

REGISTERED COMPANY NUMBER: 07874411 (England and Wales)

**REPORT OF THE GOVERNORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 AUGUST 2016
FOR
SUSSEX EDUCATION TRUST LTD

OPERATING AS CHICHESTER FREE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

SUSSEX EDUCATION TRUST LTD

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

	Page
Reference and Administrative Details	1 to 2
Report of the Governors	3 to 8
Governance Statement	9 to 11
Statement on Regularity, Propriety and Compliance	12
Governors Responsibility Statement	13
Report of the Independent Auditors	14 to 15
Independent Accountant's Report on Regularity	16 to 17
Statement of Financial Activities	18
Balance Sheet	19 to 20
Statement of Cash Flows	21
Notes to the Financial Statements	22 to 39
Reconciliation of Income and Expenditure	40
Reconciliation of Funds	41 to 42

SUSSEX EDUCATION TRUST LTD

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

MEMBERS

N Hubble
S L Webber
J J Clough
H Humphry
M R Doyle
S P O King

GOVERNORS

C D Adams
N L Brown
M E Burkes
N Hubble (resigned 9/5/2016)
S P O King (Chairman)
M C Leggatt
R M Matthews
S L Webber (Vice Chair) (resigned 31/3/2016)
K Pain (appointed 11/9/2015) (resigned 21/9/2016)
J C Appleby (appointed 5/1/2016)
A Harris (appointed 5/1/2016)
H S Oyns (appointed 5/7/2016)

REGISTERED OFFICE

Spofforths 9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ

PRINCIPAL ADDRESS

Chichester Free School
The Courtyard
Vinnetrow Business Park Vinnetrow Road
Chichester
PO20 1HQ

REGISTERED COMPANY NUMBER

07874411 (England and Wales)

AUDITORS

Lewis Brownlee (Chichester) Limited
Chartered Accountants
Statutory Auditors
Applédram Barns
Birdham Road
Chichester
West Sussex
PO20 7EQ

SOLICITORS

Capsticks
1 St George's Road
Wimbledon
London
SW19 4DR

SUSSEX EDUCATION TRUST LTD
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

SOLICITORS

SMR Solicitors
50 Westgate
Chichester
West Sussex
PO19 3HE

BANKERS

HSBC
94 East Street
Chichester
West Sussex
PO19 1HD

SUSSEX EDUCATION TRUST LTD
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

The governors, who are also directors of the academy for the purposes of the Companies Act 2006, present their report with the financial statements of the academy for the year ended 31 August 2016. The governors have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy 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 Governors of Sussex Education Trust Limited are also the Directors and Trustees of the Charitable Company for the purposes of company law. The Charitable Company is known as Sussex Education Trust Limited and operates under the trading name of Chichester Free School.

Full Governors

C D Adams	
N L Brown	
M E Burkes	
N Hubble	(resigned 09/05/2016)
K Pain	(appointed 11/09/2015)(resigned 21/09/2016)
S P O King	(Chairman)
M Leggatt	
R Matthews	
S L Webber	(Vice-Chairman) (resigned 31/03/2016)
J C Appleby	(appointed 05/01/2016)
A Harris	(appointed 05/01/2016)
H Oyns	(appointed 05/07/2016)

Key management personnel

Mr Guy Martyn	Principal and Accounting Officer
Mrs Sian Williams	Deputy Principal
Mrs Gay Grimmwood	Business Manager

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.

Governors' Indemnities

Governors may benefit from any indemnity insurance purchased at the Academy Trusts expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy Trust.

SUSSEX EDUCATION TRUST LTD
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

Recruitment and appointment of new Governors

The total number of Governors shall be not less than three but shall not be subject to any maximum and can be comprised of the following:

- Up to 15 Governors, appointed by the members of the company.
- Any number of Staff Governors, appointed by the members of the company under such process they may determine provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- Up to 1 Local Authority Governor may be appointed by the Local Authority.
- A minimum of 2 Parent Governors who shall be elected by parents of registered pupils at the Academy.
- A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.
- The Principal.
- Any Additional Governors, if appointed, by the Secretary of State for Education under the various mechanisms available to him as set out in the Academy Trust's articles and funding agreement.
- The Academy Trust may also have up to five Co-opted Governors appointed by the Governors but they may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal).

Policies and procedures adopted for the induction and training of Governors

Governors attended a training day at Lodge Hill Centre, near Pulborough in February 2016. This focused on team building and problem solving, with outdoor and indoor sessions on the new Attainment and Progress 8 measure that will replace GCSE A*-E grades from summer 2016.

Induction continues to involve having all governors read the original proposal, all available literature such as the prospectus and the website including the Funding Agreement and Memorandum and Articles of Association. Governors continue to remove themselves further from the operational level by taking a more arms-length reviewing role. This has been most noticeable within the Finance and General Purposes Committee where the appointment of a new School Business Manager during the academic year allowed Governors to adopt a less hands on approach with many of the business related matters in the School.

In some cases Governors have continued to undertake an operational role to run specific projects, noticeably in dealing with the EFA over the development of the permanent site, but recognise that this is not ideal. Consequently the Premises Committee is in the process of being "wound up" and merged into Finance and General Purposes, where non-premises Governors can offer a level of scrutiny to premises related issues.

Governors are aware of the financial position of the trust by way of twice termly F&GP Committee meetings, regular budget updates from the SBM and on-going communication with the Chair. Governors are familiar with the layout of the temporary site, which was further developed over the summer holidays with the addition of a five classroom block, changing rooms and drama studio and are encouraged to attend functions such as receptions for future pupil admissions as well as Sports Day and performing arts productions.

The board includes a number of Governors who have previous experience or relevant professional expertise in respect of governance within a charitable company as well as the day to day operations of a school. An initial exercise was undertaken to ensure the skills base of the Governing board was sufficiently broad to cover key areas of finance, education, legal, HR and marketing as well as the inclusion of some with no specific experience. Two Parent Governors, Joe Appleby and Anne Harris were elected by parents in early 2016 and the Chair continues to liaise with SGOSS, the governor recruitment charity with the aim of recruiting non-parent governors with specific skills. Thus far, this has resulted in the co-opting of Howard Oyns a former finance director and the agreement of a former Primary Head to join the governing body before the end of 2016.

Organisational structure

The Academy has a leadership structure which consists of the Governors and the Senior Leadership Team (SLT). The Governing body also has a number of sub-committees which manage and control key operational elements of the Academy Trust. The aim of the Governance and leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. A formal scheme of delegation is reviewed annually and lays out the operational responsibilities which have been delegated to the SLT and Governing sub committees.

The SLT consists of the Principal, Deputy Principle, 2 x Assistant Head IC Primary, Assistant Head Teaching and Learning, Assistant Head IC Pastoral, the Assistant Head IC Data Manager, Assistant Head IC SENCo, and the School Business Manager. The SLT controls the Academy at an executive level implementing the policies laid down by the Governors, and reporting back to them. The Principal and the Chair of Governors meet on a weekly basis, on Thursday

SUSSEX EDUCATION TRUST LTD
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

mornings and other Governors are invited to attend if they are available.

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Principal is responsible for the appointment of staff, though appointment panels for senior posts always include a Governor.

Arrangements for setting pay and remuneration of key management personnel

Sussex Education Trust Ltd in accordance with its Pay Policy and Performance Related Pay Policy reviews all staff pay on an annual basis. The Governors on the review committee examine and scrutinise the evidence submitted and approve or reject/amend recommendations. This process happens prior to the beginning of October in each academic year and relates to targets set and assessed in the previous academic year. The Pay Policy and Performance Related Policy are reviewed annually to incorporate any best practice or changes to meet teaching standards.

Connected organisations, including related party relationships

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.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object of the charitable company is the establishment and operation of Chichester Free School, to provide education and care for pupils of different abilities between the ages 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 Funding Agreement specifies, amongst other things:

- that the school has a curriculum satisfying the requirements of section 78 of EA 2002 (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.

Principal activities

The Academy Trust's principal activity is specifically restricted to the advancement, in the public benefit, of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Chichester Free School, and offering a broad and balanced curriculum.

Aims, strategies and activities

The specific aims of the Academy Trust during the year ended 31 August 2016 were to ensure the establishment and opening of the school in September 2013 remained sustainable. This included working with the Department of Education and the Education Funding Agency to meet the various requirements of running a free school and to ensure its survival. This included but was not limited to the following key elements:

- Consistently high quality of educational deliverables
- Excellent progress and achievement for all pupils, including all vulnerable sub-groups
- High standards of behaviour and safety for pupils and staff
- All statutory requirements met, especially with regard to DfE requirements for safeguarding and safety of pupils
- High standards of educational quality control exercised by leadership
- Recruitment of pupils and staff for the following academic year
- Strategic planning for future years, to include premises, pupil and staff expansion
- Establishing the School Development Plan, which has the following core objectives:
 - o Outstanding pupil progress and attainment
 - o Consistency of exemplary teaching
 - o Improving pupil behaviour
 - o Building self-confidence and enthusiasm for learning
 - o Improving business processes and procedures
 - o Leading and communicating the vision

SUSSEX EDUCATION TRUST LTD
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

In addition to the above the Governors have concentrated over the last twenty four months on ensuring the existing facilities at Vinnetrow Road are maintained efficiently to ensure compliance with all necessary statutory requirements whilst still providing a high quality teaching and learning environment. In addition attention has also been directed at procuring and ensuring the necessary building modifications to facilitate the new student intake in September 2016 were completed on time and within budget

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.

STRATEGIC REPORT

Achievements and Performance

Key performance indicators

The key performance indicators for the year to 31 August 2016 were the level reserves available to be taken forward into the operation and expansion of the school and the successful recruitment of pupils for the additional 150 places available places for September 2016.

In respect of the level of reserves these have increased as a result of the surplus achieved for the year to 31 August 2016.

In respect of pupil recruitment we have successfully filled all 209 of the 210 additional places and the school roll currently stands at 99.88% of its current capacity of 780.

Going concern

After making appropriate enquiries, the Board of Governors 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 Accounting Policies note of the financial statements.

FINANCIAL REVIEW

As at 31 August 2016 the Academy Trust had Net Assets of £4,244,644 (2015: £1,937,585) of which £3,774,305 (2015: £1,835,036) were represented by fixed assets necessary for the Academy Trust to undertake its operating activity. During the Year to 31 August 2016 the trust received general annual grant income, pupil premium monies, an education services grant in respect of rent and various capital grants in respect of the continued expansion and establishment of the school. The principal costs and expenditure incurred during the year relate to delivery of teaching and learning and the occupational costs relating to the temporary premises. The net result for the year was a surplus of £2,391,079 (2015: £1,283,156) of which £2,195,587 (2015: £1,170,685) related to the restricted fixed asset fund, £142,683 (2015: £91,287) to the restricted general fund and £52,809 (2015: £21,184) to the unrestricted fund.

Investment policy and objectives

The Academy Trust has the power to deposit or invest any funds not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification). The Academy Trust may also delegate the management of investments to a financial expert, but only on 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 investments is reviewed regularly with the Governors;
- the Governors are entitled to cancel the delegation arrangement at any time;
- the investment policy and the delegation arrangement are reviewed at least 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 2016 the Academy Trust had no significant excess funds available for investment. Short term interest bearing accounts will be considered for maximisation of return on current cash balances.

SUSSEX EDUCATION TRUST LTD
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

The Governors review the level 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 flows. Reserves also allow the Academy Trust to deal with unexpected expenditure or changes in income and give time for appropriate actions to be taken. At 31 August 2016 the Academy Trust has determined that an appropriate target operational reserve level would be between a lower threshold of £205,364 and an upper threshold of £308,045 (to be held within Unrestricted Funds and Restricted General 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 the securing of 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 free reserves is £312,158 (2015: £112,266) and is above the upper threshold and represents 7.6% of forecast operational expenditure for 2016/17.

Financial and risk management objectives and policies

Governors keep spendable reserves under constant review to ensure they have sufficient funds and income to run the Academy Trust on an efficient basis without affecting the quality and delivery of its operational goals. In pursuance of this objective, and as a result of being entrusted with public monies, the trust is constantly working to ensure that it achieves maximum value for money in areas of its operational and capital expenditure.

Principal risks and uncertainties

The principle risks and uncertainties facing the Academy Trust include on-going pupil recruitment remaining sufficient to ensure financial viability and the delivery, by September 2018, of permanent premises.

Future plans

The school continues to develop in line with its phased expansion plan with the exception that the planned Sixth Form has been delayed due to the unavailability of the Carmelite convent site until September 2018.

In April 2014 the school exchanged contracts in respect of its purchase of the former Carmelite convent in Hunston. The exchange is conditional on planning approval being achieved by February 2016. The planning application was submitted in October 2015 and an extension for the option to purchase has been sought by the EFA with final completion taking place March 2016. The final appointment of the contractor was planned for early 2016 once planning permission has been granted with construction to commence before March 2016. A tender process, conducted by the EFA, resulted in Farrans being appointed as the main contractor and Chichester based Hunters, joining the project as Farrans' design team. However, delays in the process due in part to protracted negotiations between the EFA, Highways England and the Local Authority meant that the Section 106 Agreement, required for final planning consent to be granted, had not been signed off by 31 August 2016.

Trustees continue to work closely with the EFA to ensure appropriate accommodation is available on the temporary premises for the School's continued expansion until the completion of the permanent site, with the move currently planned for September 2018. As the negotiations for the S106 Agreement continue, this date is feared somewhat optimistic by those working closely on the permanent site project. Contingency plans are in place to cope with continued growth of the school which include the proposed use of Barton Road Infant School site in Bersted, near Bognor Regis to accommodate 180 pupils. During the summer of 2016 additional high quality temporary buildings were erected on the playing field to accommodate a further five general classrooms, two large changing rooms and a drama studio that can also be used as two general classrooms or a dining hall.

The Governors continue to maintain a high level of involvement with the EFA and their appointed technical advisors for both the Convent Site development and on-going viability of the temporary premises.

Funds held as custodian trustee on behalf of others

The trust does not currently hold any funds as custodian trustee on behalf of others.

SUSSEX EDUCATION TRUST LTD
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

Auditors

In so far as the governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- The governors 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 auditors, Lewis Brownlee (Chichester) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Report of the Governors, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ...23/12/2016..... and signed on the board's behalf by:


.....
S P O King - Chairman

SUSSEX EDUCATION TRUST LTD
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Sussex Education Trust Ltd 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 of loss.

The board of the governors 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 Ltd and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities.

In addition to the full Governing body a number of sub committees operate with relevant delegated responsibilities. These sub committees are Finance & General Purposes, Education, Premises, HR & Legal and Marketing.

A summary of the purpose and key terms of reference of each subcommittee is as follows:

Finance and General Purposes

To assist the decision making of the governing body, by enabling more detailed consideration to be given to the sound management of the academy's finances and resources, including proper planning, monitoring and probity. Key terms of reference include to consider and review the annual budget prepared by SLT, to monitor in year performance against budget, to contribute to the schools development plan via consideration of financial priorities, to receive and make recommendations in respect of expenditure proposals, to liaise with other sub committees in regard to the financial aspects of matters being considered by them, to monitor review and develop financial procedures and to prepare the annual financial statements.

Education

To assist the governing body, by facilitating detailed challenge and monitoring of teaching and learning in the school. Key terms of reference include holding the SLT to account in regard to the delivery of teaching and learning, ensuring appropriate arrangements for the assessment and reporting of pupil progress including monitoring of progress of vulnerable sub groups, to consider curriculum and teaching policy documents.

Premises

To assist the governing body by enabling detailed considerations to be given to the responsibility for sound management of the Trusts temporary premises and the acquisition and development of the permanent premises. Key terms of reference include monitoring on-going repair and maintenance programmes, considering and developing plans for the extended use of the temporary premises, working with the EFA on the permanent site building concept, building design, building reality and delivery programme to include site acquisition, planning, infrastructure, funding and risk assessment aspects.

HR and Legal

To assist the governing body by enabling detailed consideration of specific legal matters and compliance issues relevant to the schools operations in general and specifically in relation to its obligations as an employer. Key terms of reference include reviewing and developing relevant HR procedures including, discipline, grievance, safer recruitment and performance management. To review staffing structures, and in consultation with F&GP, determine salary levels for individual posts in line with the overall pay policy.

Marketing

To assist the governing body to develop the public image of the school in line with its planned expansion and to maintain sufficient and appropriate communication between the school and its stakeholders. Key responsibilities include the development and management of the schools overall marketing plan, responsibility for timing and structure of key communications and press releases, responsibility for branding, advertising and promotion of the school.

SUSSEX EDUCATION TRUST LTD

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Each Governor and co-opted Governor sits on at least one committee in addition to the full board. The Chair of Governors sits on all sub-committees but not in the role of chair of those committees. The full Governing body has formally met three times during the year, F&GP five times, Education once, Premises three times, HR and Legal once and Marketing twice. Attendances at meetings in the period 1 September 2015 to 31 August 2016 were as follows:

	Full Board	F & GP	Education	Premises	HR & Legal	Marketing
C D Adams	1	4	1			
J Appleby	2	3				
N L Brown	1				1	
M E Burkes	1				1	
A Harris	2	3				
N Hubble	1					
S P O King	3	5			1	1
M Leggatt	1					1
R Matthews	2	3		2		
H S Oyns	2				1	
K Pain	3	4	1		1	
S L Webber	1	2	1			

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 in return for taxpayer resources received.

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

The Accounting Officer of the academy trust has delivered value for money during the year by being focussed on rationalising spending through regular scrutiny of each budgetary line. Significant savings on supply costs in the Primary phase were made through better internal management of cover arrangements. Staff training costs have been kept to a minimum through targeted staff-led training sessions and through the exploitation of links with other schools.

Our ability to provide greater access to technology has been further enhanced in the year as a result of the continuing development of the use of iPads within the secondary phase. The parental contributions allow the school to use the curriculum budgets more effectively; and enable us to redefine our curriculum through regular and sophisticated use of educational applications and technologies.

The Trust acknowledges that it has more work to do in regard to further development of its existing tendering processes and this is an area which is currently under review.

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 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 Ltd for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

SUSSEX EDUCATION TRUST LTD
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

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 termly 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 governors has considered the need for a specific internal audit function and has decided neither to appoint an internal audit committee nor to use the peer review option.

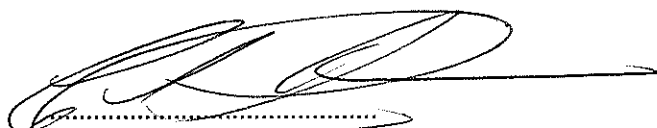
Review of Effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the financial management and governance self-assessment process;
- the work of the finance and general purpose committee;

Approved by order of the members of the board of trustees on 23/12/2016 and signed on its behalf by:


S P O King - Chairman


C D Adams - Governor

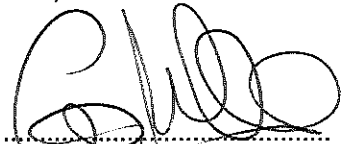
SUSSEX EDUCATION TRUST LTD

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

As accounting officer of Sussex Education Trust Ltd I have considered my responsibility to notify the academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 2015.

I confirm that I and the academy board of governors are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2015.

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 governors and EFA.


.....
G L Martyn - Accounting Officer

Date: 23/12/16

SUSSEX EDUCATION TRUST LTD

GOVERNORS RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

The governors (who act as trustees of Sussex Education Trust Limited and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the governors are required to:

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

The governors 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors 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 governors 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.

The Report of the Governors, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 23/12/2016 and signed on the boards behalf by:


S P O King - Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SUSSEX EDUCATION TRUST LTD

We have audited the financial statements of Sussex Education Trust Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditors

As explained more fully in the Governors Responsibility Statement set out on page thirteen, the governors (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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SUSSEX EDUCATION TRUST LTD**

Matters on which we are required to report by exception

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

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

W. Neville

William Neville (Senior Statutory Auditor)
for and on behalf of Lewis Brownlee (Chichester) Limited
Chartered Accountants
Statutory Auditors
Appledram Barns
Birdham Road
Chichester
West Sussex
PO20 7EQ

Date:23/12/2016.....

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

In accordance with the terms of our engagement letter dated 16 November 2016 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sussex Education Trust Ltd during the period 1 September 2015 to 31 August 2016 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 Sussex Education Trust Ltd and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sussex Education Trust Ltd and the EFA 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 Sussex Education Trust Ltd and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Sussex Education Trust Ltd's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. 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's income and expenditure.

The work undertaken to draw our conclusions includes:

- A review of the activities of the Trust in the period to ensure that they are appropriate and within the framework expected.
- A review of the control functions and general control environment of the Trust.
- A review of the grants received and receivable by the Trust in the period to ensure compliance with the purposes, conditions and restrictions relating to the grants.
- Sample testing of expenditure and payments including payroll to ensure that it is adequately supported, authorised and conforms to the purpose of the original grant.
- Review of all significant transactions, such as leases and substantial contracts to ensure correct procedures have been followed.
- Review for related party transactions and conflicts of interest.
- Review of relevant minutes of Governor meetings, discussions with the relevant Governors, including the Accounting Officer, as well as obtaining adequate representations.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
SUSSEX EDUCATION TRUST LTD AND THE EDUCATION 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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Lewis Brownlee

Lewis Brownlee (Chichester) Limited
Chartered Accountants
Appledram Barns
Birdham Road
Chichester
West Sussex
PO20 7EQ

Date:23/12/2016.....

SUSSEX EDUCATION TRUST LTD

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2016**

					2016	2015
	Notes	Unrestricted fund £	Restricted fixed asset fund £	Restricted general fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	4,938	2,992,130	2,348	2,999,416	13,417
Charitable activities						
Funding for the academy's educational operations	4	110,041	-	2,987,493	3,097,534	3,630,128
Other trading activities	5	28,678	-	5,470	34,148	26,312
Total		143,657	2,992,130	2,995,311	6,131,098	3,669,857
EXPENDITURE ON						
Raising funds	7	67	-	354	421	3,710
Charitable activities						
Academy's educational operations		90,781	796,543	2,790,574	3,677,898	2,345,101
Other		-	-	61,700	61,700	37,890
Total	6	90,848	796,543	2,852,628	3,740,019	2,386,701
NET INCOME		52,809	2,195,587	142,683	2,391,079	1,283,156
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	(84,000)	(84,000)	4,000
Net movement in funds		52,809	2,195,587	58,683	2,307,079	1,287,156
RECONCILIATION OF FUNDS						
Total funds brought forward		25,069	1,812,962	99,554	1,937,585	650,429
TOTAL FUNDS CARRIED FORWARD		77,878	4,008,549	158,237	4,244,664	1,937,585

The notes form part of these financial statements

SUSSEX EDUCATION TRUST LTD
REGISTERED COMPANY NUMBER: 07874411 (England and Wales)
BALANCE SHEET
AT 31 AUGUST 2016

		2016 £	2015 £
FIXED ASSETS	Notes		
Intangible assets	13	38,321	29,499
Tangible assets	14	<u>3,735,984</u>	<u>1,805,537</u>
		3,774,305	1,835,036
CURRENT ASSETS			
Stocks	15	23,847	27,542
Debtors: Amounts falling due within one year	16	1,048,117	427,001
Debtors: Amounts falling due after more than one year	16	38,889	27,778
Cash at bank and in hand		<u>431,035</u>	<u>643,295</u>
		1,541,888	1,125,616
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	<u>(923,529)</u>	<u>(972,067)</u>
NET CURRENT ASSETS		<u>618,359</u>	<u>153,549</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,392,664	1,988,585
PROVISIONS FOR LIABILITIES	19	(50,000)	(50,000)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>4,342,664</u>	<u>1,938,585</u>
PENSION LIABILITY	23	<u>(98,000)</u>	<u>(1,000)</u>
NET ASSETS		<u><u>4,244,664</u></u>	<u><u>1,937,585</u></u>
FUNDS	22		
Unrestricted funds		77,878	25,069
Restricted funds:			
Project Development Grant		7,206	7,206
Restricted fixed asset fund		3,990,841	1,795,254
Pension reserve		(98,000)	(1,000)
General Annual Grant		234,280	87,197
Capital expenditure from the PDG/GAG		17,708	17,708
PE Sport Grant		14,751	6,151
TOTAL RESTRICTED FUNDS		<u>4,166,786</u>	<u>1,912,516</u>
TOTAL FUNDS		<u><u>4,244,664</u></u>	<u><u>1,937,585</u></u>


The notes form part of these financial statements

SUSSEX EDUCATION TRUST LTD

**BALANCE SHEET - CONTINUED
AT 31 AUGUST 2016**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Governors on and were signed on its behalf by:


.....
C D Adams - Governor

The notes form part of these financial statements

SUSSEX EDUCATION TRUST LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

		2016	2015
	Notes	£	£
Cash flows from operating activities:			
Cash generated from operations	27	(621,604)	493,149
Interest paid		<u>-</u>	<u>(2,066)</u>
Net cash provided by (used in) operating activities		<u>(621,604)</u>	<u>491,083</u>
 Cash flows from investing activities:			
Purchase of intangible fixed assets		(23,887)	-
Purchase of tangible fixed assets		(2,559,575)	(1,417,903)
Capital grants from DfE/EFA		2,992,130	1,411,618
Disposal of tangible fixed assets		<u>676</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>409,344</u>	<u>(6,285)</u>
 Change in cash and cash equivalents in the reporting period		<u>(212,260)</u>	<u>484,798</u>
Cash and cash equivalents at the beginning of the reporting period		<u>643,295</u>	<u>158,497</u>
 Cash and cash equivalents at the end of the reporting period		<u><u>431,035</u></u>	<u><u>643,295</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Sussex Education Trust Ltd prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of Sussex Education Trust Ltd for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Change in accounting policy

Under FRS 102 computer software licenses that are separable are to be capitalised as intangible fixed assets. Previously these items had been included in tangible fixed assets. The impact of this change is shown in the notes to the accounts.

Going concern

The governors 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 Academy to continue as a going concern. There are no material uncertainties that are known. The governors have made this assessment in respect of the current academic year.

Income

All income is recognised in the Statement of Financial Activities once the academy has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

Revenue income grants are recognised using the accruals method and are included in the Statement of Financial Activities. 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 cost for which the grant is intended to compensate, the income and its recognition is deferred, included in creditors as deferred income until the costs are incurred. 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.

Grants from the capital fund are recognised using the performance model, when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of the capital fund are reflected in the balance sheet included as part of the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

Intangible fixed assets

Relates to separable items of computer software. Amortisation is provided at 25% on a straight line basis.

Tangible fixed assets

Assets costing £500 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold improvements	in accordance with the lease
Fixtures, fittings and equipment	25% straight line
Computer equipment	25% straight line
Motor Vehicles	25% straight line

Where assets in the year have been purchased at the end of the accounting period, no depreciation has been accounted for on the basis there has been no reduction in the value of the asset by the balance sheet date.

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 will be recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Stocks

Stock consists of purchased goods for resale, being school uniforms purchased. Stocks are valued at the lower of cost and net realisable value.

Taxation

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES - continued

Fund accounting

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

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

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

Leased Assets

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

Pension benefits

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

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 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 quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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.

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, which are disclosed in note 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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. See also note 24 - contingent liabilities.

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

2. GENERAL ANNUAL GRANT (GAG)

There are no limits on the amount of GAG that can be carried forward in the year ended 31 August 2016.

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Donations	<u>4,938</u>	<u>2,348</u>	<u>7,286</u>	<u>13,417</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Club and trip income	65,447	3,627	69,074	67,240
Sale of school uniform	44,594	-	44,594	38,809
Capital grants	-	2,992,130	2,992,130	1,411,618
Other DfE/EFA grants	-	567,243	567,243	459,815
General Annual Grant (GAG)	-	2,248,123	2,248,123	1,467,646
Start up grants	-	168,500	168,500	185,000
	<u>110,041</u>	<u>5,979,623</u>	<u>6,089,664</u>	<u>3,630,128</u>

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Fundraising events	-	5,470	5,470	-
Hire of facilities	28,678	-	28,678	26,312
	<u>28,678</u>	<u>5,470</u>	<u>34,148</u>	<u>26,312</u>

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

6. EXPENDITURE

				2016	2015
	Staff costs	Non-pay expenditure		Total	Total
	£	Premises	Other costs	£	£
		£	£		
Raising funds					
Costs incurred by trading for a fundraising purpose	-	-	421	421	3,710
Charitable activities					
Academies educational operations					
Direct costs	1,817,230	-	304,606	2,121,836	1,420,682
Allocated support costs	230,364	393,871	931,827	1,556,062	924,419
	2,047,594	393,871	1,236,854	3,678,319	2,348,811
Other	13,000	-	48,700	61,700	37,890
	<u>2,060,594</u>	<u>393,871</u>	<u>1,285,554</u>	<u>3,740,019</u>	<u>2,386,701</u>

Net income/(expenditure) is stated after charging/(crediting):

	2016	2015
	£	£
Auditors' remuneration – audit fee	12,476	7,284
Auditors' remuneration – other fees	9,174	8,439
Depreciation - owned assets	628,466	241,962
(Surplus)/deficit on disposal of fixed asset	(14)	2,026
Computer software amortisation	15,065	-
Operating leases	<u>211,908</u>	<u>226,599</u>

Included within expenditure are the following transactions:

	Total
	(£14)
Fixed asset (gains)/losses	£421
Unrecoverable debts	

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£	£	£	£
Bad debts	<u>67</u>	<u>354</u>	<u>421</u>	<u>3,710</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£	£	£	£
Direct costs	60,705	2,061,131	2,121,836	1,420,682
Support costs	<u>30,076</u>	<u>1,525,986</u>	<u>1,556,062</u>	<u>924,419</u>
	<u>90,781</u>	<u>3,587,117</u>	<u>3,677,898</u>	<u>2,345,101</u>

	2016 Total £	2015 Total £
Analysis of support costs		
Support staff costs	230,364	153,506
Depreciation	643,517	241,962
Technology costs	78,708	46,207
Premises costs	393,871	301,661
Other support costs	209,602	181,083
Total support costs	1,556,062	924,419

9. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Other resources expended	13,000	48,700	61,700
Academy's educational operations	<u>1,556,062</u>	<u>-</u>	<u>1,556,062</u>
	<u>1,569,062</u>	<u>48,700</u>	<u>1,617,762</u>

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

9. SUPPORT COSTS - continued

Governance costs

	2016 Other resources expended £	2015 Total activities £
Other costs	31,588	19,995
Auditors' remuneration	12,476	7,284
Auditors' remuneration for non audit work	<u>4,636</u>	<u>8,439</u>
	<u>48,700</u>	<u>35,718</u>

10. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND BENEFITS

The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

The following remuneration was paid to Governors in respect of their employment as staff:

	2016	2015
G L Martyn (principal and governor) remuneration	£80,000 - £85,000	£80,000 - £85,000
G L Martyn employer's pension contributions	£10,000 - £15,000	£10,000 - £15,000

Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £250,000 on any one claim and the cost for the year ended 31 August 2016 was £1,296 (2015: £1,296). The cost of this insurance is included under governance costs.

Governors' expenses

During the year ended 31 August 2016 there were no amounts expended on behalf of the trust to governors (2015: three). This amounted to £Nil (2015: £385).

Other related party transactions are set out in note 26.

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

11. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	1,640,360	1,079,878
Social security costs	121,565	67,913
Employer's contribution to defined benefit pension scheme	<u>263,979</u>	<u>153,701</u>
	2,025,904	1,301,492
Supply teacher costs	<u>34,690</u>	<u>42,103</u>
	<u>2,060,594</u>	<u>1,343,595</u>

The average number of persons (including senior management team) employed by the academy during the year was as follows:

	2016	2015
Teachers	65	19
Administration and support	13	17
Management	<u>3</u>	<u>3</u>
	<u>81</u>	<u>39</u>

Higher Paid Staff

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

	2016	2015
£80,001 - £90,000	<u>1</u>	<u>1</u>

Key Management Personnel

The key management personnel of the academy comprise the governors and senior management team listed on page 5. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £170,365 (2015: £210,918).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted fixed asset fund	Restricted general fund	Total funds
	£	£	£	£
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	2,555	9,890	972	13,417
Charitable activities				
Funding for the academy's educational operations	83,349	1,404,783	2,141,996	3,630,128
Other trading activities	<u>26,312</u>	<u>-</u>	<u>-</u>	<u>26,312</u>
Total	112,216	1,414,673	2,142,968	3,669,857

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted fixed asset fund £	Restricted general fund £	Total funds £
EXPENDITURE ON				
Raising funds	559	-	3,151	3,710
Charitable activities				
Academy's educational operations	90,473	241,962	2,012,666	2,345,101
Other	-	2,026	35,864	37,890
Total	91,032	243,988	2,051,681	2,386,701
NET INCOME	21,184	1,170,685	91,287	1,283,156
Transfers between funds	-	14,491	(14,491)	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	-	4,000	4,000
Net movement in funds	21,184	1,185,176	80,796	1,287,156
RECONCILIATION OF FUNDS				
Total funds brought forward	3,886	627,786	18,757	650,429
TOTAL FUNDS CARRIED FORWARD	25,070	1,812,962	99,553	1,937,585

13. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 September 2015	38,178
Additions	23,887
At 31 August 2016	62,065
AMORTISATION	
At 1 September 2015	8,679
Charge for year	15,065
At 31 August 2016	23,744
NET BOOK VALUE	
At 31 August 2016	38,321
At 31 August 2015	29,499

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

14. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvement £	Furniture and equipment £
COST			
At 1 September 2015	-	1,298,149	349,784
Additions	2,747,048	9,237	56,678
Disposals	-	-	(676)
Reclassification	-	(327,742)	-
At 31 August 2016	<u>2,747,048</u>	<u>979,644</u>	<u>405,786</u>
DEPRECIATION			
At 1 September 2015	-	148,139	93,989
Charge for year	-	380,154	102,494
Eliminated on disposal	-	-	(14)
At 31 August 2016	<u>-</u>	<u>528,293</u>	<u>196,469</u>
NET BOOK VALUE			
At 31 August 2016	<u>2,747,048</u>	<u>451,351</u>	<u>209,317</u>
At 31 August 2015	<u>-</u>	<u>1,150,010</u>	<u>255,795</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2015	39,333	534,034	2,221,300
Additions	2,500	71,854	2,887,317
Disposals	-	-	(676)
Reclassification	-	-	(327,742)
At 31 August 2016	<u>41,833</u>	<u>605,888</u>	<u>4,780,199</u>
DEPRECIATION			
At 1 September 2015	15,778	157,857	415,763
Charge for year	10,039	135,779	628,466
Eliminated on disposal	-	-	(14)
At 31 August 2016	<u>25,817</u>	<u>293,636</u>	<u>1,044,215</u>
NET BOOK VALUE			
At 31 August 2016	<u>16,016</u>	<u>312,252</u>	<u>3,735,984</u>
At 31 August 2015	<u>23,555</u>	<u>376,177</u>	<u>1,805,537</u>

During the year freehold land was purchased for £2,200,000, at the Carmelite Convent site.

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

15. STOCKS

	2016	2015
	£	£
Clothing	<u>23,847</u>	<u>27,542</u>

16. DEBTORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	3,574	3,808
Other debtors	360	150
VAT recoverable	28,599	86,185
Prepayments and accrued income	<u>1,015,584</u>	<u>336,858</u>
	<u>1,048,117</u>	<u>427,001</u>
Amounts falling due after more than one year:		
Other debtors	<u>38,889</u>	<u>27,778</u>
Aggregate amounts	<u>1,087,006</u>	<u>454,779</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	745,766	814,491
Social security and other taxes	36,289	19,809
Other creditors	6,690	5,159
Pensions payable	32,395	19,049
Accruals and deferred income	98,655	107,059
EFA creditor: abatement of GAG	<u>3,734</u>	<u>6,500</u>
	<u>923,529</u>	<u>972,067</u>

Deferred income

Deferred income at 1 September 2015	£85,322
Resources deferred in the year	£73,857
Amounts released from previous years	<u>(£85,322)</u>
Deferred income at 31 August 2016	£73,857

At the balance sheet date the Academy was holding funds received in advance in relation to the Pupil Premium, Rates Relief and Free School Meals Income, as these relate to the period to 31 March 2017. Income has also been deferred which relates to personal supplements for the period ending 31 March 2017.

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are the minimum expected future lease payments:

	Land and buildings		Other operating leases	
	2016	2015	2016	2015
	£	£	£	£
Expiring:				
Within one year	234,207	-	989	-
Between one and five years	<u>160,950</u>	<u>468,413</u>	<u>81,294</u>	<u>12,162</u>
	<u>395,157</u>	<u>468,413</u>	<u>82,283</u>	<u>12,162</u>

Operating lease payments are recognised as expenses in the financial statements.

19. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Provisions	<u>50,000</u>	<u>50,000</u>

The above provision represents a property cost provision, as estimated by an external body.

20. 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.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	2016			2015
	Unrestricted fund	Restricted fixed asset fund	Restricted general fund	Total funds
	£	£	£	£
Fixed assets	-	3,774,305	-	3,774,305
Current assets	85,432	917,747	538,709	1,541,888
Current liabilities	(7,554)	(633,503)	(282,472)	(923,529)
Provision for liabilities	-	(50,000)	-	(50,000)
Pension liability	-	-	(98,000)	(98,000)
	<u>77,878</u>	<u>4,008,549</u>	<u>158,237</u>	<u>4,244,664</u>
				<u>1,937,585</u>

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

22. MOVEMENT IN FUNDS

	At 1/9/15 £	Net movement in funds £	Transfers between funds £	At 31/8/16 £
Unrestricted funds				
General unrestricted fund	25,069	52,809	-	77,878
Restricted funds				
Project Development Grant	7,206	-	-	7,206
Restricted fixed asset fund	1,795,254	2,195,587	-	3,990,841
Pension reserve	(1,000)	(97,000)	-	(98,000)
General Annual Grant	87,197	147,083	-	234,280
Capital expenditure from the PDG/GAG	17,708	-	-	17,708
PE Sport Grant	6,151	8,600	-	14,751
	1,912,516	2,254,270	-	4,166,786
TOTAL FUNDS	1,937,585	2,307,079	-	4,244,664

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General unrestricted fund	143,657	(90,848)	-	52,809
Restricted funds				
Restricted fixed asset fund	2,992,130	(796,543)	-	2,195,587
General Annual Grant	2,986,711	(2,839,628)	-	147,083
PE Sport Grant	8,600	-	-	8,600
Pension reserve	-	(13,000)	(84,000)	(97,000)
	5,987,441	(3,649,171)	(84,000)	2,254,270
TOTAL FUNDS	6,131,098	(3,740,019)	(84,000)	2,307,079

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

The restricted funds consist of grants from the Department for Education (DfE) and specific capital grants from the Education Funding Agency (EFA) in respect of temporary premises works, fixtures, fittings and equipment and ICT. The project development grants were received to cover the costs associated with preparing the school for opening, and the current year grants are received in order to allow the school to operate. The capital grants were received to cover the purchase of equipment and ICT and to enable the trust to make building alterations to the temporary premises.

Included within restricted funds is the deficit on the pension scheme arising through accounting for the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION AND SIMILAR OBLIGATIONS

The Academy'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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £32,395 (2015: £19,049) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' pension scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%).

Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million.

An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £186,091 (2015: £180,594).

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

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

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

**23. 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 2016 was £97,265 (2015: £71,918), of which employer's contributions totalled £77,888 (2015: £57,353) and employees' contributions totalled £19,377 (2015: £15,091). The agreed contribution rates for future years are 23.3 percent for employers and between 5.5 and 12.5 percent for employees.

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Present value of funded obligations	(363,000)	(130,000)
Fair value of plan assets	<u>265,000</u>	<u>129,000</u>
	<u>(98,000)</u>	<u>(1,000)</u>
Deficit	<u>(98,000)</u>	<u>(1,000)</u>
Liability	<u>(98,000)</u>	<u>(1,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Current service cost	90,000	69,000
Actuarial losses on scheme liabilities	<u>117,000</u>	<u>(4,000)</u>
	<u>207,000</u>	<u>65,000</u>
Actual return on plan assets	<u>33,000</u>	<u>-</u>

The estimated value of employer contributions for the year ended 31 August 2017 is £51,000.

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Defined benefit obligation	(130,000)	(44,000)
Current service cost	(90,000)	(69,000)
Contributions by scheme participants	(19,000)	(18,000)
Interest cost	(7,000)	(3,000)
Actuarial losses/(gains)	(117,000)	4,000
	<u>(363,000)</u>	<u>(130,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Fair value of scheme assets	129,000	37,000
Assets interest income	7,000	3,000
Contributions by employer	77,000	71,000
Contributions by scheme participants	19,000	18,000
Actuarial gains/(losses)	<u>33,000</u>	<u>-</u>
	<u>265,000</u>	<u>129,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
Equities	73%	71%
Bonds	16%	16%
Property	8%	8%
Cash	3%	5%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2016	2015
Discount rate for liabilities	2.1%	3.8%
Rate of increase in salaries	3.6%	4.1%
Rate of increase in pensions	2.1%	2.7%

SUSSEX EDUCATION TRUST LTD

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	At 31 Aug 2016	At 31 Aug 2015
Retiring today		
Males	24.4	24.4
Females	25.8	25.8
Retiring in 20 years		
Males	26.9	26.9
Females	28.5	28.5

Amounts for the current and previous period are as follows:

	2016	2015
	£	£
Defined benefit pension plans		
Defined benefit obligation	(363,000)	(130,000)
Fair value of scheme assets	265,000	129,000
Deficit	(98,000)	(1,000)
Experience adjustments on scheme assets	-	(1,000)

Sensitivity Analysis

The following table sets out the impact of a small change in the discount rates and other assumptions on the defined benefit:

	Approximate % increase to Employer Liability	Approximate monetary amount £
Deficit in scheme at 31 August 2016		
0.5% decrease in Real Discount Rate	19.00	70,000
1 year increase in member life expectancy	3.00	11,000
0.5% increase in Salary Increase Rate	1.00	5,000
0.5% increase in Pension Increase Rate	18.00	64,000

24. CONTINGENT LIABILITIES

The company has entered into a unilateral undertaking with West Sussex County Council under s106 of the Town and County Planning Act 1990. The amount is for £6,000, and would be payable if as a result of the school being there the council needed to improve the road signage and layout as part of a traffic regulation order or breaches in waiting restrictions. This agreement was signed on 11 July 2013.

It is possible that the company will incur dilapidations as a result of the licensed alterations to the leased premises. These works were in progress at the balance sheet date. The potential future liability cannot be reliably measured at the balance sheet date, and the extent to which this liability will be met by a third party also cannot be reliably determined.

25. CAPITAL COMMITMENTS

	2016	2015
	£	£
Contracted but not provided for in the financial statements	<u>307,480</u>	<u>190,536</u>

The capital commitments above have been entered into by the Trust following confirmation from the EFA of capital grant funding amounts sufficient to allow the trust to meet these obligations.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

26. RELATED PARTY DISCLOSURES

During the summer of 2016 additional high quality temporary buildings were erected on the playing field to accommodate a further five general classrooms, two large changing rooms and a drama studio that can also be used as two general classrooms or a dining hall. These buildings were procured and paid for directly by the EFA.

During the year L Martyn, the wife of G L Martyn, was employed as a drama and English teacher earning a salary of £5,920.

Other related party transactions are set out in note 10.

27. CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Net income for the reporting period (as per the statement of financial activities)	2,391,079	1,283,156
Adjustments for:		
Depreciation and amortisation	643,531	241,962
Capital grants from DfE/EFA	(2,992,130)	(1,411,618)
(Profit)/loss on disposal of fixed assets	(14)	2,026
Interest paid	-	2,066
Decrease/(increase) in stocks	3,695	(16,464)
Increase in debtors	(632,227)	(248,229)
(Decrease)/increase in creditors	(48,538)	642,250
Difference between pension charge and cash contributions	13,000	(2,000)
Net cash provided by (used in) operating activities	<u>(621,604)</u>	<u>493,149</u>

28. EXPLANATION OF TRANSITION TO FRS 102

It is the first year that the Academy Trust has presented its financial statements under Charities SORP 2015 and FRS 102. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/ (expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

SUSSEX EDUCATION TRUST LTD

**RECONCILIATION OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants		13,417	-	13,417
Charitable activities		3,630,128	-	3,630,128
Other trading activities		<u>26,312</u>	-	<u>26,312</u>
Total		3,669,857	-	3,669,857
EXPENDITURE ON				
Raising funds		3,710	-	3,710
Charitable activities		2,345,101	-	2,345,101
OBSOLETE Governance costs		35,718	(35,718)	-
Other		<u>1,172</u>	<u>36,718</u>	<u>37,890</u>
Total		2,385,701	1,000	2,386,701
NET INCOME		<u>1,284,156</u>	<u>(1,000)</u>	<u>1,283,156</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase debit to expenses by £1,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

SUSSEX EDUCATION TRUST LTD
RECONCILIATION OF FUNDS
AT 1 SEPTEMBER 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		<u>661,120</u>	-	<u>661,120</u>
		661,120	-	661,120
CURRENT ASSETS				
Stocks		11,078	-	11,078
Debtors		61,876	-	61,876
Prepayments and accrued income		144,675	-	144,675
Cash at bank and in hand		<u>158,497</u>	-	<u>158,497</u>
		376,126	-	376,126
CREDITORS				
Amounts falling due within one year		(230,951)	-	(230,951)
NET CURRENT ASSETS		<u>145,175</u>	-	<u>145,175</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		806,295	-	806,295
PROVISIONS FOR LIABILITIES		(50,000)	-	(50,000)
ACCRUALS AND DEFERRED INCOME		(98,866)	-	(98,866)
PENSION LIABILITY		(7,000)	-	(7,000)
		<u>650,429</u>	-	<u>650,429</u>
FUNDS				
Unrestricted funds		3,886	-	3,886
Restricted funds		<u>646,543</u>	-	<u>646,543</u>
TOTAL FUNDS		<u>650,429</u>	-	<u>650,429</u>

SUSSEX EDUCATION TRUST LTD

**RECONCILIATION OF FUNDS
AT 31 AUGUST 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		-	29,499	29,499
Tangible assets		<u>1,835,036</u>	<u>(29,499)</u>	<u>1,805,537</u>
Total		1,835,036	-	1,835,036
CURRENT ASSETS				
Stocks		27,542	-	27,542
Debtors		454,779	-	454,779
Cash at bank and in hand		<u>643,295</u>	<u>-</u>	<u>643,295</u>
		1,125,616	-	1,125,616
CREDITORS				
Amounts falling due within one year		<u>(972,067)</u>	<u>-</u>	<u>(972,067)</u>
NET CURRENT ASSETS		<u>153,549</u>	<u>-</u>	<u>153,549</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,988,585	-	1,988,585
PROVISIONS FOR LIABILITIES		(50,000)	-	(50,000)
PENSION LIABILITY		<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
NET ASSETS		<u>1,937,585</u>	<u>-</u>	<u>1,937,585</u>
FUNDS				
Unrestricted funds		25,069	-	25,069
Restricted funds		<u>1,912,516</u>	<u>-</u>	<u>1,912,516</u>
TOTAL FUNDS		<u>1,937,585</u>	<u>-</u>	<u>1,937,585</u>