

Sheffield South East Trust

(A Company Limited by Guarantee)

**Annual Report and Financial Statements
Period ended 31 August 2017**

Company Registration Number:
10460387 (England and Wales)

Sheffield South East Trust

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Sheffield South East Trust

Reference and Administrative Details

Members	M Allen (appointed 2/11/16) K Crawshaw (appointed 2/11/16) E Tunnard (appointed 2/11/16) D Gough (appointed 2/11/16) D Matthews (appointed 2/11/16)
Trustees	M Allen (chairman) (appointed 2/11/16) K Crawshaw (appointed 2/11/16) D Grover (appointed 2/11/16) C Dillon (appointed 2/11/16) M Lowe (appointed 3/7/17) P Stead (appointed 2/11/16) J Bradshaw (CEO & AO) (appointed 2/11/16) S Betts (resigned 28/7/17)
Senior Management Team:	
• Executive Headteacher • Headteacher - Aces Hill Primary School • Head of School - Manor Lodge Primary School • Headteacher - Phillimore Primary School • Headteacher - Wybourn Primary School	J Bradshaw C Whittingham J Camps G Briggs H Thornley
Company Name	Sheffield South East Trust
Principal and Registered Office	c/o Manor Lodge Community and Primary
Company Registration Number	and Nursery School, Manor Lane Sheffield, S2 1UF 10460387 (England and Wales)
Independent Auditor	Mazars LLP Mazars House, Gelderd Road, Gildersome, Leeds, LS27 7JN
Bankers	Lloyds Bank Furnival Street Sheffield, S4 7YB
Solicitors	Stone King 1 Aire Street Leeds, LS1 4PR

Sheffield South East Trust

Trustees' Report

Trustees' Report

The Trustees present their annual report together with the audited financial statements and independent auditors' report of the charitable company for the period ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

Structure, Governance and Management

Constitution

The multi-academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi-academy trust. The Trustees of Sheffield South East Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sheffield South East Trust.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

There have been no qualifying third party indemnity provisions in place for the period 2 November 2016 to 31 August 2017.

Method of Recruitment and Appointment or Election of Trustees

The method of recruitment and appointment of Trustees is described in the articles and memorandum of association. There must be a minimum quorum of three Trustees, one of which will be the Chief Executive Officer. The members may appoint up to six through such process as they may determine. Including the Chief Executive Officer, the number of Trustees who are also employees shall not exceed one third of the total number of Trustees. The Trustees may also choose to appoint up to three 'Co-opted Trustees'.

Trustees serve a term of office of four years and may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trustees have a vital role in our organisation. We aim to attract and retain people who have commitment, experience and the necessary skills to make a difference in the communities that we serve. Training for the Trustees is recorded, and delivered on four levels:

- There is a training element to each main meeting delivered in-house.
- External speakers deliver key elements, particularly covering statutory responsibilities.
- This is supplemented by attendance at regional events.
- Email alerts from National Bodies.

Sheffield South East Trust

Organisational Structure

The Chief Executive is the Accounting Officer of the Trust and, as such has ultimate responsibility for the operations and controls in place. At the point of approval of these financial statements Sheffield South East Trust included the following academies:

Academy	Date of Conversion	Type
Acres Hill Community Primary School	1/12/2016	Primary (Sponsored)
Manor Lodge Community Primary and Nursery School	1/12/2016	Primary
Phillimore Community Primary School	1/12/2016	Primary
Wybourn Community Primary and Nursery School	1/12/2016	Primary (lead school)

Sheffield South East Trust has an experienced Board of Trustees in place, which are responsible for identifying and establishing strategies and policies and for ensuring they are implemented. Where appropriate, duties are delegated to committees, and employees of Sheffield South East Trust.

During the period to 31 August 2017 the Board of Trustees had a Finance, Audit and Risk Committee and a Standards and Performance Committee to assist them in carrying out their responsibilities.

Committee terms of reference are reviewed and agreed on an annual basis by the Board of Trustees. The Trustees have a detailed scheme of delegation for effective and efficient decision making for its committees and senior staff throughout Sheffield South East Trust.

The appointment of Trustees, auditors, approval of annual financial statements and budgets, along with the approval of policies and procedures implemented within the Trust remain the responsibility of the Board.

Arrangements for setting pay and remuneration of key management personnel

When considering and setting salary levels across the trust a clear set of principles are followed to ensure transparency. During the reporting period no decisions on senior pay were made.

Connected Organisations including Related Party Relationships

During the reporting period there were no related parties, connected charities or organisations. In the next reporting period the Trust will develop and implement a policy to cover related parties and other connected charities and organisations.

Objectives and Activities

Object and Aims

Our vision is, through a holistic approach, to enhance learning and lifelong outcomes for all children in our schools. We know that we are stronger together, working together for the benefit and for the achievement of all children and their families. We support and engender the ambition to raise the aspirations of all children and of all families. This is evident in everything that we do.

Sheffield South East Trust

We bring an absolute focus on securing better outcomes within the Trust through a creative and engaging curriculum. As one Trust we create high quality education provision and seek to ensure that we are innovative in engaging those who work with us. SSET plays an active and leading role in the Sheffield South East Learning Partnership (SSELP) of which its founding schools are all active participants and members.

- We develop and embed further parental partnerships and early intervention, creating an involvement in the child's development at the earliest opportunity.
- We monitor and review our work to identify gaps. We work tirelessly to fill these gaps and to improve, as part of the Trust's support programme.
- We are outward facing, seeking new ideas and experiences that benefit our children. We are a Trust that is at the forefront of advances in technology in learning, and we are innovative and imaginative to ensure that our creative curriculum develops the whole child, recognising special talents whether that be in sports, music or in the arts.
- We are developing an associate membership scheme to ensure the Trust is not insular and that best practice and approaches can be exchanged, broadening the base and reach of the Trust.

As one Trust we take collective responsibility and are accountable, ensuring that all children are ready for the next stage of their life, at each transition throughout their childhood.

Objectives, Strategies and Activities

As a Trust we are committed to securing high quality teaching and are innovative in recruiting to all positions with high quality professionals. In so doing we will improve recruitment and deployment of staff. We aim to provide world class professional opportunities for our staff. We share resources across the Trust to broker the best educational support that is available for our children and families.

Quality of Learning

SSET work with urgency to improve the quality of learning and outcomes for all children.

Leadership

- Ensure there is quality leadership at all levels, within each school.
- Ensure consistent standards through the professional development of staff and governors.
- Develop interface and effective communication at all levels (Trustees, Governors, school leaders) regarding pupil progress.

Assessment and Monitoring

- Embed accurate assessment and effective use of performance data.
- Use targeted approaches to identified gaps in attainment and achievement.
- Embed a programme of monitoring and externally moderated reviews.

Teaching

- Deploy and recruit staff appropriately so every child has a good teacher.
- Improve teaching that requires improvement, ensuring that this is sustained in the classroom, all the time.
- Share good practice across SSET, providing peer to peer support.
- Take risks and develop an outward looking perspective, being open to change.

Sheffield South East Trust

Curriculum

- Ensure pupils reading, writing and maths skills prepare them for the next stage in their education.
- Develop and build upon pupil's individual skills and talents in all areas.
- Prioritise creative and innovative curriculum development.
- Support and nurture family involvement in education.
- Emphasise Early Years and early intervention.
- Meet the needs of all groups of learners through a truly inclusive approach.
- Ensure behaviour for learning enables outcomes to improve.

Intervention

- Ensure capacity and a clear route to intervene when necessary.

Public Benefit

In pursuing the Trust's objectives outlined above, the Trustees have complied with their duty to have due regard to the Charity Commission's general guidance on public benefit and supplementary guidance on education as published on their website.

Strategic Report

Achievement and performance

The following tables outline the educational performance of pupils attending schools within Sheffield South East Trust.

2017 Foundation Stage (FS) and Year One

	2016 FS2 GLD (%)	2017 FS2 GLD (%)	1-year trend	2016 Y1 Phonics (%)	2017 Y1 Phonics (%)	1-year trend
Acres Hill	68	35	-33	59	48	-10
Manor Lodge	53	62	+9	67	80	+13
Phillimore	55	64	+9	69	64	-5
Wybourn	53	55	+2	48	56	+8
National	69	71	+2	81	81	0
Sheffield	69	69	+1	77	77	0
SSET	56	57	+1	60	63	+3

The DfE's universal assessment measure for children at Foundation Stage 2 is known as attaining a Good Level of Development (GLD). The GLD measure shows a strengthening picture in SSET, most schools improving in line with or above the NA rate (1-year trend). The drop in Acres Hill was anticipated and secure support alongside changes to the provision are now in place. The GLD judgements were moderated to ensure accuracy.

It is due to the low starting points the children begin with in school, linked to high levels of social deprivation that the schools remain below National Average. The ELT will be working together to demonstrate the high levels of progress that children make in the FS, within SSET schools.

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The DfE's Key Stage 1 Phonics check shows mixed results; there is obviously some good practice to be shared across the Trust, to ensure greater consistency. The overall average has increased over a 1-year period.

2017 Year 2 Attainment

School	Reading Expected standard (%)			Writing Expected standard (%)			Maths Expected standard (%)		
	2016	2017	1-year trend	2016	2017	1-year trend	2016	2017	1-year trend
Acres Hill	44	53	+8	42	49	+7	52	60	+8
Manor Lodge	56	59	+3	49	54	+5	56	62	+5
Phillimore	60	46	-14	46	46	0	51	53	+2
Wybourn	58	54	-4	47	53	+6	60	72	+12
National	74	76	+2	65	68	+3	73	75	+2
Sheffield	71	74	+3	65	68	+3	71	76	+4
SSET	55	51	-4	46	49	+3	55	59	+4

Maths is a strengthened area with rates of improvement (1-year trend) at National Average or above. However, reading remains a key priority in most SSEL P schools

2017 Year 6 Attainment

School	Reading Expected standard (%)			Writing Expected standard (%)		
	2016	2017	1-year trend	2016	2017	1-year trend
Acres Hill	31	53	+22	53	67	+14
Manor Lodge	68	92	+24	56	64	+8
Phillimore	40	46	+6	53	53	0
Wybourn	69	57	-12	57	64	+7
National	66	71	+5	74	76	+2
Sheffield	62	69	+7	74	77	+3
SSET	49	59	+10	54	61	+7

School	Maths Expected standard (%)			Combined Expected standard (%)		
	2016	2017	1-year trend	2016	2017	1-year trend
Acres Hill	44	43	-1	25	33	+8
Manor Lodge	77	92	+16	50	52	+2
Phillimore	57	64	+8	29	36	+7
Wybourn	79	79	0	41	51	+10
National	70	75	+5	53	61	+8
Sheffield	69	73	+4	52	60	+8
SSET	64	69	+5	34	43	+9

In SSET, attainment is improving at KS2 in all areas, in line or above national averages. Manor Lodge has exceeded National Average in Maths, GPS and Reading. Wybourn has exceeded National Average in Maths.

All schools this year will be tracking 'combined' progress to ensure that children are ready in all aspects to begin their secondary education.

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2017 KS2 Progress

School	Reading (%)			Writing (%)			Maths (%)		
	2016	2017	1-year trend	2016	2017	1-year trend	2016	2017	1-year trend
Acres Hill	-1.8	0.9	2.7	-1.0	-0.7	0.3	-2.5	-1.5	1
Manor Lodge	1.9	1.9	0	-1.3	-1.5	-0.2	1.4	1.9	0.5
Phillimore	-1.1	-0.7	0.4	1.2	0.4	-0.8	0.7	0.2	-0.5
Wybourn	1.2	0.5	-0.7	-1.4	0	1.4	1.9	0.9	-1
National	0	0	0	0	0	0	0	0	0
Sheffield	-0.3	0.05	0.35	0.5	0.89	0.39	0	0.33	0.33
SSET	-0.1			-1.1			0.8		

Acres Hill has made more progress in 2017 than 2016 in all areas. All SSET schools remain above National Floor Standards.

All the schools have been externally moderated in at least one key phase and all teacher assessment judgements have been upheld.

The priorities at each school are to:

- 1) Establishing effective and consistent self-evaluation in all the schools.
- 2) Setting individual school and Trust targets relating to pupil outcomes, ensuring upward trajectory.
- 3) School development planning, including incorporation of the SSEL P Action Plan offer.
- 4) Broadening the employed central Trust team, securing leadership.
- 5) Developing the Trust Attendance policy.
- 6) Establishing complimentary, challenging and supportive governance systems and working practices for governors and Trustees. (Including Safeguarding roles and responsibilities).

The Trust has set three main objectives:

- To ensure that at next Ofsted inspection all academies maintain good judgements or move to the next judgement level.
- To ensure that each academy has robust and sound finances and, wherever possible, have balanced or surplus budgets.
- To ensure that the measurable pupil outcomes exceed national expectations and national averages.

Reporting

Regular update reports are completed by the Chief Executive Officer, who reports progress on the plan to the Board of Trustees and key issues affecting individual schools. Data is provided to the Board on safeguarding, key performance indicators and the delivery of plans, including the ongoing impact of strategies to improve the sponsored school and action taken on attendance.

Going Concern

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

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Financial Review

Sheffield South East Trust income is derived in the main from the Department of Education (DFE) via the Education & Skills Funding Agency (ESFA) in the form of revenue and capital grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned.

Incoming resources during the period ended 31 August 2017 totalled £16.4m and were sufficient to cover outgoing resources and provided a surplus of £9.9m before transfers and other recognised gains and losses.

At the 31 August 2017 the net book value of fixed assets was £14.3m. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust. At the 31 August 2017 the net assets excluding pension liability was £14.8m.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions since December 2016 have increased and it is expected that they will continue to increase further. Overall the academy has a healthy balance sheet and will be using reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and the short term in conjunction with the school development plan and school aims.

Within the reserves policy users should note that, because of accounting for Local Government Pension Scheme (LGPS), the academy recognises a significant pension fund deficit totaling £5.5m. This deficit is included in restricted funds. This does not lead to an immediate liability for this amount

The presence of a pension deficit will generally result in a cash flow effect for the Trust in the form of an increase in employer's pension contributions over a period of years. The Trust is confident it can meet the increase in contribution levels and this has been factored into future financial plans.

Reserves Policy

For individual schools joining the Trust, reserves brought forward on conversion are accounted for in their individual statement.

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst in keeping with the principle object of the academy.

Total reserves at the end of the period amounted to £9.3m, this balance includes unrestrictive funds (free reserves) of £338k which is considered appropriate for the Academy Trust, and restricted funds excluding pension and fixed assets of £149k.

Investment Policy

A Trust Investment policy is yet to be implemented and will be addressed in 2018. Should any potential Investment opportunity arise this would be escalated to the Board for consideration. As of 31st August 2017 no investments were held.

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Principal Risks and Uncertainties

Like all other Multi Academy Trusts, Sheffield South East Trust is operating through a continuing period of uncertainty regarding future funding, both locally and nationally. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks.

Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A trust risk register has been implemented and is updated and reviewed regularly. Where appropriate, systems or procedures have been established to mitigate the risks each academy faces.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff and pupils.

The presence of a pension deficit will generally result in a cash flow effect for the Trust in the form of an increase in employer's pension contributions over a period of years. The Trust is confident it can meet the increase in contribution levels and this has been factored into future financial plans.

Trust priorities and development

The Trust strategic plan includes:

Business strategy

- Develop a Business Model for the Trust that is effective and efficient, and ensures that academies have access to high quality core services from the Trust.
- Set up systems and develop capacity to generate income through trading financial and business related services outside of the Trust.
- Actively seek out opportunities to attract capital investment.
- Actively seek out opportunities for both fundraising & bidding for funds, including those focused on school improvement and school workforce professional development.

Finance strategy

- Maintain a 3-year budget plan / Medium Term Financial Strategy to support the Trust Development Plan and ensure resources can be allocated swiftly to need.
- Ensure robust mechanisms are in place to comply with statutory policies and regulations.

Growth

- Expand the Trust within SSEL schools to improve outcomes for all pupils within the locality, ensuring consistency and viability for SSET moving forward. In January 2018 Norfolk Primary School will join the Trust.

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Leadership strategy

- Audit and map Leadership provision in each school and plan for identified needs and succession. (NCTL programmes).
- Establish Governor Networks based upon specific areas (i.e. Safeguarding).
- Establish Governor – Trustee interface and communication strategy.
- Each school works with the Trust to ensure a consistent approach to School Self Evaluation.
- CEO and Executive Leadership team develop further and embed teaching and learning policies for the Trust, launching new Trust websites in all schools.

Assessment and Monitoring

- Identify a consistent data collection and analysis vehicle, developing a shared policy relating to assessment and data.

Teaching and Learning

- CEO and Executive Leadership team to tackle underperformance rigorously.
- Audit Teaching profile in each school. Recruit/ deploy across the Trust to any vacancies.
- Triangulate teaching, pupil's work and pupil outcomes to judge the quality of teaching consistently in each school.

Curriculum

- Audit best practice in behaviour for learning and share across the trust. Reduce exclusions by continued development of pastoral support and respite/ reintegration within different SSET schools. Implement SSET behaviour policy and card system.
- Following attendance review, develop consistent policy and approach leading to improved practice.
- Provide collaborative enrichment opportunities.

We are working to review and refine the following services to create greater efficiencies of scale:

- Facilities & property management.
- Further opportunities to rationalise procurement processes and gain economies of scale and improved value for money.
- Enhanced range of high quality and specialist educational, business, & financial services that support Academies in delivering the priorities set out in their Academy Delivery Plans.

Independent Auditors

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 22 December 2017 and signed on the board's behalf by:



K Crawshaw

Trustee

22 December 2017

Sheffield South East Trust

Governance Statement

Governance

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Master Funding Agreement and Supplementary Funding Agreements between Sheffield South East Trust and the Secretary of State for Education.

They are also responsible for reporting to the board of trustees any material weakness or breakdowns in internal control. The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The board of trustees has not formally met during the reporting period, due to incorporation being in the final month of the academic year and subsequent school closures during the summer holiday.

As a record, attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mike Allen (Chair)	3	4
Keith Crawshaw (Vice chair)	4	4
Joanne Bradshaw	4	4
Craig Dillon	3	4
Paul Stead	3	4
Derek Grover	4	4
Stephen Betts	1	3
Marie Lowe	1	1

Key priorities for the next year will be;

- Building the membership of the board to provide a range of skills and experience to support the growth of the Trust and combat any going concerns.
- Procurement of services that will benefit our academies by achieving better quality, delivering economies of scale and consistent outcomes across our academies.

The Finance, Audit and Risk Committee is a sub-committee of the main Board of Trustees; its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed discussion and consideration on matters concerning the Trusts financial management and utilisation of resources, risk management and audit matters.

Review of Value for Money

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved,

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including the use of benchmarking data where available. The accounting officer for the academy Trust has delivered improved value for money during the period in the following ways:

- The Trust continues to undertake significant works at its academies successfully attracting funding from the ESFA's Condition Improvement Fund (CIF). The aim of this work has been to improve the general condition of the schools and to improve, in particular, their suitability for high quality provision whilst not negatively impacting on the individual school budgets.
- As the Trust continues to grow, contracts are subject to review prior to renewal and are procured at Trust rather than individual school level making use of both national and local frameworks, this increased bargaining power drives out efficiency savings for each of the Trusts individual academies and ensures that value for money and efficient procurement in one academy is replicated in its other academies, thus, creating increased economies of scale and enhanced financial literacy amongst academy business staff.

In each of these examples, the Trust is using its budgets wisely to improve the resources available to pupils and staff and, in turn, for this to positively impact upon outcomes. This is clearly evident in the assessment and test tables set out above, which show clear impact and, in turn, good value for money.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks.

The Risk and Control Framework

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

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees regular reviews by the Finance 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.

On a regular basis, the Finance Director reports to the Board of Trustees, through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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Review of Effectiveness

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

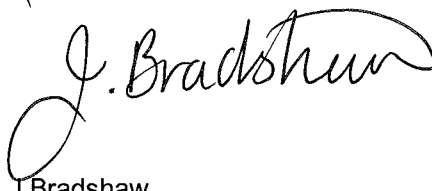
- the work of the external auditor.
- the work of the leadership team within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 22 December 2017 and signed on its behalf by:



K Crawshaw
Trustee



J Bradshaw
CEO

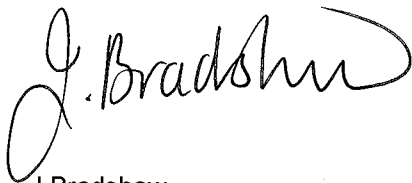
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Statement of Regularity, Propriety and Compliance

As Accounting Officer of Sheffield South East Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency of material irregularity, impropriety and noncompliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust'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 Trustees and ESFA.



J Bradshaw

Accounting Officer

22 December 2017

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Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on xx December 2017 and signed on its behalf by:



K Crawshaw

Trustee

Sheffield South East Trust

Independent auditor's report to the Governors of Sheffield South East Trust

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Sheffield South East Trust

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Sheffield South East Trust

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



Shaun Mullins

(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Date 22.12.2017

Sheffield South East Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Sheffield South East Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 27 September 2017 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 Sheffield South East Trust during the period 3 November 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Sheffield South East Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sheffield South East Trust's funding agreement with the Secretary of State for Education dated 26 August 2010 and the Academies Financial Handbook, extant from 3 November 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 3 November 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and 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 trust's income and expenditure.

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Sheffield South East Trust

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

Mazars LLP

Reporting Accountant

Mazars LLP

Mazars House

Gelderd Road

Gildersome

Leeds

LS27 7JN

Date *22.12.2017*

Sheffield South East Trust

Statement of Financial Activities For the period ended 31 August 2017

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000
Income and endowments from:					
Donations and capital grants	2	-	84	180	264
Transfer from local authority on conversion	24	300	(4,797)	14,707	10,210
Charitable activities:					
Funding for the academy trust's educational operations	3	265	5,676	-	5,941
Other trading activities	4	23	-	-	23
Total		588	963	14,887	16,438
Expenditure on					
Charitable activities:					
Academy trust educational operations	5	(250)	(5,749)	(562)	(6,561)
Total		(250)	(5,749)	(562)	(6,561)
Net income / (expenditure)		338	(4,786)	14,325	9,877
Transfers between funds		-	(8)	8	-
Other recognised losses:					
Actuarial loss on defined benefit pension schemes	21	-	(554)	-	(554)
Net movement in funds		338	(5,348)	14,333	9,323
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		338	(5,348)	14,333	9,323

Sheffield South East Trust

Balance Sheet as at 31 August 2017

Company Number 10460387

	Notes	2017 £	2017 £
Fixed assets			
Tangible assets	10		14,333
Current assets			
Debtors	11	324	
Cash at hand and in bank	19	910	
		<u>1,234</u>	
Liabilities			
Creditors: Amounts falling due within one year	12	747	
Net current assets			<u>487</u>
Net assets excluding pension liability			<u>14,820</u>
Defined benefit pension scheme liability	21		(5,497)
Total net assets			<u>9,323</u>
Funds of the academy trust:			
Restricted funds			
- Fixed asset fund	13	14,333	
- Restricted income fund	13	149	
- Pension reserve	13	(5,497)	
Total restricted funds			<u>8,985</u>
Unrestricted income funds	13		<u>338</u>
Total funds			<u>9,323</u>

The financial statements on pages 22 - 42 were approved by the trustees and authorised for issue on 22 December 2017 and are signed on their behalf by



K Crawshaw

Trustee

Sheffield South East Trust

Statement of Cash Flows for the period ended 31 August 2017

	Notes	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	16	453
Cash transferred on conversion to academy trust	17	300
Cash flows from investing activities	18	157
Change in cash and cash equivalents in the reporting period		<u>910</u>
Cash and cash equivalents at 1 December 2016		
Cash and cash equivalents at 31 August 2017	19	<u>910</u>

Sheffield South East Trust

Notes to the Financial Statements For the period ended 31 August 2017

1. Statement of accounting policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Sheffield South East Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

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

Sheffield South East Trust

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

Sheffield South East Trust

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

• Long leasehold buildings	3%
• Fixtures, fittings and equipment	25%
• ICT hardware	25%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Liabilities

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

Provisions

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

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

Leased Assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Sheffield South East Trust

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pensions liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Fixed assets are carried in the accounts using an estimate of current value; they are depreciated from cost value on a straight line basis over their estimated useful life.

Sheffield South East Trust

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Capital grants	-	180	180
Other donations	-	84	84
	-	264	264

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
DfE / ESFA grants			
- General Annual Grant (GAG)	-	4,335	4,335
- Start Up Grants	102	-	102
- Other DfE/ESFA grants	-	796	796
	102	5,131	5,233
Other Government grants			
- Local authority grants	-	544	544
	-	544	544
Other income from the academy trust's educational operations	163	-	163
	265	5,675	5,940

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Childcare	23	-	23
	23	-	23

Sheffield South East Trust

5. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2017 £000
Expenditure on raising funds		-		-
Academy's educational operations:				
Direct costs	3,853	165	497	4,515
Allocated support costs	662	702	682	2,046
	<u>4,515</u>	<u>867</u>	<u>1,179</u>	<u>6,561</u>

Net expenditure for the period includes:

	2017 £000
Operating lease rentals	9
Depreciation	397
Fees payable to auditor for:	
- Audit	<u>15</u>

6. Charitable activities

	2017 £000
Direct costs – educational operations	4,515
Support costs – educational operations	<u>2,046</u>
	<u>6,561</u>

	Educational operations £000	Total 2017 £000
Support staff costs	662	662
Depreciation	397	397
Technology costs	73	73
Premises costs	305	305
Other support costs	590	590
Governance costs	19	19
	<u>2,046</u>	<u>2,046</u>

Sheffield South East Trust

7. Staff

a. Staff costs

Staff costs during the period were

	Total 2017 £000
Wages and salaries	3,529
Social security costs	296
Operating costs of defined benefit pension schemes	656
	<u>4,481</u>
Supply staff costs	116
Staff restructuring costs	7
	<u>4,604</u>
Staff restructuring costs comprise:	
- Redundancy payments	<u>7</u>
	<u>7</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £7,000.

c. Staff numbers

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

	2017 No.
Teachers	75
Administration and support	164
Management	16
	<u>255</u>

d. Higher paid staff

There was one employee whose remuneration amounted to more than £60,000 during the period.

	2017 No.
£70,001 - £80,000	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £303,000.

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8. Related Party Transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration from an employment with the academy trust. The principal only receives remuneration in respect of services they provide undertaking the roles of principal under her contract of employment.

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

Joanne Bradshaw (Executive Headteacher and Accounting Officer):

- . Remuneration £79k
- . Employer’s pension contributions paid £13k

9. Trustees and officer’s insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2017 was £31,891. The cost of this insurance is included in the total insurance cost.

10. Tangible fixed assets

	Leasehold Land and Buildings £000	Computer Hardware £000	Total £000
Cost			
At 2 November 2016			-
Transfer on Conversion	14,707		14,707
Additions		23	23
At 31 August 2017	14,707	23	14,730
Depreciation			
At 2 November 2016			-
Charge for the period	391	6	397
At 31 August 2017	391	6	397
Net book values			
At 2 November 2016	-	-	-
At 31 August 2017	14,316	17	14,333

Sheffield South East Trust

11. Debtors

	2017
	£000
Trade debtors	22
VAT recoverable	119
Other debtors	162
Prepayments and accrued income	21
	<u>324</u>

12. Creditors: amounts falling due within one year

	2017
	£000
Trade creditors	236
Other taxation and social security	99
Other Creditors	90
Accruals and deferred income	322
	<u>747</u>

Deferred income	2017
	£000
Resources deferred in year	<u>160</u>
Deferred income at 31 August 2017	<u>160</u>

At the balance sheet date, the academy trust was holding funds received in advance primarily from the Education Skills Funding Agency which related to Universal Infant Free School Meals, Condition Improvement Funding and Business Rates funding received in advance.

Sheffield South East Trust

13. Funds

	Balance at 2 November 2016 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	-	4,335	(4,312)	(23)	-
Pupil Premium	-	648	(530)	-	117
Other Grants	-	776	(759)	15	32
Pension reserve	-	-	(146)	(5,350)	(5,497)
	-	5,759	(5,748)	(5,359)	(5,348)
Restricted fixed assets funds					
Transfer on conversion	-	14,707	(391)	-	14,316
DfE/ESFA capital grants	-	180	(165)	(15)	-
Capital expenditure from GAG	-	-	(6)	23	17
	-	14,887	(562)	8	14,333
Total restricted funds		20,646	(6,311)	(5,351)	8,984
Total unrestricted funds	-	588	(250)	-	338
Total funds		21,234	(6,560)	(5,351)	9,323

Analysis of academies by fund balance

The trust is carrying a net surplus of £488k on restricted general funds (excluding pension reserve) plus unrestricted funds, further analysis is shown on page 35.

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

- Restricted General Funds must be used for the normal running costs of the trust in line with the Master Funding Agreement and restrictions from other sources.
- Unrestricted funds are generally used to administer income and costs relating to educational visits and extended school provision within the schools. Any surpluses arising from these events may be used to support the cost of future events at the Head teacher's discretion.
- Restricted Fixed Asset Funds are used solely for capital purposes in line with the strategic objectives of the Trust.

Under the funding agreement with the Secretary of State, Sheffield South East Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Sheffield South East Trust

School	Position as at 31 August 2017
	£'000
Acres Hill Primary School	4
Manor Lodge Primary School	162
Phillimore Primary School	105
Wybourn Community	126
Central services	91
Total before fixed assets and pension reserve	<u>488</u>
Restricted fixed asset fund	14,333
Pension reserve	(5,497)
Total	<u>9,324</u>

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2017
	£000	£000	£000	£000	£000
Acres Hill Primary School	777	167	103	104	1,151
Manor Lodge Primary School	720	173	108	79	1,080
Phillimore Primary School	1,080	187	175	137	1,579
Wybourn Community	1,214	239	172	118	1,743
Central services	67	-	-	398	465
Academy Trust	<u>3,858</u>	<u>766</u>	<u>558</u>	<u>836</u>	<u>6,018</u>

The above excluded cost of £146k attributed to the academies in respect of adjustments relating to pension costs not borne by the academies.

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14. Analysis of net assets between funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	14,333	14,333
Current assets	486	748	-	1,234
Current liabilities	(148)	(599)	-	(747)
Pension scheme liability	-	(5,497)	-	(5,497)
Total net assets	338	(5,348)	14,333	9,323

15. Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £000
Amounts due within one year	9
Amounts due between one and five years	17
	<u>26</u>

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

	2017 £000
Net income for the reporting period (as per the statement of financial activities)	9,877
<u>Adjusted for:</u>	
Depreciation charges (note 10)	397
Capital grants from DfE and other capital income	(180)
Assets donated on conversion from the Local Authority	(14,707)
Net incoming resources from local authority on conversion	(300)
Defined benefit pension scheme obligation inherited (note 21)	4,797
Defined benefit pension scheme cost less contributions payable (note 21)	48
Defined benefit pension scheme finance cost (note 21)	98
Increase in debtors	(324)
Increase in creditors	747
Net cash provided by / (used in) Operating Activities	<u>453</u>

17. Cash Flows transferred on conversion

	2017 £000
Cash transferred on conversion to academy trust	300
Net cash provided by / (used in) investing activities	<u>300</u>

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18. Cash flows from investing activities

	2017 £000
Purchase of tangible fixed assets	(23)
Capital grants from DfE/ESFA	180
Net cash provided by / (used in) investing activities	157

19. Analysis of cash and cash equivalents

	At 31 August 2017 £000
Cash in hand and at bank	910
Total cash and cash equivalents	910

20. Members liability

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

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21. Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £86,071 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme – Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 £313,670.

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

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

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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 period ended 31 August 2017 was £370k, of which employer's contributions totalled £302k and employees' contributions totalled £68k. The agreed contribution rates for future years are between 14.1% and 15.1% per cent for employers and the following percentages for employees:

Band	Pensionable Pay 2017/18	Contribution Main rate	Contribution Rate 50/50 Scheme
1	up to £13,700	5.5%	2.8%
2	Above £13,700 up to £21,400	5.8%	2.9%
3	Above £21,400 up to £34,700	6.5%	3.25%
4	Above £34,700 up to £43,900	6.8%	3.4%
5	Above £43,900 up to £61,300	8.5%	4.25%
6	Above £61,300 up to £86,800	9.9%	4.95%
7	Above £86,800 up to £102,200	10.5%	5.25%
8	Above £102,200 up to £153,300	11.4%	5.7%
9	Above £153,300	12.5%	6.3%

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

Principal actuarial assumptions

At 31 August 2017

At 31 August 2016

Rate of increase in salaries	3.45%	3.45%
Rate of increase for pensions in payment/inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.90%	2.40%
Inflation assumption (CPI)	2.20%	2.20%

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

At 31 August 2017

At 31 August 2016

Retiring today

Males	22.9	22.9
Females	25.7	25.7

Retiring in 20 years

Males	25.1	25.1
Females	28.0	28.0

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

	Fair value at 31 August 2017 £000
Equity instruments	920
Property	138
Bonds	312
Cash	30
Other	114
Total market value of assets	1,514

The actual return on scheme assets was £130k.

Amount recognised in the statement of financial activities

	2017 £000
Current service cost (net of employee contributions)	(390)
Net interest cost	99
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-
Total operating charge	(291)

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

	2017 £000
At 1 December 2016	
Upon conversion	5,760
Current service cost	390
Interest cost	125
Employee contributions	79
Actuarial loss	657
At 31 August 2017	7,011

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

	2017 £000
At 1 December 2016	
Upon conversion	963
Interest income	26
Actuarial gain	103
Employer contributions	343
Employee contributions	79
At 31 August 2017	1,514

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22. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.

23. Events after the end of the reporting period

The Trust will be opening a further academy on the 1 January 2018. Norfolk Primary School will join the existing four schools in the Trust.

24. Transfer of existing academies into the Trust

On the 1st December 2016 Wybourn Community Primary and Nursery School; Manor Lodge Primary School; Phillimore Primary School and Acres Hill Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Sheffield South East Trust Ltd from Sheffield City Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net [gain/loss] in the Statement of Financial Activities as [Donations – transfer from local authority on conversion/ Charitable activities – transfer from local authority on conversion].

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
· Leasehold land and buildings	-	-	14,707	14,707
Budget surplus on LA funds	300		-	300
LGPS pension deficit	-	(4,797)	-	(4,797)
Net assets	300	(4,797)	14,707	10,210

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The following table shows the opening balances on conversion.

School Name	Opening Balance 1 December 2016
	£
Acres Hill Primary School	14,414
Manor Lodge Primary School	129,395
Phillimore Primary School	88,907
Wybourn Community	66,929
Total	299,640

24 Central Services

The academy trust has provided the following central services to its schools during the year:

- Finance and administration.
- Educational consultancy.
- Professional services.
- Publicity and marketing.

The trust charges for these services on the following basis:

- 5% of GAG, excluding special educational needs funding.

The actual amounts charged during the year were as follows:

School Name	2017 £000
Acres Hill Primary School	48
Manor Lodge Primary School	44
Phillimore Primary School	65
Wybourn Community	60
Total	217