

**REGISTERED COMPANY NUMBER: 07874411 (England and Wales)**

**REPORT OF THE GOVERNORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 AUGUST 2017  
FOR  
SUSSEX EDUCATION TRUST LTD  
OPERATING AS CHICHESTER FREE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**SUSSEX EDUCATION TRUST LTD**  
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**FOR THE YEAR ENDED 31 AUGUST 2017**

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**SUSSEX EDUCATION TRUST LTD**  
**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**MEMBERS**

N Hubble (resigned 5/5/17)  
S L Webber  
J J Clough (resigned 1/9/17)  
H Humphry  
M R Doyle (resigned 5/5/17)  
S P O King

**GOVERNORS**

S P O King (Chairman)  
C D Adams  
J C Appleby  
N L Brown (resigned 1/1/17)  
M E Burkes  
R Carter (appointed 4/4/17)  
A Harris  
H Humphry (appointed 29/10/16)  
M C Leggatt  
R M Matthews  
H S Oyns  
K Pain (resigned 21/9/16)

**REGISTERED OFFICE**

Kreston Reeves LLP  
9 Donnington Park  
85 Birdham Road  
Chichester  
West Sussex  
PO20 7AJ

**REGISTERED COMPANY NUMBER**

07874411 (England and Wales)

**AUDITORS**

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

**SOLICITORS**

SMR Solicitors  
50 Westgate  
Chichester  
PO19 3HE

**BANKERS**

HSBC  
94 East Street  
Chichester  
West Sussex  
PO19 1HD

The Governors who are also Directors of the School for the purposes of the Companies Act 2006, present their report with the financial statements of the School for the year ended 31 August 2017. The Governors have adopted the provisions of the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to Charities preparing their financial statements 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 Skills Funding Agency (ESFA).

## OBJECTIVES AND ACTIVITIES

### Objects and aims

The principal object of the charitable company is the establishment and operation of Chichester Free School (the 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.

### Aims, strategies and activities

The specific aims for the school that were set out when the School was founded continue to remain at the heart of everything we do. This includes, but is not limited to these 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

In addition to the above the Governors have concentrated on two essential premises situations that will have a huge impact on the running of the school from September 2017. These are:

- Preparing to move to a dual site operation, North Bersted and Vinnetrow Road, and to ensure that this goes with as little disruption as possible to our pupils, parents/carers and staff, and ensure as high a quality as possible learning environment.
- Continuing to move forward with the development of the Convent site to ensure it is ready for our occupancy in September 2018.

### 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.

**REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**ACHIEVEMENT AND PERFORMANCE**

**Key performance indicators**

The key performance indicators for the year to 31 August 2017 were the level of reserves available to be taken forward into the operation and expansion of the School and the successful recruitment of pupils for the available places for September 2017.

The School monitors its level of cash, income and expenditure and considers all to be KPIs. During 2017 these indicators were particularly important due to the construction work at the Convent Site.

In respect of pupil recruitment we have successfully filled all 150 additional places and the school roll currently stands at 99% of its current capacity of 900.

In respect of regulatory compliance, the School was inspected by Ofsted in June 2015 and was graded Good overall and for each of the Ofsted specific categories.

**FINANCIAL REVIEW**

**Financial position**

As at 31 August 2017 the School had Net Assets of £9,257,622 (2016: £4,244,664) of which £8,798,530 (2016: £3,774,305) were represented by fixed assets necessary for the School to undertake its operating activity. During the Year to 31 August 2017 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 £5,012,958 (2016: £2,307,079) of which £4,885,896 (2016: £2,195,587) related to the restricted fixed asset fund, £68,748 (2016: £58,683) to the restricted general fund and £88,314 (2016: £52,809) to the unrestricted fund.

**Investment policy and objectives**

The School 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 2017 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.

**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 School to cope with the fluctuating nature and timing of cash flows. Reserves also allow the School to deal with unexpected expenditure or changes in income and give time for appropriate actions to be taken. At 31 August 2017 the School has determined that an appropriate target operational reserve level would approximately be between a lower threshold of £270,000 and an upper threshold of £400,000 (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 School 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 School's capital infrastructure.

The current level of operational free reserves is £98,192 (2016: negative free reserves of £20,122) and is below the lower threshold. It is currently at this level due to the school operating over two separate sites for the academic year.

**SUSSEX EDUCATION TRUST LTD**  
**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**FINANCIAL REVIEW**

**Going concern**

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the School 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.

**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.

For 2017/18 we will have a dual-site operation and whilst we are confident all will go well with this our short term future plan has to be on ensuring we continue to deliver the highest possible quality education to all our pupils in this situation.

In recent reports our plans have very much focused on all the development etc., that has been going on to ensure the transformation of the Convent Site into the new home of Chichester Free School. We are delighted that now our focus can switch to delivering the reality of that move and with The Convent becoming our permanent home from September 2018 we can also move forward with our planned Sixth Form.

The Governors will continue to work closely with our friends and colleagues in Department of Education to ensure the finest learning environment possible will be ready for all of us next September and we all look forward to the day we move into our new home.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The School 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 Ltd and operates under the trading name of Chichester Free School (the School).

Full Governors

S P O King	(Chairman)
C D Adams	
J C Appleby	
N L Brown	(resigned 01/01/2017)
M E Burkes	
R Carter	(appointed 04/04/2017)
A Harris	
H Humphry	(appointed 29/10/2016)
M Leggatt	
R Matthews	
H S Oyns	
K Pain	(resigned 21/09/2016)

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.



**SUSSEX EDUCATION TRUST LTD**  
**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governors' Indemnities**

Governors may benefit from any indemnity insurance purchased at the School's 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 School. 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 School.

**Principal activities**

The School'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.

**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).

**Organisational structure**

The School 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 School. 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 Principal, School Business Manager, Assistant Head IC Teaching & Learning, Assistant Head of Primary, the Assistant Head IC Assessment, Data Manager and Assistant Head IC SENCo. The Head of Primary and Head of Sixth Form will be joining the school in September 2017. The SLT controls the School 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 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 School by the use of budgets and other data, and making major decisions about the direction of the School, capital expenditure and staff appointments.

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

**SUSSEX EDUCATION TRUST LTD**  
**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Policies and procedures adopted for the induction and training of Governors**

Any new Governors are introduced to how key Committee and Full Governing Body meetings operate by attending one or two of these, as observers, before any formal appointment of them as Governors.

Their Induction continues with all new Governors studying the original proposal, all available literature such as the prospectus, the Funding Agreement and Memorandum and Articles of Association, as well as the School's website. Once appointed new Governors are allocated a "buddy" to guide them through their early days.

As for training we are contracted to Hampshire CC Governor Services to provide a number of governor supporting activities. In particular they have very recently conducted a review of Governance for the Governing body and a meeting is scheduled in early December 2017 to review their report and agree action/s.

Governors continue to remove themselves further from the operational level by taking a more arms-length reviewing role. There are a few cases where Governors have continued to undertake an operational role to manage specific projects and these are primarily in dealing with the ESFA over the development of the Convent site. We do recognise this is not ideal but are confident that in the next 12 months that type of activity will have all but disappeared.

Governors are kept aware of the financial position of the trust by way of twice termly Finance & General-Purpose Committee meetings, regular budget updates from the School Business Manager and on-going communication with the Chair. In addition, they are kept apprised of updates to the Trust's estate, which was further changed over the summer holidays with the relocation of the five-classroom block to the new primary site based in North Bersted, thus temporarily splitting the school across two sites for one year until the permanent site is completed. This was an essential measure following the continued growth of our pupil numbers.

Governors continue to be encouraged to attend functions such as receptions for future pupil admissions as well as Sports Day and performing arts productions as well as visits to the school during the day to carry out observations.

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. The Chair continues to liaise with SGOSS, the governor recruitment charity with the aim of recruiting non-parent governors with specific skills.

**Key management remuneration**

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 pay 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 was established in the year and 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.

**Risk management**

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances. The Governors have implemented a system to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

**Principal risks and uncertainties**

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



**SUSSEX EDUCATION TRUST LTD**  
**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**FUNDS HELD AS CUSTODIAN FOR OTHERS**

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

**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 School 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.

**AUDITORS**

In so far as the trustees are aware:

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

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 .....5 - 12 - 17..... and signed on the Boards behalf by:

.....  
H S Oyns, Chairman of the Finance and General Purpose Committee

**SUSSEX EDUCATION TRUST LTD**  
**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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, Pastoral, 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 School'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 School's 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 ESFA 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 School's 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 2017**

Pastoral

To assist the governing body in supporting and monitoring how the school ensures that, as far as possible, all pupils enjoy and have a positive attitude to learning, have respect for each other and for adults and contribute to the school culture and to the wider community. Key terms of reference include care of the general physical and mental wellbeing of students and staff, safeguarding and child protection, behaviour and attendance and delivery of SMSC learning (spiritual, moral, social and cultural) and life and employability skills.

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 were as follows:

	Full Board	F & GP	Education	HR & Legal	Marketing	Pastoral
C D Adams	3	5		1		
J Appleby	5	4		1		
N L Brown	1					
M E Burkes	4	2	3			
Mr R Carter	3	2	1	1	1	1
A Harris	5	5				3
Mrs H Humphry	5	3	1		1	1
S P O King	5	3	1	1	2	1
M Leggatt	3				2	
R Matthews	2	3				1
H S Oyns	3	4				

**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 School'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 School 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 School 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 year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

**SUSSEX EDUCATION TRUST LTD**  
**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Capacity to Handle Risk**

The Board of Governors has reviewed the key risks to which the School 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 School's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

**The Risk and Control Framework**

The School'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.


During the year to 31 August 2017 the external auditor conducted specific visits which covered the full year. The findings of these reports were presented to the board and the finance and General Purpose committee.

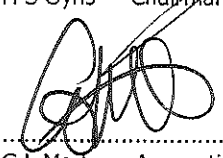
**Review of Effectiveness**

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;
- the work of the external auditor and associated reports
- the work of the chief finance officer

Approved by order of the members of the Board of Trustees on 5th Dec '17 and signed on its behalf by:

  
.....  
H S Oyns - Chairman of the Finance and General Purpose Committee

  
.....  
G L Martyn - Accounting Officer



**SUSSEX EDUCATION TRUST LTD**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2017**

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As Accounting Officer of Sussex Education Trust Ltd I have considered my responsibility to notify the School's Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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.

I confirm that I and the School's 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 School's funding agreement and the Academies Financial Handbook.

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 ESFA.



.....  
G L Martyn - Accounting Officer

Date: 12/12/17.....

**SUSSEX EDUCATION TRUST LTD**

**GOVERNORS RESPONSIBILITY STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2017**

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The Governors (who act as trustees of Sussex Education Trust Ltd 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 and Skills Funding Agency (ESFA).

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 ESFA 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 .....5-DEC-17..... and signed on the Boards behalf by:

  
.....

H S Oyns - Chairman of the Finance and General Purpose Committee

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

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### Opinion

We have audited the financial statements of Sussex Education Trust Ltd (the 'academy') for the year ended 31 August 2017 on pages eighteen to thirty seven. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education and Skills Funding Agency (ESFA).

This report is made solely to the academy'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's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

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

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### **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; or
- the governors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Governors.

### **Responsibilities of governors**

As explained more fully in the Governors Responsibility Statement set out on page twelve, 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, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Our responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governors.
- Conclude on the appropriateness of the governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy's ability to continue as a going concern. If we conclude that abbreviated material uncertainty exists, we are required to draw attention in our Report of the Independent Auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Report of the Independent Auditors. However, future events or conditions may cause the academy to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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: .....13/12/2017.....

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

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In accordance with the terms of our engagement letter dated 22 January 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sussex Education Trust Ltd during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Sussex Education Trust Ltd and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sussex Education Trust Ltd and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sussex Education Trust Ltd and the ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy'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 AND SKILLS FUNDING AGENCY**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Lewis Brownlee (Chichester) Ltd*

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

Date: .....13/12/2017.....

**SUSSEX EDUCATION TRUST LTD**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2017**

					2017	2016
	Notes	Unrestricted fund £	Restricted fixed asset fund £	Restricted general fund £	Total funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants		2,248	5,548,636	-	5,550,884	2,999,414
<b>Charitable activities</b>						
Funding for the academy's educational operations	2	144,813	-	4,031,480	4,176,293	3,097,113
Other trading activities	3	53,160	-	-	53,160	34,150
<b>Total</b>		<b>200,221</b>	<b>5,548,636</b>	<b>4,031,480</b>	<b>9,780,337</b>	<b>6,130,677</b>
<b>EXPENDITURE ON</b>						
<b>Charitable activities</b>						
Academy's educational operations	4	111,907	692,740	4,095,732	4,900,379	3,739,598
<b>NET INCOME/(EXPENDITURE)</b>		<b>88,314</b>	<b>4,855,896</b>	<b>(64,252)</b>	<b>4,879,958</b>	<b>2,391,079</b>
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit schemes		-	-	133,000	133,000	(84,000)
<b>Net movement in funds</b>		<b>88,314</b>	<b>4,855,896</b>	<b>68,748</b>	<b>5,012,958</b>	<b>2,307,079</b>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		<b>77,878</b>	<b>4,008,549</b>	<b>158,237</b>	<b>4,244,664</b>	<b>1,937,585</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	16	<b>166,192</b>	<b>8,864,445</b>	<b>226,985</b>	<b>9,257,622</b>	<b>4,244,664</b>

The notes form part of these financial statements



**SUSSEX EDUCATION TRUST LTD (REGISTERED NUMBER: 07874411)**

**BALANCE SHEET  
AT 31 AUGUST 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	9	26,930	38,321
Tangible assets	10	<u>8,771,600</u>	<u>3,735,984</u>
		<u>8,798,530</u>	<u>3,774,305</u>
<b>CURRENT ASSETS</b>			
Stocks	11	28,198	23,847
Debtors: amounts falling due within one year	12	2,158,528	1,048,117
Debtors: amounts falling due after more than one year	12	-	38,889
Cash at bank and in hand		<u>1,942,529</u>	<u>431,035</u>
		<u>4,129,255</u>	<u>1,541,888</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(3,602,163)</u>	<u>(923,529)</u>
<b>NET CURRENT ASSETS</b>		<u>527,092</u>	<u>618,359</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,325,622</u>	<u>4,392,664</u>
<b>PROVISIONS FOR LIABILITIES</b>	14	-	(50,000)
<b>PENSION LIABILITY</b>	18	<u>(68,000)</u>	<u>(98,000)</u>
<b>NET ASSETS</b>		<u>9,257,622</u>	<u>4,244,664</u>
<b>FUNDS</b>	17		
Unrestricted funds		166,192	77,878
Restricted funds:			
Project Development Grant		7,206	7,206
Restricted fixed asset fund		8,846,737	3,990,841
Pension reserve		(68,000)	(98,000)
General Annual Grant		270,615	234,280
Capital expenditure from the PDG/GAG		17,708	17,708
PE Sport Grant		<u>17,164</u>	<u>14,751</u>
		<u>9,091,430</u>	<u>4,166,786</u>
<b>TOTAL FUNDS</b>		<u>9,257,622</u>	<u>4,244,664</u>

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 5th Dec '17 and were signed on its behalf by:

  
H S Oyns - Chairman of the Finance and General Purpose Committee

The notes form part of these financial statements

**SUSSEX EDUCATION TRUST LTD**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	23	<u>177,455</u>	<u>(621,604)</u>
<b>Cash flows from investing activities:</b>			
Purchase of intangible fixed assets		(4,500)	(23,887)
Purchase of tangible fixed assets		(3,724,763)	(2,559,575)
Capital grants from DfE/ESFA		5,063,302	2,992,130
Sale of tangible fixed assets		<u>-</u>	<u>676</u>
<b>Net cash provided by (used in) investing activities</b>		<u>1,334,039</u>	<u>409,344</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,511,494</b>	<b>(212,260)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>431,035</u>	<u>643,295</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>1,942,529</u></u>	<u><u>431,035</u></u>

The notes form part of these financial statements

**SUSSEX EDUCATION TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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 2016 to 2017 issued by the ESFA, 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.

**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**

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

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

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

**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.

**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 School's educational operations, including support costs and costs relating to governance of the academy apportioned to charitable activities.

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES - continued**

**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, 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:

Freehold property and assets under construction	<b>2% straight line</b>
Leasehold improvements	<b>in accordance with lease</b>
Fixtures, fittings and equipment	<b>25% straight line</b>
Computer equipment	<b>25% straight line</b>
Motor vehicles	<b>25% straight line</b>

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.

Leasehold Property and additions are included in the accounts at cost and depreciation in accordance with the lease. The lease in relation to the Leasehold Property concludes by 31 August 2018.

**Assets under construction**

The cost for assets under construction are capitalised at the point in which the cost is incurred. Assets under construction are shown in the financial statements in Freehold Property, depreciation is not charged on the assets until construction is completed.

**Intangible fixed assets**

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



**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial instruments are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

**Basic financial assets**

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest rate method unless the arrangement constitutes a financing transaction and are detailed in note 12. Prepayments are not financial instruments.

**Cash**

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

**Basic financial liabilities**

Basic financial liabilities, which include trade and other payables are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest rate method unless the arrangement constitutes a financing transaction and are detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and cash in hand.

In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet if applicable.

**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 School 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 School 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.

**Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the School 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 and Skills 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 and Skills Funding Agency/Department for Education.

# SUSSEX EDUCATION TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2017

### 1. ACCOUNTING POLICIES - continued

#### 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 School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 18, the TPS is a multi-employer scheme and the School 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 School 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 (SOFA) 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 in the SOFA.

#### 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 School 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 for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Club and trip income	92,453	59	92,512	69,074
Sale of school uniform	47,224	-	47,224	44,173
Other DfE/ESFA grants	5,136	817,579	822,715	567,243
General Annual Grant (GAG)	-	3,089,782	3,089,782	2,248,123
Start up grants	-	124,060	124,060	168,500
	<u>144,813</u>	<u>4,031,480</u>	<u>4,176,293</u>	<u>3,097,113</u>

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Fundraising events	9,690	-	9,690	5,470
Hire of facilities	<u>43,470</u>	<u>-</u>	<u>43,470</u>	<u>28,680</u>
	<u>53,160</u>	<u>-</u>	<u>53,160</u>	<u>34,150</u>

**4. EXPENDITURE**

	Staff costs	Non-pay expenditure		2017 Total	2016 Total
	£	Premises	Other costs	£	£
		£	£		
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	2,614,360	-	360,811	2,975,171	2,121,836
Allocated support costs	<u>334,069</u>	<u>533,165</u>	<u>1,057,974</u>	<u>1,925,208</u>	<u>1,617,762</u>
	<u>2,948,429</u>	<u>533,165</u>	<u>1,418,785</u>	<u>4,900,379</u>	<u>3,739,598</u>

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

	2017	2016
	£	£
Auditors' remuneration	12,061	12,476
Auditors' remuneration for non audit work	8,651	9,174
Depreciation - owned assets	523,822	628,466
Surplus on disposal of fixed asset	-	(14)
Computer software amortisation	15,891	15,065
Operating leases	<u>275,037</u>	<u>211,908</u>

**5. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Direct costs	111,436	2,863,735	2,975,171	2,121,836
Support costs	<u>471</u>	<u>1,923,737</u>	<u>1,925,208</u>	<u>1,617,762</u>
	<u>111,907</u>	<u>4,788,472</u>	<u>4,900,379</u>	<u>3,739,598</u>

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**5. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued**

	<b>2017 Total £</b>	2016 Total £
<b>Analysis of support costs</b>		
Support staff costs	<b>334,069</b>	243,364
Depreciation	<b>539,714</b>	643,517
Technology costs	<b>109,170</b>	78,708
Premises costs	<b>533,165</b>	393,871
Other support costs	<b>366,822</b>	209,602
Governance costs	<b><u>42,268</u></b>	<u>48,700</u>
<b>Total support costs</b>	<b><u>1,925,208</u></b>	<u>1,617,762</u>

**6. 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 School in respect of their role as Governors.

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

	<b>2017</b>	<b>2016</b>
G L Martyn (Principal and Governor) remuneration	<b>£80,000 - £85,000</b>	£80,000 - £85,000
G L Martyn employer's pension contributions	<b>£10,000 - £15,000</b>	£10,000 - £15,000

Governors' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £250,000 on any one claim.

**Governors' expenses**

During the year ended 31 August 2017 and 31 August 2016 there were no amounts expended on behalf of the trust to governors.

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**7. STAFF COSTS**

	<b>2017</b>	2016
	<b>£</b>	£
Wages and salaries	<b>2,195,775</b>	1,640,360
Social security costs	<b>186,495</b>	121,565
Operating costs of defined benefit pension schemes	<b><u>441,818</u></b>	<u>263,979</u>
	<b>2,824,088</b>	2,025,904
Supply teacher costs	<b><u>124,341</u></b>	<u>34,690</u>
	<b><u><u>2,948,429</u></u></b>	<u><u>2,060,594</u></u>

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

	<b>2017</b>	2016
Teachers	<b>80</b>	65
Administration and support	<b>18</b>	13
Management	<b><u>3</u></b>	<u>3</u>
	<b><u><u>101</u></u></b>	<u><u>81</u></u>

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

	<b>2017</b>	2016
£80,001 - £90,000	<b><u>1</u></b>	<u>1</u>

**Key Management Personnel**

The key management personnel of the School comprise the Governors and Senior Management Team listed on page 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the School was £230,116 (2016: £170,365).

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted fixed asset fund £	Restricted general fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	4,936	2,992,130	2,348	2,999,414
<b>Charitable activities</b>				
Funding for the academy's educational operations	109,974	-	2,987,139	3,097,113
Other trading activities	<u>28,680</u>	<u>-</u>	<u>5,470</u>	<u>34,150</u>
<b>Total</b>	143,590	2,992,130	2,994,957	6,130,677
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Academy's educational operations	90,781	796,543	2,852,274	3,739,598
<b>Other recognised (losses)</b>				
Actuarial (losses) on defined benefit schemes	<u>-</u>	<u>-</u>	<u>(84,000)</u>	<u>(84,000)</u>
<b>Net movement in funds</b>	52,809	2,195,587	58,683	2,307,079
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	<u>25,069</u>	<u>1,812,962</u>	<u>99,554</u>	<u>1,937,585</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>77,878</u></u>	<u><u>4,008,549</u></u>	<u><u>158,237</u></u>	<u><u>4,244,664</u></u>

**9. INTANGIBLE FIXED ASSETS**

	Computer software £
<b>COST</b>	
At 1 September 2016	62,065
Additions	<u>4,500</u>
At 31 August 2017	<u>66,565</u>
<b>AMORTISATION</b>	
At 1 September 2016	23,744
Charge for year	<u>15,891</u>
At 31 August 2017	<u>39,635</u>
<b>NET BOOK VALUE</b>	
At 31 August 2017	<u>26,930</u>
At 31 August 2016	<u>38,321</u>



**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**10. TANGIBLE FIXED ASSETS**

	Freehold property assets under construction	Leasehold improvements	Furniture and equipment
	£	£	£
<b>COST</b>			
At 1 September 2016	2,747,048	979,644	405,786
Additions	<u>5,434,461</u>	<u>28,591</u>	<u>38,619</u>
At 31 August 2017	<u>8,181,509</u>	<u>1,008,235</u>	<u>444,405</u>
<b>DEPRECIATION</b>			
At 1 September 2016	-	528,293	196,469
Charge for year	<u>-</u>	<u>238,671</u>	<u>117,002</u>
At 31 August 2017	<u>-</u>	<u>766,964</u>	<u>313,471</u>
<b>NET BOOK VALUE</b>			
At 31 August 2017	<u>8,181,509</u>	<u>241,271</u>	<u>130,934</u>
At 31 August 2016	<u>2,747,048</u>	<u>451,351</u>	<u>209,317</u>
	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 September 2016	41,833	605,888	4,780,199
Additions	<u>-</u>	<u>57,767</u>	<u>5,559,438</u>
At 31 August 2017	<u>41,833</u>	<u>663,655</u>	<u>10,339,637</u>
<b>DEPRECIATION</b>			
At 1 September 2016	25,817	293,636	1,044,215
Charge for year	<u>12,306</u>	<u>155,843</u>	<u>523,822</u>
At 31 August 2017	<u>38,123</u>	<u>449,479</u>	<u>1,568,037</u>
<b>NET BOOK VALUE</b>			
At 31 August 2017	<u>3,710</u>	<u>214,176</u>	<u>8,771,600</u>
At 31 August 2016	<u>16,016</u>	<u>312,252</u>	<u>3,735,984</u>

The Convent site included in Freehold property is entirely owned by the School. There is a charge over the party that restricts the School from ever selling the property. Equally, if the School was ever to cease the ownership of the property would revert to the DfE.

**11. STOCKS**

	2017 £	2016 £
Clothing	<u>28,198</u>	<u>23,847</u>

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**12. DEBTORS**

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	101,134	3,574
Other debtors	450	360
VAT recoverable	789,337	28,599
Prepayments and accrued income	<u>1,267,607</u>	<u>1,015,584</u>
	<u>2,158,528</u>	<u>1,048,117</u>
Amounts falling due after more than one year:		
Other debtors	<u>-</u>	<u>38,889</u>
Aggregate amounts	<u>2,158,528</u>	<u>1,087,006</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade creditors	1,566,972	745,766
Social security and other taxes	47,006	36,289
Other creditors	746,540	6,690
Pensions payable	42,171	32,395
Accruals and deferred income	1,199,474	98,655
ESFA creditor abatement of GAG	<u>-</u>	<u>3,734</u>
	<u>3,602,163</u>	<u>923,529</u>

**Deferred income**

Deferred income at 1 September 2016	<u>£73,857</u>
Resources deferred in the year	<u>£193,217</u>
Amounts recognised in the SOFA during the year	<u>(£73,857)</u>
Deferred income at 31 August 2017	<u>£193,217</u>

At the balance sheet date the School was holding funds received in advance in relation to the Pupil Premium and Free School Meals Income, as these relate to the period to 31 March 2018. Income has also been deferred which relates to personal supplements for the period ending 31 March 2018.

**14. PROVISIONS FOR LIABILITIES**

	2017 £	2016 £
Provisions for property costs	<u>-</u>	<u>50,000</u>

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**15. 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.

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

				2017	2016
	Unrestricted fund	Restricted fixed asset fund	Restricted general fund	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	8,798,530	-	8,798,530	3,774,305
Current assets	166,192	2,753,031	1,210,032	4,129,255	1,541,888
Current liabilities	-	(2,687,116)	(915,047)	(3,602,163)	(923,529)
Provision for liabilities	-	-	-	-	(50,000)
Pension liability	-	-	(68,000)	(68,000)	(98,000)
	<u>166,192</u>	<u>8,864,445</u>	<u>226,985</u>	<u>9,257,622</u>	<u>4,244,664</u>

**17. MOVEMENT IN FUNDS**

	At 1/9/16	Net movement in funds	At 31/8/17
	£	£	£
<b>Unrestricted funds</b>			
General unrestricted fund	<u>77,878</u>	<u>88,314</u>	<u>166,192</u>
<b>Restricted funds</b>			
Project Development Grant	7,206	-	7,206
Restricted fixed asset fund	3,990,841	4,855,896	8,846,737
Pension reserve	(98,000)	30,000	(68,000)
General Annual Grant	234,280	36,335	270,615
Capital expenditure from the PDG/GAG	17,708	-	17,708
PE Sport Grant	<u>14,751</u>	<u>2,413</u>	<u>17,164</u>
	<u>4,166,786</u>	<u>4,924,644</u>	<u>9,091,430</u>
<b>TOTAL FUNDS</b>	<u>4,244,664</u>	<u>5,012,958</u>	<u>9,257,622</u>

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**17. MOVEMENT IN FUNDS - continued**

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General unrestricted fund	<u>200,221</u>	<u>(111,907)</u>	-	<u>88,314</u>
<b>Restricted funds</b>				
Restricted fixed asset fund	5,548,636	(692,740)	-	4,855,896
General Annual Grant	4,022,430	(3,986,095)	-	36,335
PE Sport Grant	9,050	(6,637)	-	2,413
Pension reserve	-	<u>(103,000)</u>	<u>133,000</u>	<u>30,000</u>
	<u>9,580,116</u>	<u>(4,788,472)</u>	<u>133,000</u>	<u>4,924,644</u>
<b>TOTAL FUNDS</b>	<u><u>9,780,337</u></u>	<u><u>(4,900,379)</u></u>	<u><u>133,000</u></u>	<u><u>5,012,958</u></u>

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 and Skills Funding Agency (ESFA) 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 School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017 nor at 31 August 2016.

**18. PENSION AND SIMILAR OBLIGATIONS**

The School'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 £42,171 (2016: £32,395) were payable to the schemes at 31 August 2017 and are included within creditors.

**Teachers' pension scheme**

*Introduction*

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

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

SUSSEX EDUCATION TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017

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**18. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

*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 £239,593 (2016: £186,091).

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) Retirements Benefits, the TPS is a multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local government pension scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £131,741 (2016: £97,265), of which employer's contributions totalled £104,407 (2016: £77,888) and employees' contributions totalled £27,334 (2016: £19,377). The agreed contribution rates for future years are 23.3% for employers and between 5.5% and 12.5% 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.

**SUSSEX EDUCATION TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**18. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	<b>(489,000)</b>	<b>(363,000)</b>
Fair value of plan assets	<b><u>421,000</u></b>	<b><u>265,000</u></b>
Deficit	<b><u>(68,000)</u></b>	<b><u>(98,000)</u></b>

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

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>204,000</b>	<b>90,000</b>
Net interest from net defined benefit asset/liability	<b>10,000</b>	<b>-</b>
Actuarial losses on scheme liabilities	<b><u>(116,000)</u></b>	<b><u>117,000</u></b>
	<b><u>98,000</u></b>	<b><u>207,000</u></b>
Actual return on plan assets	<b><u>17,000</u></b>	<b><u>33,000</u></b>

The estimated value of employer contributions for the year ended 31 August 2018 is £92,000 (2017 estimated at 31 August 2016: £51,000).

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

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Defined benefit obligation	<b>363,000</b>	<b>130,000</b>
Current service cost	<b>204,000</b>	<b>90,000</b>
Contributions by scheme participants	<b>28,000</b>	<b>19,000</b>
Interest cost	<b>10,000</b>	<b>7,000</b>
Actuarial losses/(gains)	<b><u>(116,000)</u></b>	<b><u>117,000</u></b>
	<b><u>489,000</u></b>	<b><u>363,000</u></b>



**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**18. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

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

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fair value of scheme assets	<b>265,000</b>	129,000
Assets interest income	<b>7,000</b>	7,000
Contributions by employer	<b>104,000</b>	77,000
Contributions by scheme participants	<b>28,000</b>	19,000
Actuarial gains/(losses)	<b><u>17,000</u></b>	<u>33,000</u>
	<b><u>421,000</u></b>	<u>265,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Actuarial gains/(losses) on benefit obligations	<b>116,000</b>	(117,000)
Actuarial gains on fair value of assets	<b><u>17,000</u></b>	<u>33,000</u>
	<b><u>133,000</u></b>	<u>(84,000)</u>

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

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
<b>Equities</b>	<b>52%</b>	73%
<b>Bonds</b>	<b>37%</b>	16%
<b>Property</b>	<b>8%</b>	8%
<b>Cash</b>	<b>3%</b>	3%

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

	<b>2017</b>	<b>2016</b>
<b>Discount rate for liabilities</b>	<b>2.5%</b>	2.1%
<b>Rate of increase in salaries</b>	<b>3.1%</b>	3.6%
<b>Rate of increase in pensions</b>	<b>2.4%</b>	2.1%

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

	<b>At 31 Aug 2017</b>	<b>At 31 Aug 2016</b>
Retiring today		
Males	<b>23.6</b>	24.4
Females	<b>25.0</b>	25.8
Retiring in 20 years		
Males	<b>26.0</b>	26.9
Females	<b>27.8</b>	28.5

**SUSSEX EDUCATION TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**18. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

**Sensitivity Analysis**

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

Deficit in scheme at 31 August 2017	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	17.00	84,000
0.5% increase in Salary Increase Rate	1.00	2,000
0.5% increase in Pension Increase Rate	17.00	81,000

**19. CONTINGENT LIABILITIES**

The School 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 School will incur dilapidations and moving costs as a result of vacating the two temporary sites and moving to the permanent location at the Convent in August 2018. The costs of these works and the moving costs can not be reliably estimated at the balance sheet date but the Governors believe they do have a contingent liability. The ESFA have confirmed that the dilapidation and moving costs will be fully funded and the Governors believe that this will fully match the contingent liability noted above.

**20. CAPITAL COMMITMENTS**

	2017 £	2016 £
Contracted but not provided for in the financial statements	<u>21,966,039</u>	<u>307,480</u>

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

The capital commitment relates to the contract for works to the Covent site.

**21. OTHER FINANCIAL COMMITMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Land and Buildings		Other operating leases	
	2017 £	2016 £	2017 £	2016 £
Expiring:				
Within one year	225,207	234,201	40,459	989
Between one and five years		160,950	43,647	81,294
	<u>225,207</u>	<u>395,157</u>	<u>84,106</u>	<u>82,283</u>

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

**SUSSEX EDUCATION TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2017**

**22. RELATED PARTY DISCLOSURES**

During the year business rates for Bersted site was paid on behalf of the School directly by the ESFA.

During the year L Martyn, the wife of G L Martyn, was employed as a drama and English teacher earning a salary of £29,618 (2016: £5,920).

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

	2017 £	2016 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>4,879,958</b>	2,391,079
<b>Adjustments for:</b>		
Depreciation	539,713	643,531
Capital grants from DfE/EFA	(5,473,348)	(2,992,130)
Profit on disposal of fixed assets	-	(14)
Net pension interest	3,000	-
(Increase)/decrease in stocks	(4,351)	3,695
Increase in debtors	(1,638,803)	(632,227)
Increase/(decrease) in creditors	1,771,286	(48,538)
Pension charge and cash contributions	<u>100,000</u>	<u>13,000</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>177,455</u></b>	<b><u>(621,604)</u></b>