors was unanimous in their approval of her appointment and her performance in this year has been exemplary.

The new Principal set out an action plan for her first year in which she proposed to revise the Senior Leadership Team, both in membership and structure. She also set out her plans to improve the key areas of behaviour, house identity and attendance. Also, she was keen to ensure the finances of the school were in the best possible health.

This in-depth analysis resulted in us coming to the very uncomfortable decision that we could not continue to offer a 6th form at the school. The sad reality is that we would have needed a minimum 6th form of at least 200, and we had nowhere near that number in 2019 and our very best estimate for 2020 also showed us falling considerably short of that number. Until now we had supported the 6th form by savings in other areas but this was not sustainable, or fair, and so we took the very tough decision to apply to the DfE to close the 6th form. Our case was accepted and whilst we will continue to do all we can to provide the best education to our current 6th formers when the current year 13's leave we will not recruit any more pupils to that area. However, we are committed to working with all local organisations to ensure pupils leaving us after their GCSE's are accommodated in the most appropriate setting for their objectives.

Whilst we were making the progress, we wanted to achieve March arrived, and suddenly everything got turned upside down. We kept the school open for the children of Key Workers and for those vulnerable children and we all owe a huge debt of gratitude to the staff that ran that operation. Most of the staff were focusing on home schooling and we are delighted that the staff provided a constant supply of high-quality education throughout this most difficult of times. Like many schools we will continue to be impacted by Covid-19 for a long time, we currently have a number of staff self-isolating which means our supply staff costs are higher than planned. We also expect a few more surprises around the corner which is why we are working very closely with all appropriate organisations, DfE, ESFA, WSCC etc. to do all we can to manage whatever the next few months reveals!

Sussex Education Trust Limited

Trustees' Report

Achievements and Performance (continued)

We also took time this year to strengthen the Trustees Board, two of the parent Trustees who were committee chairs are now Appointed Trustees, thus ensuring consistency in key areas. This has allowed us to recruit two new parent Trustees, who bring fresh blood and fresh ideas to the Board.

Key Performance Indicators

The Key Performance Indicator for the year to 31st August 2020 was primarily our level of reserves available to maximise the facilities we could offer on our new site and to ensure the successful recruitment for all available places. To develop the onsite facilities such as Forest School and to support the phased closure of the 6th Form.

The school monitors its level of cash, income and expenditure and considers all to be KPIs.

In respect of regulatory compliance, the School was inspected by OFSTED in February 2019 and retained its grading of GOOD overall and in each individual category inspected. The school is working to improve on this rating for the next inspection. The full report can be found on the schools' website.

Going Concern

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

Financial Review

As at 31 August 2020 the school had net assets of £28,904,680 (2019: £29,672,147) of which £29,326,009 (2019: £29,616,147) were represented by fixed assets necessary for the school to undertake its operating activity. During the year to 31 August 2020 the trust received GAG income, pupil premium monies and additional funds such as the PE sports grant, growth fund and teacher pension top up funding etc. The principal costs and expenditure incurred during the year relate to the delivery of teaching and learning and the occupational costs relating to the ongoing establishment of the site and initial maintenance. The net result of the year was a deficit of £767,467 (2019: deficit of £492,390) which related to the following:

- Unrestricted funds – a deficit of £214,527 (2019: a surplus of £52,433)
- Restricted General Funds – a deficit of £101,802 (2019: a deficit of £178,432)
- Restricted Pension Funds – a deficit of £161,000 (2019: a deficit of £321,000)
- Restricted Fixed Asset Funds – a deficit of £290,138 (2019: a deficit of £45,391)

The income of the school has been affected by the Covid-19 virus

Sussex Education Trust Limited

Trustees' Report

Reserves Policy

The Governors review the levels of reserves regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves in general. Reserves are a key element of financial stability and allow the Academy Trust to cope with the fluctuating nature and timing of cash flow. Reserves also allow the Academy Trust to deal with unexpected expenditure and changes in income and give time for appropriate actions to be taken. At 31 August 2020 the Academy Trust has determined an appropriate target operational reserve level would be between the lower threshold of £277,500 and an upper threshold of £416,250 (to be held within unrestricted funds and general restricted funds). This amount is calculated with reference to a range of 5% to 7.5% of forecast operational expenditure. When actual reserve levels fall below the lower limit the Academy trust will take all necessary steps to rebuild reserve levels through expenditure reductions or securing additional income. Where reserve levels are in excess of the upper limit action will be taken to ensure excess reserves are utilised in the delivery of the charitable objectives or through investment in the Academy trust's capital infrastructure.

The current level of operational reserves is £165,671 and represents 3% of forecast operational expenditure for 2020/21.

Investment Policy

The school has the power to deposit or invest any funds not immediately required for the furtherance of its objectives (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard for the suitability of investments and the need for diversification). The school may also delegate the management of investments to a financial expert, but only on the terms that:

- The investment policy is set down in writing for the financial expert by the Governors
- Every transaction is reported promptly to the Governors
- The performance of the investment is reviewed regularly by the Governors
- The Governors are entitled to cancel the delegated arrangement at any time
- The investment policy and the delegation arrangement are reviewed once a year
- All payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt; and
- The financial expert must not do anything outside the powers of the Governors

As at 31 August 2020 the school had £133,912 on 32-day deposit with Lloyds Bank and the current account was providing short term interest on the current cash balance.

Sussex Education Trust Limited

Trustees' Report

Principal Risks and Uncertainties

We have, in this year, increased our focus on Risk and as a result we have created a new risk management process as well as an enhanced risk register. Our rationale for doing this is to ensure we can identify all pertinent risks and swiftly build an action plan to counter them.

With the shadow of Covid-19 still very much over us all things connected with this will remain our number one focus. The impact covers many areas but especially the wellbeing of all our pupils and staff as well as its financial impacts. The financial elements are still being discovered as every week we are dealing with yet more "guidance" from government as well as learning from the reality we are seeing each day.

The enhanced risk register ensures that Governors can easily and effectively maintain an overview of all strategic risks that exist when running an education establishment, and must not be overlooked because of Covid-19. It enables strategic leaders to focus on increasing or high risks, while operational risk owners monitor the impact of control measures for lower and static risks.

Fundraising

As part of its work within the community, the academy trust undertakes fundraising activities, for example through fetes, cake sales, non-uniform days etc. The academy trust raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

Plans for Future Periods

For the 2020/2021 Academic Year our prime focus area is to get the school functioning again as fully and as quickly as possible. Whilst we have strived to provide excellent home schooling many of our pupils have struggled without the framework of a "normal" education and they are our first priority, alongside them we are focusing very hard on our year 11's who have lost a significant amount of their education in preparation for their GCSE's. Closing any and all education gaps will remain our key focus area as the year unfurls.

In addition, we are hopeful we can conclude the purchase of land to the West and the South of the School – approx. 9 acres – once we secure that it will offer many possibilities for the future of the school.

Funds Held as Custodian Trustee on Behalf of Others

The Trust does not hold any such funds.

Sussex Education Trust Limited

Trustees' Report

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8 December 2020 and signed on the board's behalf by:

J.Appleby
J.Appleby (Dec 9, 2020 13:12 GMT)

J Appleby
Trustee

Sussex Education Trust Limited

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Sussex Education Trust Limited 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 Principal, 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 Sussex Education Trust Limited 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 eight times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Howard Oyns (resigned 2 December 2020)	8	8
Helen Humphry	8	8
Joseph Appleby	8	8
Anne Harris	8	8
Kate Wade (resigned 22 November 2020)	5	8
Kathryn Christopher (appointed 13 December 2019)	5	5
Matthew Burkes	6	8
Michelle Leggatt (resigned 2 October 2020)	0	8
Richard Andrews	5	8
Robert Crowe (appointed 13 December 2019)	4	5
Robert Matthews	5	8
Paul Spencer-Ellis	7	8
Stephen King	5	8

The Board increased by two members in 2019-2020. Anne Harris and Joseph Appleby completed their terms as Parent Governors and were subsequently appointed by the Members on 5 January 2020. Kathryn Christopher and Robert Crowe were voted in by parents as two new Parent Governors on 13 December 2019.

New members attended both committee meetings before agreeing which would be the best fit for them.

Sussex Education Trust Limited

Governance Statement

Governance (continued)

In the School Improvement Plan for 2020/2021 there is a separate section for Governor action, and in this year the key focus is on the following:

- Value of Governor Visits
- Know our constituents/stakeholders and get closer to them
- Maintain the vitality of the Governing Board, in both membership and skills of members
- Plan for our future

The Resources committee is a sub-committee of the main board of trustees. Its purpose is to give oversight and governance on the finances of the Trust and operational aspects of its activities. The committee reports back to the main board regarding issues in these areas. The committee is responsible for scrutinising the annual and 5-year budgets before approval at the main board. The committee uses a number of financial instruments to ensure the school is meeting both budget and returning value for money of its GAG funding. The committee has delegated powers to review, amend and approve policies associated with the Finance and Operation of the Trust.

During the last financial year, the Trust had to manage carefully its liquidity, during the continued phased closure of the Sixth form. The additional pressure of Covid-19 at the end of the last academic year has presented further challenges to both the finances of the Trust and the safe operation of its facilities for Staff, Pupils and visitors; this remains a focal point into the new academic year. A planned deficit budget has been closely managed whilst the phased closure of the Sixth form is completed, and the committee are confident in their longer-term budgeting returning the Trust to a surplus position. The committee are confident this can be achieved within the bounds of its current reserves.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Joseph Appleby	3	3
Howard Oyns (resigned 2 December 2020)	3	3
Richard Andrews	3	3
Robert Crowe (appointed 13 December 2019)	1	1
Robert Matthews	2	3
Michelle Leggatt (resigned 2 October 2020)	0	3

Sussex Education Trust Limited

Governance Statement

Governance (continued)

The audit committee is a sub-committee of the Resources Committee. Its purpose is to advise on the adequacy of the financial and other controls and risk management arrangements. In order to do so, it directs a programme of internal scrutiny and considers its results, as well as considering the outputs from other assurance activities by third parties, including ESFA financial management and governance reviews, funding audits and investigations. It also reviews the risk register to inform the programme of work, ensuring checks are modified as appropriate each year.

Trustee	Meetings attended	Out of a possible
Howard Oyns (resigned 2 December 2020)	3	3
Joseph Appleby	3	3
Michelle Leggatt (resigned 2 October 2020)	0	3
Richard Andrews	3	3
Robert Crowe (appointed 13 December 2019)	1	1
Robert Matthews	2	3

Review of Value for Money

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

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

- Developing land on site to use for Forest school rather than hiring a site in Hunston
- Reviewing our whole school ICT usage and policy

As ongoing development of the Hunston Road site the school has now developed an outside area to use as Forest school for primary pupils. Prior to this the school rented a site and used an external provider. The development of the site has not only allowed more pupils to access forest school but is potentially developing an area which can be hired to other schools and hire during school holidays. This is developing a potential income stream.

The school until now has used iPads for staff and pupils. With the unfortunate closure of schools due to Covid-19 we have had to work in different ways, and this has meant a review of all the ICT in the school. The school is looking to move to using Google Classroom which means that any device can be used to access this, and so expensive iPads can be replaced with more cost-effective windows laptops and Chromebooks.

Sussex Education Trust Limited

Governance Statement

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sussex Education Trust Limited for the period 1 September 2019 to 31 August 2020 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 the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Richard Andrews, a trustee, to carry out a programme of internal checks

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

On a termly basis, the reviewer reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Sussex Education Trust Limited

Governance Statement

The Risk and Control Framework (continued)

In 2019/20 the planned reviews in March and May were not carried out due to Covid-19 restrictions and the closure of the school. The school did have an external review of H&S, HR and some financial processes carried out by the RPA the Trust's insurers.

Review of Effectiveness

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

- the work of the reviewer
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 8 December 2020 and signed on its behalf by:

J.Appleby
J.Appleby (Dec 9, 2020 13:12 GMT)

J Appleby
Trustee

L. New
L. New (Dec 9, 2020 14:01 GMT)

L New
Accounting Officer

Sussex Education Trust Limited

Statement of Regularity, Propriety and Compliance

As accounting officer of Sussex Education Trust Limited 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 2019.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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.

L. New

L. New (Dec 9, 2020 14:01 GMT)

L New
Accounting Officer
8 December 2020

Sussex Education Trust Limited

Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published 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 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 8 December 2020 and signed on its behalf by:


J.Appleby
J.Appleby (Dec 9, 2020 13:12 GMT)

J Appleby
Trustee

Sussex Education Trust Limited

Independent Auditor's Report on the Financial Statements to the Members of Sussex Education Trust Limited

Opinion

We have audited the financial statements of Sussex Education Trust Limited ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 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 properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

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 charitable company 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 charitable company'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.

Sussex Education Trust Limited

Independent Auditor's Report on the Financial Statements to the Members of Sussex Education Trust Limited

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Trustees' Report (including the Strategic Report), and the Governance Statement. 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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Sussex Education Trust Limited

Independent Auditor's Report on the Financial Statements to the Members of Sussex Education Trust Limited

Responsibilities of the trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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


David Brookes (Dec 17, 2020 11:16 GMT)

D Brookes FCA (Senior statutory auditor)
For and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 17/12/2020

Sussex Education Trust Limited

Independent Reporting Accountant's Assurance Report on Regularity to Sussex Education Trust Limited and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sussex Education Trust Limited during the period 1 September 2019 to 31 August 2020 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 the Board of Trustees and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sussex Education Trust Limited and the 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 the Sussex Education Trust Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Sussex Education Trust Limited's funding agreement with the Secretary of State for Education dated 8 July 2013 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Sussex Education Trust Limited

Independent Reporting Accountant's Assurance Report on Regularity to Sussex Education Trust Limited and the Education & Skills Funding Agency

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any ' minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Sussex Education Trust Limited

Independent Reporting Accountant's Assurance Report on Regularity to Sussex Education Trust Limited and the Education & Skills Funding Agency

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

David Brookes

David Brookes (Dec 17, 2020 11:16 GMT)

D Brookes FCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

17/12/2020
Date

Sussex Education Trust Limited

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un-restricted funds	Restricted General Funds	Restricted Pension Funds	Restricted Fixed Asset Funds	2019/20 Total	2018/19 Total
		£	£	£	£	£	£
Income and endowments from:							
Donations and capital grants	2	6,121	-	-	440,210	446,331	792,099
Charitable activities:							
Funding for the academy trust's educational operations	3	70,811	5,111,979	-	-	5,182,790	4,992,555
Other trading activities	4	19,786	-	-	-	19,786	11,275
Investments	5	1,723	-	-	-	1,723	2,649
Total		98,441	5,111,979	-	440,210	5,650,630	5,798,578
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	106,657	5,410,833	243,000	739,607	6,500,097	6,110,968
Net income / (expenditure)		(8,216)	(298,854)	(243,000)	(299,397)	(849,467)	(312,390)
Transfers between funds	16	(206,311)	197,052	-	9,259	-	-
Other recognised gains / (losses):							
Actuarial gains / (losses) on defined benefit pension schemes	24	-	-	82,000	-	82,000	(180,000)
Net movement in funds		(214,527)	(101,802)	(161,000)	(290,138)	(767,467)	(492,390)
Reconciliation of funds							
Total funds brought forward		333,922	148,078	(426,000)	29,616,147	29,672,147	30,164,537
Total funds carried forward		119,395	46,276	(587,000)	29,326,009	28,904,680	29,672,147

The notes on pages 27 to 50 form part of these financial statements.

Sussex Education Trust Limited

Balance Sheet as at 31 August 2020

Company Number 07874411

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	11		750		1,287
Tangible assets	12		<u>29,325,259</u>		<u>29,614,860</u>
			<u>29,326,009</u>		<u>29,616,147</u>
Current assets					
Stock	13	1,539		1,312	
Debtors	14	241,894		273,691	
Cash at bank and in hand		<u>482,359</u>		<u>1,034,652</u>	
		<u>725,792</u>		<u>1,309,655</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(560,121)</u>		<u>(827,655)</u>	
Net current assets			<u>165,671</u>		<u>482,000</u>
Total assets less current liabilities			29,491,680		30,098,147
Defined benefit pension scheme liability	24		(587,000)		(426,000)
Total net assets			<u>28,904,680</u>		<u>29,672,147</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	29,326,009		29,616,147	
Restricted income fund	16	46,276		148,078	
Pension reserve	16	<u>(587,000)</u>		<u>(426,000)</u>	
Total restricted funds			28,785,285		29,338,225
Unrestricted income funds	16		119,395		333,922
Total funds			<u>28,904,680</u>		<u>29,672,147</u>

The financial statements on pages 24 to 50 were approved by the trustees and authorised for issue on 8 December 2020 and are signed on their behalf by:

J Appleby
J.Appleby (Dec 9, 2020 13:12 GMT)

J Appleby
Trustee

The notes on pages 27 to 50 form part of these financial statements.

Sussex Education Trust Limited

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(543,034)	446,181
Cash flows from investing activities	20	(9,259)	(13,563)
Change in cash and cash equivalents in the reporting period		<u>(552,293)</u>	<u>432,618</u>
Cash and cash equivalents at 1 September 2019		1,034,652	602,034
Cash and cash equivalents at 31 August 2020	21	<u>482,359</u>	<u>1,034,652</u>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Accounting policies

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

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 accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

- 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.

- Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital 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.

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (continued)

- Government Grants

The following government grants have been received during the year:

Coronavirus exceptional support

The accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

- Other Income

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

- Donated goods, facilities and services

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	25% straight line
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Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Freehold Land and Buildings	2% straight line on buildings; not provided on land
Furniture and Equipment	25% straight line
Computer Equipment	25% straight line
Motor Vehicles	25% straight line

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

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.

Provisions

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

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

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Leased Assets

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

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 as detailed in note 14. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

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.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 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.

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 Department for Education Group.

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Capital grants	-	440,210	440,210	780,521
Other donations	6,121	-	6,121	11,578
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2019	11,578	780,521	792,099	

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	4,376,408	4,376,408	4,030,237
Pupil Premium	-	168,827	168,827	173,283
Start Up Grants	-	60,000	60,000	90,000
Other DfE Group grants	-	408,696	408,696	491,840
	<hr/>	<hr/>	<hr/>	<hr/>
Other government grants				
Local authority grants	-	38,340	38,340	45,147
	<hr/>	<hr/>	<hr/>	<hr/>
Exceptional government funding				
Coronavirus exceptional support	-	9,708	9,708	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other income from the academy trust's educational operations				
Other income	70,811	50,000	120,811	162,048
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2019	70,811	5,111,979	5,182,790	4,992,555
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2019	162,048	4,830,507	4,992,555	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for Coronavirus exceptional support covers additional cleaning and PPE costs. These costs are included in the expenditure note below.

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	19,786	-	19,786	11,275
Total 2019	11,275	-	11,275	

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

5 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	1,723	-	1,723	2,649
Total 2019	2,649	-	2,649	

6 Expenditure

	Staff costs £	Non Pay Expenditure		2019/20 Total £	2018/19 Total £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	4,233,841	-	342,716	4,576,557	3,985,393
Allocated support costs	585,337	225,362	1,112,841	1,923,540	2,125,575
	4,819,178	225,362	1,455,557	6,500,097	6,110,968
Total 2019	3,961,287	415,470	1,734,211	6,110,968	

Net income/(expenditure) for the period includes:

	2019/20 £	2018/19 £
Operating lease rentals	56,477	54,165
Amortisation	537	9,245
Depreciation	742,070	830,230
(Gain)/loss on disposal of fixed assets	(3,000)	-
Fees payable to auditor for:		
Audit	7,040	9,180
Other services	1,975	4,670

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Gifts made by the academy trust	422	-	-

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20	2018/19
	Total	Total
	£	£
Direct costs	4,576,557	3,985,393
Support costs	1,923,540	2,125,575
	<hr/>	<hr/>
	6,500,097	6,110,968

Analysis of support costs:

	Educational operations	2019/20	2018/19
	Total	Total	Total
	£	£	£
Support staff costs	585,337	585,337	447,227
Amortisation	537	537	9,245
Depreciation	742,070	742,070	830,230
Technology costs	107,693	107,693	122,474
Premises costs	225,362	225,362	415,470
Legal costs - other	1,900	1,900	1,488
Other support costs	219,512	219,512	255,928
Governance costs	41,129	41,129	43,513
Total support costs	<hr/>	<hr/>	<hr/>
	1,923,540	1,923,540	2,125,575
Total 2019	<hr/>	<hr/>	<hr/>
	2,125,575	2,125,575	

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20 £	2018/19 £
Wages and salaries	3,457,871	2,966,831
Social security costs	319,784	257,516
Pension costs	946,986	603,415
	<hr/>	<hr/>
Agency staff costs	4,724,641	3,827,762
Staff restructuring costs	94,537	131,096
	<hr/>	<hr/>
	-	2,429
	<hr/>	<hr/>
	4,819,178	3,961,287

Staff restructuring costs comprise:

Redundancy payments	-	1,662
Severance payments	-	767
	<hr/>	<hr/>
	-	2,429

b) Staff numbers

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

	2019/20 No.	2018/19 No.
Teachers	64	63
Administration and support	75	77
Management	10	9
	<hr/>	<hr/>
	149	149

c) Higher paid staff

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

	2019/20 No.	2018/19 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1

d) 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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £696,795 (2019: £650,510).

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

9 Related Party Transactions – Trustees' remuneration and expenses

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

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

	2019/20 £000	2018/19 £000
Kate Wade (Staff trustee)	Remuneration	40-45
	Employer's pension contributions paid	5-10

During the period ended 31 August 2020, no trustees received any reimbursement of expenses (2019: £68 to one trustee).

10 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 business, and provides cover up to £10m. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Intangible fixed assets

	Computer software £	Total £
Cost		
At 1 September 2019	66,565	66,565
Disposals	<u>(23,017)</u>	<u>(23,017)</u>
At 31 August 2020	<u>43,548</u>	<u>43,548</u>
Amortisation		
At 1 September 2019	65,278	65,278
Charged in year	537	537
Disposals	<u>(23,017)</u>	<u>(23,017)</u>
At 31 August 2020	<u>42,798</u>	<u>42,798</u>
Net book values		
At 31 August 2019	1,287	1,287
At 31 August 2020	<u>750</u>	<u>750</u>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

12 Tangible fixed assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2019	29,644,504	895,201	874,959	41,833	31,456,497
Acquisitions	421,692	16,347	14,430	-	452,469
Disposals	-	(26,737)	(23,844)	(2,500)	(53,081)
At 31 August 2020	<u>30,066,196</u>	<u>884,811</u>	<u>865,545</u>	<u>39,333</u>	<u>31,855,885</u>
Depreciation					
At 1 September 2019	547,752	548,702	703,350	41,833	1,841,637
Charged in year	552,034	130,036	60,000	-	742,070
Disposals	-	(26,737)	(23,844)	(2,500)	(53,081)
At 31 August 2020	<u>1,099,786</u>	<u>652,001</u>	<u>739,506</u>	<u>39,333</u>	<u>2,530,626</u>
Net book values					
At 31 August 2019	29,096,752	346,499	171,609	-	29,614,860
At 31 August 2020	<u>28,966,410</u>	<u>232,810</u>	<u>126,039</u>	<u>-</u>	<u>29,325,259</u>

13 Stock

	2019/20 £	2018/19 £
Uniform stocks	<u>1,539</u>	<u>1,312</u>

14 Debtors

	2019/20 £	2018/19 £
Trade debtors	3,777	75,029
VAT recoverable	46,241	48,243
Other debtors	15,508	12,990
Prepayments and accrued income	<u>176,368</u>	<u>137,429</u>
	<u>241,894</u>	<u>273,691</u>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	179,025	200,186
Other taxation and social security	77,620	60,683
Other creditors falling due within one year	180,477	423,081
Accruals and deferred income	122,999	143,705
	<hr/>	<hr/>
	560,121	827,655

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	114,294	233,244
Released from previous years	(114,294)	(233,244)
Resources deferred in the year	113,297	114,294
Deferred income at 31 August 2020	<hr/>	<hr/>
	113,297	114,294

At the balance sheet date the academy trust was holding funds received in advance in respect of SEN funding, UIFSM, rates reimbursement, and trip income.

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Funds

	Balance at 1 September			Gains and losses		Balance at 31 August
	2019	Income	Expenditure	Transfers	£	2020
	£	£	£	£	£	£
Restricted general funds						
General Annual Grant (GAG)	124,372	4,376,408	(4,697,832)	197,052	-	-
Pupil Premium	-	168,827	(168,827)	-	-	-
Start up grants	-	60,000	(60,000)	-	-	-
Other DfE/ESFA grants	23,706	408,696	(432,402)	-	-	-
Other government grants	-	48,048	(48,048)	-	-	-
Other educational activities	-	50,000	(3,724)	-	-	46,276
	148,078	5,111,979	(5,410,833)	197,052	-	46,276
Pension reserve	(426,000)	-	(243,000)	-	82,000	(587,000)
	(277,922)	5,111,979	(5,653,833)	197,052	82,000	(540,724)
 Restricted fixed asset funds						
Fixed asset fund	29,616,147	-	(739,607)	449,469	-	29,326,009
ESFA capital grants (DFC)	-	18,518	-	(18,518)	-	-
Other capital grants	-	421,692	-	(421,692)	-	-
	29,616,147	440,210	(739,607)	9,259	-	29,326,009
Total restricted funds	29,338,225	5,552,189	(6,393,440)	206,311	82,000	28,785,285
Total unrestricted funds	333,922	98,441	(106,657)	(206,311)	-	119,395
Total funds	29,672,147	5,650,630	(6,500,097)		82,000	28,904,680

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Funds (continued)

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

	Balance at 1 September					Balance at 31 August
	2018	Income	Expenditure	Transfers	Gains and losses	2019
	£	£	£	£	£	£
Restricted general funds						
General Annual Grant (GAG)	309,346	4,030,237	(4,212,506)	(2,705)	-	124,372
Pupil Premium	-	173,283	(173,283)	-	-	-
Start up grants	-	90,000	(90,000)	-	-	-
Other DfE/ESFA grants	17,164	491,840	(474,440)	(10,858)	-	23,706
Other government grants	-	45,147	(45,147)	-	-	-
	<u>326,510</u>	<u>4,830,507</u>	<u>(4,995,376)</u>	<u>(13,563)</u>	<u>-</u>	<u>148,078</u>
Pension reserve	<u>(105,000)</u>	<u>-</u>	<u>(141,000)</u>	<u>-</u>	<u>(180,000)</u>	<u>(426,000)</u>
	<u>221,510</u>	<u>4,830,507</u>	<u>(5,136,376)</u>	<u>(13,563)</u>	<u>(180,000)</u>	<u>(277,922)</u>
Restricted fixed asset funds						
Fixed asset fund	29,661,538	-	(839,475)	794,084	-	29,616,147
ESFA capital grants (DFC)	-	51,248	-	(51,248)	-	-
Other capital grants	-	729,273	-	(729,273)	-	-
	<u>29,661,538</u>	<u>780,521</u>	<u>(839,475)</u>	<u>13,563</u>	<u>-</u>	<u>29,616,147</u>
Total restricted funds	<u>29,883,048</u>	<u>5,611,028</u>	<u>(5,975,851)</u>	<u>-</u>	<u>(180,000)</u>	<u>29,338,225</u>
Total unrestricted funds	<u>281,489</u>	<u>187,550</u>	<u>(135,117)</u>	<u>-</u>	<u>-</u>	<u>333,922</u>
Total funds	<u>30,164,537</u>	<u>5,798,578</u>	<u>(6,110,968)</u>	<u>-</u>	<u>(180,000)</u>	<u>29,672,147</u>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Analysis of net assets between funds

	Unrestricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Intangible fixed assets	-	-	-	750	750
Tangible fixed assets	-	-	-	29,325,259	29,325,259
Current assets	119,395	606,397	-	-	725,792
Current liabilities	-	(560,121)	-	-	(560,121)
Pension scheme liability	-	-	(587,000)	-	(587,000)
Total net assets	119,395	46,276	(587,000)	29,326,009	28,904,680

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

	Unrestricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Intangible fixed assets	-	-	-	1,287	1,287
Tangible fixed assets	-	-	-	29,614,860	29,614,860
Current assets	333,922	975,733	-	-	1,309,655
Current liabilities	-	(827,655)	-	-	(827,655)
Pension scheme liability	-	-	(426,000)	-	(426,000)
Total net assets	333,922	148,078	(426,000)	29,616,147	29,672,147

18 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£	£
Amounts due within one year	37,172	37,240
Amounts due between one and five years	26,438	27,212
	63,610	64,452

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019/20 £	2018/19 £
Net expenditure for the reporting period	(849,467)	(312,390)
Adjusted for:		
Amortisation	537	9,245
Depreciation	742,070	830,230
(Gain)/loss on disposal of fixed assets	(3,000)	-
Capital grants from DfE and other capital income	(440,210)	(780,521)
Defined benefit pension scheme cost less contributions payable	232,000	137,000
Defined benefit pension scheme finance cost	11,000	4,000
(Increase) / decrease in stocks	(227)	597
Decrease in debtors	31,797	6,483,657
Decrease in creditors	<u>(267,534)</u>	<u>(5,925,637)</u>
Net cash (used in) / provided by Operating Activities	<u>(543,034)</u>	<u>446,181</u>

20 Cash flows from investing activities

	2019/20 £	2018/19 £
Proceeds from sale of tangible fixed assets	3,000	-
Purchase of tangible fixed assets	(452,469)	(794,084)
Capital grants from DfE Group	440,210	780,521
Net cash used in investing activities	<u>(9,259)</u>	<u>(13,563)</u>

21 Analysis of cash and cash equivalents

	2019/20 £	2018/19 £
Cash at bank and in hand	348,447	727,654
Notice deposits (less than 3 months)	133,912	306,998
Total cash and cash equivalents	<u>482,359</u>	<u>1,034,652</u>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

22 Analysis of changes in net debt

	At 1 September 2019	Cash flows	Acquisition/ disposal of subsidiaries	New finance leases	Other non-cash changes	At 31 August 2020
Cash	727,654	(379,207)	-	-	-	348,447
Cash equivalents	306,998	(173,086)	-	-	-	133,912
Total	1,034,652	(552,293)	-	-	-	482,359

23 Members liability

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

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

24 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 West Sussex County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £86,022 were payable to the schemes at 31 August 2020 (2019: £56,527) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £556,956 (2019: £348,078).

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

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	172,000	136,000
Employees' contributions	51,000	41,000
	<hr/>	<hr/>
	223,000	177,000

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	2.7%	3.0%
Rate of increase for pensions in payment/inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	<hr/>	<hr/>

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

	2020	2019
Retiring today		
Males	22.2	21.8
Females	<hr/>	<hr/>
Retiring in 20 years		
Males	23.3	23.0
Females	<hr/>	<hr/>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Sensitivity analysis	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£	£
Discount rate -0.1%	64,000	43,000
CPI rate +0.1%	60,000	43,000

The academy trust's share of the assets in the scheme were:

	2020	2019
	£	£
Equities	765,000	425,000
Property	99,000	68,000
Government bonds	482,000	314,000
Cash	71,000	42,000
Total market value of assets	1,417,000	849,000

The actual return on scheme assets was £349,000 (2019: £59,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	404,000	260,000
Past service cost	-	13,000
Interest income	(18,000)	(20,000)
Interest cost	29,000	24,000
Total amount recognised in the SOFA	415,000	277,000

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	1,275,000	718,000
Current service cost	404,000	260,000
Interest cost	29,000	24,000
Employee contributions	51,000	41,000
Actuarial loss	249,000	219,000
Benefits paid	(4,000)	-
Past service cost	-	13,000
At 31 August	<u>2,004,000</u>	<u>1,275,000</u>

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

	2019/20	2018/19
	£	£
At 1 September	849,000	613,000
Interest income	18,000	20,000
Actuarial gain	331,000	39,000
Employer contributions	172,000	136,000
Employee contributions	51,000	41,000
Benefits paid	(4,000)	-
At 31 August	<u>1,417,000</u>	<u>849,000</u>

Sussex Education Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2020

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transactions:

MindWorks Marketing Company Limited – a company in which M Leggatt (a trustee) is a director:

- The academy trust purchased services from MindWorks Marketing Company Limited totalling £17,059 (2019: £8,404) during the period. £961 (2019: £816) was outstanding at 31 August 2020.
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which M Leggatt neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.
- The element above £2,500 has been provided 'at no more than cost' and MindWorks Marketing Company Limited has provided a statement of assurance confirming this.

Chris New Consultancy – a business controlled by a close family member of L New (a member of key management personnel):

- The academy trust purchased services from Chris New Consultancy totalling £13,896 (2019: £10,900) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which L New neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.