

Sheffield South East Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2018

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
K Crawshaw
E Tunnard
D Gough (resigned 18/10/18)
D Mathews
S Anwyl (appointed 18/10/18)

Trustees

M Allen (chairman)
K Crawshaw
D Grover
C Dillon (resigned 16/10/18)
M Lowe
P Stead
J Bradshaw (CEO & AO)

Senior Management Team:

- Chief Executive Officer
- Headteacher - Acres Hill Community Primary School
- Acting Head of School - Manor Lodge Community Primary School
- Headteacher - Manor Lodge Community Primary School
- Headteacher - Norfolk Community Primary School
- Headteacher - Phillimore Community Primary School
- Headteacher - Wybourn Community Primary School

J Bradshaw
C Whittingham
J Camps (until 31/8/18)
R Cuff (appointed 1/9/18)
A Clarke (appointed 1/1/18)
G Briggs
H Thornley

Company Name

Principal and Registered Office

Sheffield South East Trust
c/o Manor Lodge Community and Primary
and Nursery School, Manor Lane
Sheffield, S2 1UF
10460387 (England and Wales)

Company Registration Number

Independent Auditor

Mazars LLP
5th Floor, 3 Wellington Place,
Leeds, LS1 4AP

Bankers

Lloyds Bank
Furnival Street
Sheffield, S4 7YB

Solicitors

Stone King
1 Aire Street
Leeds, LS1 4PR

Sheffield South East Trust

Trustees' Report

The Trustees present their annual report together with the audited financial statements and independent auditor's report of the charitable company for the year ended 31 August 2018. 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 year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

There have been no qualifying third party indemnity provisions in place for the year 1 September 2017 to 31 August 2018 (2017: nil).

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

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 December 2016	Primary (Sponsored)
Manor Lodge Community Primary and Nursery School	1 December 2016	Primary
Phillimore Community Primary School	1 December 2016	Primary
Wybourn Community Primary and Nursery School	1 December 2016	Primary (lead school)
Norfolk Community Primary School	1 January 2017	Primary (Sponsored)

Sheffield South East Trust

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 year to 31 August 2018 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.

All teachers including Headteachers are paid in accordance with the school teachers pay and conditions document, the trust has its own pay scales, which are based on the school teachers pay and conditions document but reflect a 2% increment on all scale points in 2017/18. Each academy has an Individual School Range calculated in accordance with this policy. Headteachers are allocated a scale within this range. Other leadership roles are calculated according to levels of responsibility and ensuring that there is no overlap between the scales. Movement on the scale is subject to performance in role. Teachers progress through their relevant pay scale subject to successful performance in their role.

Headteacher performance management is carried out by the Chief Executive Officer who may involve members of the Local Governing Bodies. The CEO's performance management is carried out by a subcommittee of Trustees which may include an external advisor. Pay recommendations are then taken to the Trustees pay and performance committee.

Trade union facility time

Sheffield South East Trust subscribes to the Sheffield City Council arrangement for Trade Union facilities time. The cost of this subscription was £5,000 in 2017/18. The service allows representatives from Sheffield City Council's recognised trade unions to represent their members in Sheffield schools on an individual or collective basis. There is a statutory obligation (Trade Union and Labour Relations (Consolidated) Act 1992 and the Employment Act 2002) on all schools to provide facilities time. This arrangement provides the following benefits:

- The Trade Union facilities time plays a very useful role in ensuring basic employer rights so that all staff have a consistent city-wide representation.
- Schools benefit from access to the experienced full-time officers with schools across the city.
- Without this input, the Trust would have to reach agreements directly with each Trade Union to ensure the statutory rights of Trade Unions and employees are met.

Connected Organisations including Related Party Relationships

During the reporting period there were no related parties, connected charities or organisations. During the year the Trust implemented a pecuniary and business interests policy, details of relevant entries can be viewed on the Trusts website.

Objectives and Activities

Objects 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.

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.

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- 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.

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

The context of children attending schools within Sheffield South East Trust is:

- 53% of pupils are categorised as disadvantaged (Pupil Premium), compared to 24% Nationally
- Within SSET, Manor Lodge has the highest level of disadvantaged pupils at 60%
- 57% of pupils are categorised as BME and 4 out of the 5 schools have numbers significantly above the National Average.
- 38% of pupils have English as an additional language.
- 20% of pupils have SEND compared to 15% nationally.
- Exclusion rates are decreasing across the Trust (194 excluded sessions for 32 pupils 2017 reduced to 164 for 24 pupils in 2018).

Achievement and performance

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

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A summary of Foundation Stage Outcomes

Foundation Stage GLD %	2016 (Pre – conversion)	2017 (Norfolk pre-conversion)	2018
Acres Hill	68	35	54
Manor Lodge	53	62	58
Phillimore	55	64	63
Norfolk	58	40	66
Wybourn	53	55	60
SSET	57	53	60
Sheffield	69	70	70
National	69	71	72

Overall pupils achieving a good level of development at the end of the foundation stage is improving at a faster rate than that nationally (2017 – 2018), 7% SSET compared to 1% nationally. Although pupils make good progress in the foundation stage from very low starting points, the level of pupils achieving this standard in SSET schools is below the national average and the Trust continues to work on strategies aimed at closing this gap further.

Within SSET the key areas of performance to be identified are:

- significant 1 year increase at Acres Hill (19%) compared to the previous year.
- The Trust invested significantly in the FS; staffing, premises and CPD.

A summary of Y1 Pupil Outcomes

Y1 Phonics %	2016 (Pre – conversion)	2017 (Norfolk pre-conversion)	2018
Acres Hill	59	48	66
Manor Lodge	67	80	64
Phillimore	69	64	73
Norfolk	70	51	66
Wybourn	48	56	63
SSET	62	60	68
Sheffield	77	77	79
National	81	81	83

Overall pupils achieving the required standard in Y1 Phonics is improving at a faster rate than that nationally (2017 – 2018), 8% SSET compared to 2% nationally. The level of pupils achieving this standard in SSET schools is below the national average and the Trust continues to work on strategies aimed at closing this gap.

Within SSET the key areas of performance to be identified are:

- Levels of attainment are broadly consistent across the Trust which represents a shared approach to teaching and learning.
- Significant 1 year improvements at Acres Hill (+18%) and Phillimore (+9%).
- The significant one year decrease at Manor Lodge was anticipated due to the context of the particular cohort, compared to the previous year.
- All schools (Y1 phonics 2018) have increased on GLD attainment in 2017, showing the cohort is making value added progress.

A summary KS1 Pupil Outcomes

KS1 Achieving expected level %	Reading			Writing			Maths		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Acres Hill	44	53	52	42	49	45	52	60	45
Manor Lodge	56	59	67	49	54	58	56	62	71
Norfolk	62	62	51	59	64	54	64	69	56
Phillimore	60	46	60	46	46	50	51	53	59
Wybourn	58	55	54	47	53	58	60	72	68
SSET	56	55	57	49	53	54	57	63	61
National	74	76	76	65	68	70	73	75	76

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In KS1 there is a rising two year trend in all areas, but below National Average. The declining trend at Acres Hill reflects the turbulent teaching profile experienced by the cohort. The rising trends at Manor Lodge are based upon high prior attainment in Y1.

Within SSET the key areas of performance to be identified are:

- Closing the gap further with National Average, particularly in Reading and Writing.
- Ensuring that disadvantaged pupils in SSET achieve better in all areas, so that the gap closes with national disadvantaged pupils and all other pupils nationally.

2017 KS2 Attainment and Progress

A summary KS2 Pupil Progress

School	Reading (%)			Writing (%)			Maths (%)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Acres Hill	-1.75	0.91	-3.03	-1.04	-0.73	0.27	-2.48	-1.53	-2.5
Manor Lodge	1.89	1.93	-0.26	-1.38	-1.53	0.95	1.25	1.91	-1.38
Norfolk	-1.01	-0.62	0.38	1.18	0.36	2.8	0.66	1.19	2.84
Phillimore	-1.85	-4.43	-2.65	-0.31	-2.1	-2.62	-1.45	-5.64	-4.71
Wybourn	1.57	0.51	-0.48	-1.47	0.02	-1.25	2.22	0.91	0.64
SSET	-0.35	-0.78	-1.19	-0.46	-0.68	0.02	0.07	-0.79	-0.87
National	0	0	0	0	0	0	0	0	0

A summary KS2 Attainment

School	Reading Expected standard (%)			Writing Expected standard (%)		
	2016	2017	2018	2016	2017	2018
Acres Hill	31	53	58	54	67	70
Manor Lodge	68	92	52	56	64	73
Norfolk	39	35	56	63	51	56
Phillimore	40	49	51	53	53	60
Wybourn	69	57	57	57	64	61
SSET	48	53	54	57	58	63
National	66	72	75	74	76	78

School	Maths Expected standard (%)			Combined Expected standard (%)		
	2016	2017	2018	2016	2017	2018
Acres Hill	44	43	58	25	33	48
Manor Lodge	77	92	70	50	52	46
Norfolk	47	35	38	31	18	32
Phillimore	57	64	67	29	37	46
Wybourn	79	79	75	41	51	48
SSET	60	60	61	34	37	43
National	70	75	76	53	61	64

Overall pupils achieving the combined standard in Reading, Writing and Maths is improving at a faster rate than that nationally (2017 – 2018), 6% SSET compared to 3% nationally. The level of pupils achieving this standard in SSET schools is still well below the national average and the Trust continues to work on strategies aimed at closing this gap.

Within SSET the key areas of performance to be identified are:

- Acres Hill, sponsored school has achieved good 1 year increases (combined +15%);
- Lower reading attainment in most schools has impacted upon the combined measure and this will be a whole Trust priority for 2018/19.
- Maths attainment at Norfolk is well below expected levels. The Trust is supporting CPD in the school.
- All schools, except Norfolk are statistically in line with national progress.
- Expansion Plan – implementing a Hub model to provide geographical governance arrangements.

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- Developing the infrastructure of the Trust – streamlining business, data collection and analysis
- Expand Trustee Board

The priorities at each school are to:

- 1) Prepare pupils effectively for the next stage in their education.
- 2) Make better than 'expected' progress, on average, at KS2.
- 3) Narrow the gaps with national performance in all areas, particularly in KS2 combined measures with an increased focus upon Reading.
- 4) Establish effective and consistent self-evaluation in all the schools, through a system of regular audit and review.
- 5) Ensure consistent school development planning, including incorporation of the SSEL P Action Plan offer.
- 6) Enable a consistent and innovative approach to curriculum delivery and family engagement for vulnerable pupils with complex needs, leading to improved outcomes and reduced exclusions.
- 7) Establish complimentary, challenging and supportive governance systems and working practices for governors and Trustees.

The Trust has set six main objectives:

- To ensure that at next Ofsted inspection all academies maintain good judgements or move to the next judgement level.
- To analyse the performance and financial information provided to Trustees considering where functions can be best delivered; school level or Trust level.
- To ensure each local school within the Trust meets the needs of all children and families.
- To ensure that the measurable pupil outcomes close the gap further with national expectations and national averages, ensuring pupils make at least expected progress.
- To expand the number of Trustees to support the development of governance in the Trust.
- To expand the number of schools within the Trust or working collaboratively with the Trust.

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 schools 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.

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 year ended 31 August 2018 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 year ended 31 August 2018 totalled £17.1m and were sufficient to cover outgoing resources and provided a surplus of £6.1m before transfers and other recognised gains and losses.

At the 31 August 2018 the net book value of fixed assets was £21.9m. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust. At the 31 August 2018 the net assets excluding pension liability was £22.8m.

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.

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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 £6.5m. 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 £16.3m, this balance includes unrestricted funds (free reserves) of £524k which is considered appropriate for the Academy Trust, and restricted funds excluding pension and fixed assets of £241k.

Investment Policy

A Trust Investment policy is yet to be implemented should any potential investment opportunity arise this would be escalated to the Board for consideration. As of 31st August 2018 no investments were held.

Fundraising

The Board is responsible for ensuring that the organisation operates within a responsible, sustainable financial framework and that the organisation has adequate resources to carry out its work.

- Trustees have the responsibility of ensuring the survival and continuation of the Trust. This includes responsibility for ensuring funding is available to support the activities of the organisation.
- While Trustees may delegate many of the operations of fundraising to other parts of the organisation, the Board retains the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation, and demonstrating their leadership in this area.
- The Board are committed to ensuring that fundraising activities are carried out in an ethical manner.
- The guiding fundraising principle is a simple one – we will only use techniques that we would be happy to be used on ourselves.

In doing so, the organisation will adhere to the following standards:

- The Board will have regard to the Charity commissions publication 'Charity Fundraising' (CC20)
- Fundraising activities carried out by individual Academies, including their PTA will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the Academies' stated mission and purpose.
- All personal information collected by the Academy is confidential and is not for sale or to be given away or disclosed to any third party without consent.
- Nobody directly or indirectly employed by or volunteering for the Academy shall accept commissions, bonuses or payments for fundraising activities on behalf of the organisation.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the Academy.
- Financial contributions will only be accepted from companies, organisations and individuals the Board considers ethical.
- All Governors, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the organisation to significant financial risk.
- Complaints will be dealt with in accordance with the Trusts complaints procedure.

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.

A key uncertainty highlighted by the Trust Board is the pace and level of future growth, any such growth will result in additional funding; potential additional risk and may result in additional capacity being required to support the central infrastructure of the Trust.

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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.
- Continue 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.
- Continue to develop consistent financial practice across the Trust.

Growth

- Expand the Trust; initially within Sheffield Primary and Special schools and then possible regional/ other schools that have a consistent ethos with that of the Trust

Leadership strategy

- Plan for identified needs and succession, using opportunities for cross school secondments/ employment and training. (NCTL programmes and similar)
- Embed Governor Networks based upon specific areas
- Embed Governor – Trustee interface and communication strategy.
- Each school works with the Trust to ensure a consistent approach to School Self Evaluation, through consistent audit and review.
- CEO and Executive Leadership team develop further cohesive practices, consistently improving teaching and learning strategies in a school led system.

Assessment and Monitoring

- Continue to develop a consistent assessment, moderation, data collection and analysis cycle, resulting in a shared understanding of pupil attainment and progress at all levels.

Teaching and Learning

- CEO and Executive Leadership team to tackle underperformance rigorously.
- Monitor and develop the 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, sharing good practice when identified.

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. Embed SSET behaviour policy and card system.
- Following SEND review, develop consistent policy and approach leading to improved practice.
- Provide collaborative enrichment opportunities.

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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 schools
- SEND provision for pupils with high and complex needs

Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 10 December 2018 and signed on the board's behalf by:



M Allen
Chair of Trustees
10 December 2018

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 met five times during the year. The two committees, as described below have met four times during the year. As a record, attendance during the year at meetings was as follows:

Board of Trustees

Trustee	Meetings attended	Out of a possible
Mike Allen (Chair)	4	5
Keith Crawshaw (Vice Chair)	5	5
Joanne Bradshaw (CEO)	5	5
Craig Dillon	1	4
Marie Lowe	4	5
Derek Grover	5	5
Paul Stead	4	5

Finance, Audit & Risk Committee

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 consideration to be given to the best means of fulfilling the Board of Trustees responsibility for ensuring sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

Trustee	Meetings attended	Out of a possible
Keith Crawshaw (Chair)	4	4
Paul Stead (Vice Chair)	2	4
Joanne Bradshaw	4	4

Standards, Pay & Performance Committee

The standards, pay and performance committee is a sub-committee of the main board of trustees. Its purpose is to:

- ensure a constant review of standards, progress and performance across all academies.
- identify and disseminate best practice across the Trust.
- put in place effective strategies to accelerate progress for all children in all year groups.
- ensure high quality provision at all academies and that all academies are on an improvement trajectory in terms of OFSTED judgements.

Trustee	Meetings attended	Out of a possible
Craig Dillon (Chair)	4	4
Marie Lowe	3	4
Derek Grover	3	4
Mike Allen	4	4
Joanne Bradshaw	4	4

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Key priorities for the next year will be to:

- build the membership of the board to provide a range of skills and experience to support the growth of the Trust.
- procure services that will benefit our academies by achieving better quality, deliver economies of scale and consistent outcomes across our academies.

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 social 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, including the use of benchmarking data where available. The accounting officer for the academy Trust has delivered improved value for money during the year 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.
- The Trust has implemented a new budget setting process for 2018/19, this process has supported the development of internal benchmarking information and subsequently a range of efficiencies have been identified across schools. Where staffing vacancies have arisen in individual schools consideration has been given to the most suitable arrangements moving forward; either direct replacement; sharing expertise across schools or not filling the post.
- Additional financial capacity has been introduced, a Financial Controller was appointed to provide an enhanced level of practice and ensure compliance within the Trust. Key documentation, checklists and processes for review have been developed and implemented. These improved arrangements will lead to improved and more timely information being provided to stakeholders.
- 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. During 2019, the Trust intends to review its arrangements for the procurement of payroll services and ICT services to ensure that best value; effectiveness of delivery and a single Trust approach are delivered.

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.

The system of internal control has been in place in Sheffield South East Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the 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 in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Sheffield South East Trust

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.

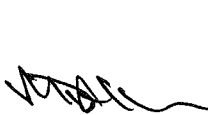
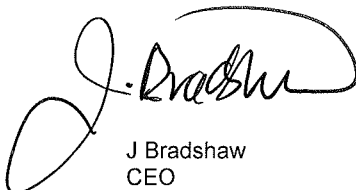
Review of Effectiveness

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

- the work of the external auditor
- the work of the Responsible Officer in reviewing the adequacy of internal control arrangements across the Trust.
- the work of the leadership team within the Trust who have responsibility for the development and maintenance of the internal control framework
- increased prescription in the operational financial expectations of the Trust including written guidance; monthly checklists; training and 1-1 mentoring. The introduction of a Financial Controller also provides additional capacity to support these developments and ensure compliance.
- four external reviews have been commissioned during the period which have focussed on attendance; behaviour and inclusion; and two whole school reviews.

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 10 December 2018 and signed on its behalf by:

	
M Allen Chair of Trustees	J Bradshaw CEO

Sheffield South East Trust

Statement on 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 2017.

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 2017.

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.

A handwritten signature in black ink, appearing to read 'J. Bradshaw', with a large, stylized initial 'J'.

J Bradshaw
Accounting Officer

10 December 2018

Sheffield South East Trust

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 2017 to 2018
- 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 10 December 2018 and signed on its behalf by:



M Allen
Chair of Trustee

Sheffield South East Trust

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

We have audited the financial statements of Sheffield South East Trust ("the 'trust'") for the year ended 31 August 2018 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 2017 to 2018 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2018 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 2017 to 2018.

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 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 prepared for the purposes of company law, 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 has been prepared in accordance with applicable legal requirements.

Sheffield South East Trust

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 15, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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.

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.

Use of the audit report

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.



Ross Preston (Senior Statutory Auditor)

for and on behalf of **Mazars LLP**
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 12 December 2018

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

In accordance with the terms of our engagement letter dated 17 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 1 September 2017 to 31 August 2018 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 30 November 2016 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Mazars LLP

Date 12 December 2018

Sheffield South East Trust

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants		-	-	610	610	264
Transfer from local authority on conversion	2, 26	163	(1,553)	8,135	6,745	10,210
Other donations	2	23	-	-	23	-
Charitable activities:						
Funding for the academy trust's educational operations	3	-	9,769	-	9,769	5,941
Other trading activities	4	-	-	-	-	23
Total		186	8,216	8,745	17,147	16,438
Expenditure on:						
Charitable activities:						
Academy trust educational operations	5	-	(10,386)	(613)	(10,999)	(6,561)
Total		-	(10,386)	(613)	(10,999)	(6,561)
Net (expenditure) / income		186	(2,170)	8,132	6,148	9,877
Transfers between funds	13	-	412	(412)	-	-
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	13,20	-	843	-	843	(554)
Net movement in funds		186	(915)	7,720	6,991	9,323
Reconciliation of funds						
Total funds brought forward		338	(5,348)	14,333	9,323	-
Total funds carried forward		524	(6,263)	22,053	16,314	9,323

In accordance with FRS102 and the SORP it is required that comparative information must be provided for all amounts presented in the SoFA, including the split between different classes of funds. This has been presented in Note 23

Sheffield South East Trust

Balance Sheet as at 31 August 2018

Company Number 10460387

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	10		21,878		14,333
Current assets					
Debtors	11	421		324	
Cash at bank and in hand	18	<u>1,426</u>		<u>910</u>	
		1,847		1,234	
Liabilities					
Creditors: Amounts falling due within one year	12	<u>907</u>		<u>747</u>	
Net current assets			<u>940</u>		<u>487</u>
Total assets less current liabilities			22,818		14,820
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>22,818</u>		<u>14,820</u>
Defined benefit pension scheme liability	20	<u>(6,504)</u>		<u>(5,497)</u>	
Total assets			<u>16,314</u>		<u>9,323</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	13	22,053		14,333	
. Restricted income fund	13	241		149	
. Pension reserve	13	<u>(6,504)</u>		<u>(5,497)</u>	
Total restricted funds			15,790		8,985
Unrestricted income funds	13		<u>524</u>		<u>338</u>
Total funds			<u>16,314</u>		<u>9,323</u>

The financial statements on pages 19 to 36 were approved by the trustees, and authorised for issue on 10 December 2018 and are signed on their behalf by:



K Crawshaw
Trustee

Sheffield South East Trust

Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	15	(234)	453
Cash transferred on conversion to academy trust	16	163	300
Cash flows used in investing activities	17	587	157
Change in cash and cash equivalents in the reporting period		516	910
Cash and cash equivalents at 1 September 2017		910	-
Cash and cash equivalents at the 31 August 2018		1,426	910

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Sheffield South East Trust meets the definition of a public benefit 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 year 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.

- **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.

- **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.

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

- **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 to the net assets received.

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.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. 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, 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 land	1%
• 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 or services it must provide.

Provisions

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

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

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 12. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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 multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

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

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

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 20, 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 2018. 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.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital Grants	-	610	610	180
Transfer from Local Authority on Conversion	163	6,582	6,745	10,210
Other donations	23	-	23	84
	186	7,192	7,378	10,474

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	6,942	6,942	4,335
. Start up Grants	-	70	70	102
. Other DfE/ESFA grants	-	1,242	1,242	796
	-	8,254	8,254	5,233
Other Government grants				
. Local authority grants	-	1,112	1,112	544
. Special educational projects	-	-	-	-
	-	1,112	1,112	544
Other income from the academy trust's educational operations		403	403	163
	-	9,769	9,769	5,940

4 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Childcare	-	-	-	23
	-	-	-	23

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

5 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Restated*
		Premises	Other	2018	Total
	£000	£000	£000	£000	2017
					£000
Expenditure on raising funds		-		-	
Academy's educational operations:					
. Direct costs	6,273	613	404	7,290	4,446
. Allocated support costs	1,645	1,031	1,033	3,709	2,115
	<u>7,918</u>	<u>1,644</u>	<u>1,437</u>	<u>10,999</u>	<u>6,561</u>

*Amounts restated in 2016-17 relate to expenditure reanalysed and no amendments result in a change to the Statement of Financial Activities or Balance Sheet for that year.

Net (expenditure) / income for the year includes:

	2018	2017
	£000	£000
Operating lease rentals	11	9
Depreciation	613	397
Fees payable to auditor for:		
- audit	26	15
- other services	8	3

6 Charitable Activities

	2017/18	Restated*
	£000	2016/17
		£000
Academy trust educational operations:		
Direct costs	7,290	4,446
Allocated Support costs	3,709	2,115
	<u>10,999</u>	<u>6,561</u>

Analysis of support costs

	Educational	Total	Restated*
	operations	2017/18	Total
	£000	£000	2016/17
			£000
Support staff costs	1,645	1,645	610
Technology costs	182	182	73
Premises costs	1,031	1,031	305
Catering Costs	465	465	320
Other support costs	4	4	590
Legal and Professional Costs	348	348	198
Governance costs	34	34	19
Total support costs	<u>3,709</u>	<u>3,709</u>	<u>2,115</u>

*Amounts restated in 2016-17 relate to expenditure reanalysed and no amendments result in a change to the Statement of Financial Activities or Balance Sheet for that year.

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

7 Staff

a. Staff costs

Staff costs during the year were:

	Total 2017/18 £000	Total 2016/17 £000
Wages and salaries	5,769	3,529
Social security costs	505	296
Operating costs of defined benefit pension schemes	1,387	656
	7,661	4,481
Agency staff costs	148	116
Staff restructuring costs	-	7
	7,809	4,604
Staff restructuring costs comprise:		
Redundancy payments	-	7
	-	7

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2017: £7,000).

c. Staff numbers

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

	2017/18 No.	2016/17 No.
Teachers	73	75
Administration and support	206	164
Management	20	16
	299	255

d Higher paid staff

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

	2017/18 No.	2016/17 No.
£60,001 - £70,000	3	0
£70,001 - £80,000	0	1
£80,001 - £90,000	0	0
£90,001 - £100,000	0	0
£100,001 - £110,000	1	0

e Key management personnel

The key management personnel of the academy trust comprise the Trustees, the Chief Executive Officer and the Academy Headteachers. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £506,326 (2017: £303,000).

8 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role under their contract of employment.

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

Trustee	Remuneration	2017/18 £'000	2016/17 £'000
J Bradshaw (Chief Executive Officer)	Remuneration	100 - 105	75-80*
	Pension contributions paid	15 - 20	10-15*

*2016/17 salary was for 9 months.

During the year ended no expenses were reimbursed or paid directly to trustees (2017: £0).

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

9 Trustees' and Officers' 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 year ended 31 August 2018 was £51,489 (2017: £31,891). The cost of this insurance is included in the total insurance cost. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the premium.

10 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Computer Hardware £000	Total £000
Cost			
At 1 September 2017	14,707	23	14,730
Additions	-	23	23
Transfers into the Trust	8,135	-	8,135
At 31 August 2018	<u>22,842</u>	<u>46</u>	<u>22,888</u>
Depreciation			
At 1 September 2017	391	6	397
Charged in year	605	8	613
At 31 August 2018	<u>996</u>	<u>14</u>	<u>1,010</u>
Net book values			
At 31 August 2017	14,316	17	14,333
At 31 August 2018	<u>21,846</u>	<u>32</u>	<u>21,878</u>

11 Debtors

	2018 £000	Restated* 2017 £000
Trade debtors	20	22
VAT recoverable	80	119
Prepayments and accrued income	321	183
	<u>421</u>	<u>324</u>

*Amounts restated in 2016-17 relate to debtors reanalysed and no amendments result in a change to the Statement of Financial Activities or Balance Sheet for that year.

12 Creditors: Amounts Falling due within one year

	2018 £000	2017 £000
Trade creditors	51	236
Other taxation and social security	156	99
Other creditors	-	90
Accruals and deferred income	700	322
	<u>907</u>	<u>747</u>
Deferred income		
	2018 £000	2017 £000
Deferred income at 1 September	160	-
Released from previous years	(160)	-
Resources deferred in the year	288	160
Deferred Income at 31 August	<u>288</u>	<u>160</u>

At the balance sheet date the academy trust was holding funds received in advance from the Education Skills Funding Agency which related to Universal Infant Free School Meals (£106k), Funded Early Learning from Sheffield City Council (£167k) and British Council Erasmus Grant (£14k).

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

13 Funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	7,374	(7,545)	412	241
Pupil Premium	117	1,080	(1,197)	-	-
Other grants	32	1,315	(1,347)	-	-
Pension reserve	(5,497)	(1,553)	(297)	843	(6,504)
	(5,348)	8,216	(10,386)	1,255	(6,263)
Restricted fixed asset funds					
Transfer on conversion	14,316	8,135	(605)	-	21,846
DfE/ESFA capital grants	-	610	-	(435)	175
Capital expenditure from GAG	17	-	(8)	23	32
	14,333	8,745	(613)	(412)	22,053
Total restricted funds	8,985	16,961	(10,999)	843	15,790
Total unrestricted funds	338	186	-	-	524
Total funds	9,323	17,147	(10,999)	843	16,314

The trust is carrying a net surplus of £241k on restricted general funds (excluding pension reserve) plus unrestricted funds that have generally arisen through balances transferred on conversion.

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 not generally used and will be held in reserve until the need to draw down on them arises.
- Restricted Fixed Asset Funds are used solely for capital purposes in line with the strategic objectives of the Trust.
- There is currently £175k of Condition Improvement Funding which relates to schemes that have already commenced but were not finalised at the balance sheet date.
- It is the trustees' intention to allocate all funds granted to the pursuit of its objectives and to use their current funding for the full benefit of their current pupils, save a contingency and reserves policy detailed earlier.

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 2018.

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

	Balance at 1 December 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)	(0)
Pupil Premium	-	648	(531)	-	117
Other grants	-	776	(759)	15	32
Pension reserve	-	-	(146)	(5,351)	(5,497)
	-	5,759	(5,748)	(5,359)	(5,348)
Restricted fixed asset funds					
Transfer on conversion	-	14,707	(391)	-	14,316
DfE/ESFA capital grants	-	180	(165)	(15)	(0)
Capital expenditure from GAG	-	-	(6)	23	17
	-	14,887	(562)	8	14,333
Total restricted funds	-	20,646	(6,310)	(5,351)	8,985
Total unrestricted funds	-	588	(250)	-	338
Total funds	-	21,234	(6,560)	(5,351)	9,323

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

13 Funds (continued)

Total funds analysis by academy

	2018	2017
Fund balances at 31 August 2018 were allocated as follows:	£000	£000
Acres Hill Community Primary School	42	4
Manor Lodge Community Primary School	179	162
Norfolk Community Primary School	168	-
Phillimore Community Primary School	63	105
Wybourn Community Primary School	174	126
Central services	139	90
Total before Fixed Asset and pension	765	487
Restricted Fixed Asset Fund	22,053	14,333
Pension Reserve	(6,504)	(5,497)
Total Funds	16,314	9,323

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total	
	£000	£000	£000	£000	£000	2017
Acres Hill School	969	208	70	233	1,480	1,151
Manor Lodge School	990	220	87	242	1,539	1,080
Norfolk School	979	196	67	239	1,481	-
Phillimore School	1,499	184	152	284	2,119	1,579
Wybourn School	1,678	264	169	215	2,326	1,743
Central services	0	731	279	431	1,441	465
Academy Trust	6,115	1,803	824	1,644	10,386	6,018

The operating costs of the defined benefit pension scheme have been included in Central Services

14 Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	21,878	21,878
Current assets	1,431	241	175	1,847
Current liabilities	(907)	-	-	(907)
Pension scheme liability	-	(6,504)	-	(6,504)
Total net assets	524	(6,263)	22,053	16,314

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£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

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

15 Reconciliation of Net (Expenditure) / Income to Net

Cash Flow from Operating Activities	2017/18	2016/17
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	6,148	9,877
Adjusted for:		
Depreciation charges (note 10)	613	397
Capital grants from DfE and other capital income	(610)	(180)
Assets donated on conversion from the Local Authority	(8,135)	(14,707)
Net incoming resources from local authority on conversion	(163)	(300)
Defined benefit pension scheme obligation inherited (note 20)	1,553	4,797
Defined benefit pension scheme cost less contributions payable (note 20)	139	48
Defined benefit pension scheme finance cost (note 20)	158	98
Increase in debtors	(97)	(324)
Increase in creditors	160	747
Net cash (used in) / provided by Operating Activities	(234)	453

16 Cash Flows transferred on conversion

	2017/18	2016/17
	£000	£000
Cash transferred on conversion to academy trust	163	300
Net cash transferred on conversion	163	300

17 Cash Flows from Investing Activities

	2017/18	2016/17
	£000	£000
Purchase of tangible fixed assets	(23)	(23)
Capital grants from DfE/ESFA	610	180
Net cash provided by investing activities	587	157

18 Analysis of cash and cash equivalents

	2018	2017
	£000	£000
Cash in hand and at bank	1,426	910
Total cash and cash equivalents	1,426	910

19 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.

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

20 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 Pension Fund. Both are multi-employer defined benefit pension schemes.

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

Contributions amounting to £52,380 were payable to the LGPS at 31 August 2018 (2017: £86,071) and are included within creditors. There were no outstanding contributions payable to the Teachers' Pension Scheme.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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

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;
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The estimated employer contribution rate will be 23.6 per cent, for the period 1 September 2019 until 31 March 2023

The pension costs paid to TPS in the period amounted to £512,726 (2017: 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.

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

20 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

On 26 October, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

The total contribution made for the year ended 31 August 2018 £710k (2017:£370k), of which employer's contributions totalled £582k (2017:£302k) and employees' contributions totalled £128k (2017:£68k) The agreed contribution rates for future years are between 14.1 and 15.1% 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	5.50%	2.75%
2	Above £13,700 up to £21,400	5.80%	2.90%
3	Above £21,400 up to £34,700	6.50%	3.25%
4	Above £34,700 up to £43,900	6.80%	3.40%
5	Above £43,900 up to £61,300	8.50%	4.25%
6	Above £61,300 up to £86,800	9.90%	4.95%
7	Above £86,800 up to £102,200	10.50%	5.25%
8	Above £102,200 up to £153,300	11.40%	5.70%
9	Above £153,300	12.50%	6.30%

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 of Education. The guarantee came into force on July 2013.

Principal Actuarial Assumptions

	2018	2017
Rate of increase in salaries	3.35% - 3.45%	3.45%
Rate of increase for pensions in payment/inflation	2.20% - 2.30%	2.20%
Discount rate for scheme liabilities	2.80% - 2.90%	2.40% - 2.60%
Inflation assumption (CPI)	2.10% - 2.20%	2.20%

Principal Actuarial Assumptions vary between the 5 academies. The range within which the rates fall is included in the table above.

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

	2018	2017
<i>Retiring today</i>		
Males	23	22.9
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.1	28.0

Sensitivity Analysis

A change in the following assumptions would lead to the following change in the Defined Benefit obligation

	2018	2017
Discount rate +0.1%	£000	£000
Mortality assumption – 1 year increase	(217)	(165)
CPI rate +0.1%	159	121
	221	168

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

20 Pension and Similar Obligations (continued)

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

	2018	2017
	£000	£000
Equity instruments	1,375	920
Bonds	559	138
Property	251	312
Cash	120	30
Other assets	281	114
Total market value of assets	2,586	1,514

The actual return on scheme assets was £96,000 (2017: 130,000).

Amounts recognised in the statement of financial activities

	2017/18	2016/17
	£000	£000
Current service cost	(711)	(390)
Net interest cost	(208)	(99)
Admin Expense	(8)	(5)
Total amount recognised in the SOFA	(927)	(494)

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

	2017/18	2016/17
	£'000	£'000
At 1 September 2017 / 1 December 2016	7,011	-
Transferred in on existing academies joining the academy trust	1,857	5,760
Current service cost	711	390
Interest cost	208	125
Employee contributions	127	79
Actuarial (gain)/loss	(797)	657
Benefits paid	(27)	-
At 31 August	9,090	7,011

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

	2017/18	2016/17
	£'000	£'000
At 1 September 2017 / 1 December 2016	1,514	-
Transferred in on existing academies joining the academy trust	304	968
Interest income	50	26
Remeasurements	46	103
Admin Costs	(8)	(5)
Employer contributions	580	343
Employee contributions	127	79
Benefits paid	(27)	-
At 31 August	2,586	1,514

Sheffield South East Trust

Notes to the Financial Statements for the year ended 31 August 2018

21 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

22 Operating lease commitments

At 31st August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£000	£000
Amounts payable:		
Within 1 year	9	9
Between 1 and 5 years	14	17
After more than 5 years	-	-
Total	<u>23</u>	<u>26</u>

23 Prior Year Statement of Financial Activities

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017
	£000	£000	£000	£000
Income and endowments from:				
Donations and capital grants	-	84	180	264
Transfer from local authority on conversion	300	(4,797)	14,707	10,210
Charitable activities:				
Funding for the academy trust's educational operations	265	5,676	-	5,941
Other trading activities	23	-	-	23
Total	588	963	14,487	16,174
Expenditure on:				
Charitable activities:				
Academy trust educational operations	(250)	(5,749)	(562)	(6,561)
Total	(227)	(5,749)	(562)	(6,538)
Net income / (expenditure)	338	(4,786)	14,325	9,877
Transfers between funds	-	(8)	8	-
Other recognised gains / (losses):				
Actuarial (losses) / gains on defined benefit pension schemes	-	(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

Notes to the Financial Statements for the year ended 31 August 2018

24 Multi Academy Trust - Central services

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

- finance and administration
- educational consultancy
- professional services
- publicity and marketing

The trust charges a flat percentage 5% of GAG income for these services

the actual amounts charged during the year were as follows

	2017/18	2016/17
	£000	£000
Acres Hill Community Primary School	62	48
Manor Lodge Community Primary School	61	44
Norfolk Community Primary School	56	-
Phillimore Community Primary School	86	65
Wybourn Community Primary School	82	60
Total	347	217

25 Events after the end of the reporting period

There have been no events after the reporting period with an impact for disclosure in these statements.

26 Transfer of existing academies into the Trust

On the 1st January 2018 Norfolk Community 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 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 in the Statement of Financial Activities as Donations - 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	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Tangible fixed assets				
Leasehold land and buildings	-	-	8,135	8,135
Current assets				
Cash - representing budget surplus	163	-	-	163
LGPS pension deficit	-	(1,553)	-	(1,553)
Net assets	163	(1,553)	8,135	6,745