

# Annual Report

# and Financial

# Statements

Year ending 31 July 2018



## List of Members and Directors/Trustees

### Members:

Roger Dawe	Resigned 31/03/17
Stephen Howlett	Appointed 01/08/17 (ongoing)
Caroline Jolliff	Appointed 06/05/14 (ongoing)
John Moss	Appointed 06/12/16 Resigned 01/08/2018
Sam Parrett	Resigned 31/10/16
Frank Toop	Appointed 24/02/15 Resigned 30/04/18

### Trustees:

Angela Hands	Appointed 27/08/14 Resigned 01/08/2018
John Hunt	Resigned 06/12/16
Caroline Jolliff	Appointed 06/05/14 Resigned 01/08/2018
David Lambert	Appointed 22/03/17 (ongoing)
Rhona Sapsford	Appointed 22/03/2017 Resigned 01/08/2018
Jennifer Pharo	Appointed 22/03/2017 Resigned 01/08/2018
Maxwell Bero	Appointed 01/02/2018
Peter Absalom	Appointed 05/12/17 Resigned 01/08/2018
John Moss	Appointed 06/12/16 Resigned 01/08/2018
Sam Parrett	Appointed 06/05/14 (ongoing)
Martin Peat	Resigned 21/07/17
Moyra Pickering	Resigned 21/07/17
Joanna Power	Appointed 01/08/17 (ongoing)
Peter Reeves	Appointed 24/02/15 (ongoing)
Alan Robb	Resigned 16/05/17
Tracy Russell	Appointed 22/03/17 Resigned 04/05/2018
Joanne Southby	Appointed 24/02/15 Resigned 01/11/2017
Alison Youd	Resigned 06/12/16
Corrine Botten	Appointed 06/12/16 (ongoing)

### Company Secretary

John Hunt

### Key Management Personnel

Executive Head Teachers  
 Chief Executive Officer  
 Chief Financial Officer  
 Exec Director Corporate & Strategic Development  
 Louise Wolsey

Neil Miller, Jo Southby  
 Sam Parrett, OBE  
 John Hunt

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## London South East Academies Trust

### Company Name:

London South East Academies Trust

### Principal and Registered Office

Rookery Lane  
Bromley  
BR2 8HE

### Company Registration Number

9028122

### Independent Auditor

Buzzacott  
130 Wood Street  
London  
EC2V 6DL

### Bankers

Barclays Bank  
Level 27, 1 Churchill Place  
London  
E14 5HP

### Solicitors

Eversheds LLP  
One Wood Street  
London  
EC2V 7WS

Bates Wells Braithwaite  
10 Queen Street Place  
London  
EC4R 1BE

Brachers LLP  
Sommerfield House  
59 London Road  
Maidstone  
Kent  
ME16 8JH

## Trustees' Report

The Board of Trustees present their annual report together with the Financial Statements and auditor's reports of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors' report and a director's report under company law.

The Financial Statements have been prepared in accordance with the accounting policies on pages 35 to 40 of the attached Financial Statements and comply with the Schools Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods coming 1 January 2015 or later (Charities' SORP 2015).

## Structure, Governance and Management

### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of London South East Academies Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on pages 2 and 3. Business is conducted through full Board meetings, a Finance Committee and an Audit Committee. Minutes of meetings are maintained and a register of interests published on the Trust's website.

### 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 he/she is a member, or within one year after they cease to be a member, such amount as maybe required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

### Trustees' Indemnities

As disclosed in note 8 professional indemnity insurance is paid on behalf of the directors and officers of the Academy as part of DoE Risk Protection Arrangement.

### Method of Recruitment and Appointment or Election of Trustees

Potential new Trustees are identified by the Board, ensuring that the skills and experience of new Trustees are complementary to those of existing Board members. London South East Academies Trust members appoint Trustees.



## Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience. Where necessary the induction process will provide training on charity, educational, legal and financial matters. All new Trustees are welcome to visit the Academy Trust and to meet with staff and students. All Trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Induction tends to be done informally and is tailored specifically to the individual Trustees.

### Organisational Structure

The Key Management Personnel control the Trust at an operational level implementing the policies laid down by the Trustees and reporting back to them. As a group, these personnel are responsible for the authorisation of spending within agreed budgets.

### Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees consider the pay of the key management personnel on an annual basis. When setting rates of pay, the Board take a number of factors into account in order to ensure pay is commensurate with the accountabilities and duties of employment. Other factors which are considered include the financial and academic performance of both the Trust and each member Academy, the performance of the staff involved, and sector recommendations of annual pay awards. The Board also consider external benchmarks and salaries offered by other Academies for similar staff where this information is available.

### Trade union facility time - Relevant union officials

Number of employees who were relevant union officials during the period	3	Full-time equivalent employee number	3
Percentage of time spent on facility time		Number of employees	
0%		3	
1% - 50%		-	
51% - 99%		-	
100%		-	
Percentage of pay bill spent on facility time	0%		
Total cost of facility time	Nil		
Total pay bill	Nil		
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100			
Paid trade union activities			1 Day Conference
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100			

## Related Parties and other Connected Charities and Organisations

The Trust has a connection with Bromley College of Further & Higher Education (trading as London South East Colleges) as sponsor of the Academies within the Trust. The sponsor also provides back office services to the Trust.

## Objectives and Activities

### Objects and Aims

The aim of London South East Academies Trust is to give children and young people from all backgrounds an outstanding education. In so doing, they will acquire the values, skills, knowledge and understanding to prepare them for life beyond the classroom and subsequently succeed.

To achieve this aim, we will establish outstanding academies in our local community and beyond. Our ethos will be based upon full inclusion, high expectations, outstanding teaching and learning and a relentless focus on the needs and potential of every child.

### Objectives, Strategies and Activities

main objectives of the Academy during the year ended 31 August 2018 are summarised below:

- » To raise the standard of educational achievement of all pupils;
- » To provide value for money for the funds expended;
- » To comply with all appropriate statutory requirements;
- » To conduct the MAT's business in accordance with the highest standards of integrity, probity and openness; and
- » To set in motion initiatives to increase the number of pupils at London South East Academies Trust.

The principal long term objectives of the MAT are laid out in the Funding Agreement in addition to the points summarised above.

The charitable company is governed by its articles of association. It has adopted a scheme of delegation, which sets out the respective functions of the Trust, and its associated local advisory Boards. The Trust currently consists of five open academies, together with a Free School in pre-opening. The Academies within the Trust cover specialist primary and secondary phases across sites in Bromley and Bexley. The Academies have provision for pupils who have been excluded from mainstream education or pupils who are at risk of being excluded from such education. In addition, the Trust also provides Key Stage Two to Five provision for Social Emotional and Mental Health (SEMH) students who all have an Education, Health and Care Plan (EHCP). The Academies within the Trust are:

- » Bromley Trust AP Academy
- » Bromley Beacon Academy
- » Horizons Academy Bexley
- » Aspire Academy Bexley
- » Endeavour Academy Bexley
- » Shaw Futures (Free School)

Bromley Trust Academy served a pupil population of 190 during the year with a Planned Annual Number (PAN) of 135. Bromley Beacon Academy increased from 95 in September 2017 to 112 by July 2018 which significantly exceeded its PAN.



Horizons Academy Bexley served a pupil population of 135 during the year with a PAN of 127. Aspire Academy Bexley and Endeavour Academy Bexley served pupil populations of 49 and 86, with a PAN of 48 and 64 respectively. Due to pressure on places, both Aspire and Endeavour were commissioned to increase places during the academic year from 40 to 48 at Aspire and 56 to 64 at Endeavour.

### Public Benefit

In setting objectives and planning activities, the Board of Directors have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2011.

### Equal Opportunities

The Trustees recognise that equal opportunities are an integral part of good practice within the workplace. The Trust monitors the diversity of its staff, and reviews its recruitment arrangements to support equality and diversity objectives.

The Trust considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned and, where disabled candidates disclose their disability to the Trust and meet the minimum selection criteria, an interview will be offered. Where an existing employee becomes disabled every effort is made to ensure that their employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.



## Strategic Report Achievements and Performance Key Performance

### Bromley Trust Academy

The Academy was subject to an Ofsted inspection in September 2017, and the inspectors noted the considerable strengths of the Academy and the progress made since the last inspection. The inspectors gave the Academy an overall grade of Good, having achieved this in all aspects of the inspection. The previous inspection of the school took place prior to conversion to Academy status, at which time the school received a grade of Requires Improvement.

There have been significant gains in achievement at Key Stage 1, 2 and 4 for Bromley Trust Academy in 2017/18.

At Key Stage 4 the vast majority of academic indicators increased significantly from the previous year demonstrating a three year positive trend. 100% of the cohort achieved at least one 1-9 qualification for the third year in a row and all students gained a qualification in English and maths. The percentage of pupils demonstrating progress from baseline in maths and English also demonstrates a three year improving trend. 100% of the Year 11 cohort are now placed in FE, employment or apprenticeship.

At Key Stage 1 and 2, progress data across the Academy in reading, maths and writing all demonstrate significant improvement when comparing to the previous year. KS2 SATs outcomes were as predicted with a small cohort being entered.

Disadvantaged pupils at all key stages are demonstrating that the vast majority of eligible pupils are achieving expected progress or better in literacy and achieving expected progress or better in numeracy which is similar to Non Pupil Premium pupils.

Pupil attendance for BTA is significantly above the National Average for Pupil Referral Units (PRUs) with the number of Persistent Absences significantly lower when comparing to national PRU data.

FTE exclusion data for BTA is also very positive when comparing to National Average for PRUs with only 7% of the cohort receiving a FTE when comparing with 58% nationally.

Bromley Trust Academy is therefore demonstrating that it is providing at least a good educational experience for its learners where they are able to achieve and whilst demonstrating value for money.

At Key Stage 4, key indicators were pleasing with the number of pupils gaining at least one qualification remaining at 100% and the vast majority gaining both English and maths qualifications at Level 1 and significant improvement at Level 2 as well. Progress data for Year 11 students from baselines is extremely positive with 100% in maths and 94% in English. The average number of qualifications for each student was 6 which once again is positive.



At Key Stage 5, progress data in English and maths demonstrates an upward trajectory and number of students gaining Level 2 qualifications in English and maths has also improved when comparing to the previous year. Retention rates until the end of KS5 have improved significantly as well.

Destination data for both KS4 and KS5 leavers demonstrates 0% NEET which is also an improvement when comparing to the previous year.

At Key Stage 2, the students performed as expected in their SATs with a significant number of the cohort being extremely low ability academically. End of year assessment data demonstrates the majority of KS2 and KS3 pupils, including the disadvantaged pupils, are making substantial and sustained progress in literacy, numeracy and science from starting points when they join us.

Pupil attendance at BBA was similar to previous year across the two sites and PAs reduced at the Orpington site significantly when comparing with the previous year for both 85 and 90% benchmarks.

Our new Social, Emotional and Mental Health tracker which was introduced last academic year across the Bromley Hub of the Trust also demonstrates significant progress for the vast majority of students in key areas of SEMH.

Bromley Beacon Academy is therefore demonstrating that it is providing a good educational experience for its learners where they are able to achieve and therefore demonstrating value for money.

### Horizons Academy Bexley

The Academy underwent an undesignated HMI OFSTED inspection in July 2018. The outcome of the inspection was very positive and safeguarding was judged to be effective with 'robust procedures' and the inspector commenting that "Pupils' well-being is right at the top of the school's agenda".

Over the past four years, there has been significant improvement in outcomes for learners at Key Stage 4. The expansion of the curriculum since 2015 has resulted in an offer which combines five core subject areas with a range of option subjects, both academic and vocational. All subjects are accredited to GCSE or equivalent to enable learners to move on productively post-16 to college, apprenticeships or further training.

Significant gains in achievement have been made in relation to the average number of qualifications gained per pupil with an increase from 2.6 to 8.6 over a four year period.

- » 100% of students achieved at least two GCSE 1-9 in 2017 and 2018 compared to 93% in 2016 and 61% in 2015.
- » 75% of students gained 5+ GCSE grades in 2018, a continuing upward trend from the baseline of zero in 2015, rising to 60% in 2016 and 73% in 2017.
- » Outcomes for English and maths at GCSE 4-9 / Level 2 demonstrate particular improvement over time from 13% and 5% in 2015 to 38% in English and 44% in maths for Year 11 leavers in 2018.

Progress from baseline continues to be strong with 84%+ of all students making at least expected progress by the end of last year. Vulnerable students make comparable progress in all areas with 100% of English as an Additional Language (EAL) students making expected progress alongside 85% of Pupil Premium students and 100% of those supported by Youth Offending Team (YOT).

At Key Stage 2 progress has been consistently high over the last two years.

- » 100% of students in English and 87.5% in maths made expected or better progress.
- » No students sat KS2 SATS at Horizons as there were no permanently excluded students on roll at the Academy during this period.

Attendance and safeguarding have been priorities for all of the Bexley hub schools since the changes implemented in 2015. This has resulted in huge improvements in attendance from 38% in 2015 to 82% at the end of Term 6 in 2017/18, with these figures maintained into the new term where attendance is currently at slightly over 87%. Attendance data for Horizons Academy compares favourably with national figures where alternative provision attendance is 66.8%. The school has exceeded this figure by between 10-20% over the last three years with rates continuing to increase year on year due to robust attendance and safeguarding processes.

Days lost through fixed term exclusions have decreased over the same period as alternative strategies including time out supported by Behaviour Mentors and individualised programmes are being used. Effective use of a restorative approach to tackle poor choices and to resolve conflict has also contributed to improved behaviour, increased attendance and a reduction in incidents. This year there have been no fixed term exclusions for primary pupils alongside 88% of Key Stage 3 students and almost 30% of Key Stage 4 students.

Horizons Academy is an effective alternative provision school, in that it is clear in its remit of combining a long-term offer for Key Stage 4 students alongside a "revolving door" approach to short term interventions to support stakeholder schools in avoiding permanent exclusion. The number of students returning to mainstream schools has increased year on year with a success rate of 94%. The Outreach Service provided by the academy continues to receive good to outstanding feedback from stakeholders and is responsive to local need. In 2017/18, more than 800 students across the borough were raised by schools and advice and intervention provided resulting in a lowering of the permanent exclusion rate in 2017/18 compared to the previous year. Most notably, NEETS which were historically high at 86% in 2014/15 and these have been robustly addressed with significant fall to 26% in 2015/16 and zero NEETs from 2016/17 onwards with this level continuing to be maintained. Ongoing tracking post-statutory to the end of Year 13 has supported students maintaining placements in college, training and apprenticeships and has been recognized as exceptionally good practice.

The school's self-evaluation evidences that the academy is providing a good service to its students and outcomes are continuing to improve.



### Endeavour Academy Bexley

There have been six students in 2017/18 who sat Key Stage 2 SATs.

Average SATs scores were between 85 and 89.2% with 50% of students achieving within the expected range in Reading and Spelling and Grammar compared to just under 17% of students in maths.

However, progress in Reading and Spelling Punctuation and Grammar (SPaG) is just under 70% compared to maths where 83% of students have made at least expected progress compared to their baseline assessment data.

Attendance for the school remains high at 94.3% which is broadly in line with attendance for the last two years. Progress for the majority of pupils is good to outstanding taking into account low starting points and significant gaps in education. 78% of students made at least expected progress in English with almost half of these exceeding their targets.

The picture in maths was similar with 74% making expected or better progress and exactly half exceeding national expectations. The same level, 74%, made expected or above progress in Reading last year. There were no significant differences for Pupil Premium students whose rates of progress were similar in all areas.

Self-evaluation by the school is supported by external scrutiny with the school judged Outstanding in all areas which indicates that the Ofsted judgement of July 2015 has been maintained. The provision is recognized as being of a high quality with increasing pressure on placements due to higher levels of local need and continuing increase in parental preferences for the school above alternatives.



### Aspire Academy Bexley

At Key Stage 4, data over time shows an increase of 20% in students gaining 3+ GCSE 4-9 / Level 2 qualifications over the last three years. This improvement is also reflected in the trajectory of improvement for GCSE 1-9/ Level 1+ qualification which shows an increase from 29% of students in 2016 to 100% in 2018 achieving 6+ qualifications. Outcomes in English and maths at Level 2 / GCSE 4-9 have also improved from 18% in both subjects to 60% in English and 20% in maths.

Attendance has been challenging this year due to several pupils having the school named in Education Health Care Plans against the wishes of parents who do not send their child to the school. In order to report against actual pupils who attend the school, non-attending pupils have been disaggregated from the raw data. Attendance for the year based on actual pupils is 81.4% which is an increase of approximately 2% on the previous year.

Pupil progress has also increased over the last twelve months with 77% of students making expected or above progress in English and 84% in maths at Key Stage 3 and 68% in both maths and English at Key Stage 4. These figures include non-attending pupils and rise to 100% in maths and 92% in English at Key Stage 3, with 84% in maths and English at Key Stage 4.

Progress at Key Stage 4 to post-statutory education remains high with all leavers having a secure exit route at the end of term 6.

Self-evaluation for the school is validated by an external expert in SEN and is judged to be Good in line with the last Ofsted inspection in June 2016.

### 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

### Principal funding

Much of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to the running of the Academy. 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 Trust also receives top up funding grants from the relevant Local Authority in respect of the alternative and special provision it provides. The grants received together with the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

### Financial report for the year

The total income for the period was £26.5m. This includes £15.7m in respect of the value of land and buildings transferred to the Trust during the year with the New Horizons Federation of Schools.

In accordance with correct disclosure requirements, the financial information which is presented in the statement of financial activities includes the inherited land building donated from the Local Authority. Such presentation can obscure an overview of the annual operating performance of the Trust. Accordingly such a view of the summarised operating performance of the Trust (which is extracted from the statement of financial activities) is restated below to exclude the donated fixed assets:

	£'000
Overall net movements in funds	15,310
Add: net expenditure attributable to the fixed assets fund (excluding NHF)	62
Less: other non-recurring income for the year – NHF acquisition (Note 2)	(14,395)
Less: LGPS actuarial gain (Note 3)	(516)
Add: LGPS service cost adjustment (Note 3)	319
Add: LGPS interest cost adjustment (Note 3)	56
Add: LGPS admin costs	18
<b>Operating surplus / (deficit) (excluding inherited land and buildings)</b>	<b>854</b>

At 31 August 2018, the Trust had total funds of £29.4m. This comprised £27.9m restricted funds and £1.5m unrestricted general fund balances. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £2.5m at 31 August 2018 (2017: £0.8m).

The results for the period are shown on page 32.

At 31 August 2018, the net book value of fixed assets was £29.2m and movements in tangible fixed assets are shown in note 9 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the pupils within the Academies.

## Reserves Policy

The Trustees have reviewed the Financial Statements of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Trustees and a formal reserves policy was approved at the Trust Board meeting on 3 March 2018.

The policy seeks to accumulate reserves in order to mitigate risk, protect against unforeseen future events, and to build sufficient reserves to maintain the estate and equipment for learners.

In the context of these principles, Trust policy will be to hold sufficient reserves to:-

- » Manage cash flow and liquidity so that variable cash demands can be managed in order to smooth out irregular and cyclical spending and allow for unexpected and unpredictable needs. The recommended minimum reserve for this purpose is three months of the total pay and non-pay expenditure of the Academy;
- » Manage known risks which are not insurable or where insurance does not provide value for money. This will be a specific sum as appropriate to each Academy;
- » Fund annual capital investment in order to ensure the estate is safe and fit for purpose, and IT and other equipment is up to date and suitable for learning. The minimum reserve for this purpose is 6% of total income;
- » Provide resources for major capital projects including building refurbishments, new buildings, or infrastructure improvements. Reserve levels for this purpose will be agreed on a case by case basis in accordance with the property strategy.

## Investment Policy

The Trust does not hold any long term investments. From time to time any cash surpluses are placed on over-night or fixed term deposit with the Trust's bankers.





### Principal Risks and Uncertainties

The Trust has undertaken a significant amount of work during the year to develop and embed its systems of internal control, including financial, operational, and risk management in order to ensure the Trust is best placed to achieve its objectives.

The Executive Team undertakes a comprehensive review of the risks to which the Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness, and progress against risk mitigation actions is monitored during the year.

Outlined below is a description of two principal operational risks and uncertainties relating to the Trust.

#### Funding per Pupil

The future level of funding for primary and secondary education is uncertain in the current economic climate. This is mainly outside the control of the Trustees, but they engage with the Education and Skills Funding Agency and Local Authority regarding funding when such opportunities arise. The Trustees also set prudent budgets and a reserves policy to enable the Trust academies to react to changes in funding levels, if necessary.

#### Pupil Places

The finances of the Alternative Provision Academy within the Trust are highly sensitive to the number of pupil places commissioned each year by Local Authorities. The Trustees and Executive Team are confident that the improving pupil progression and outcomes will enhance reputation of its Academies and will enable the Trust to attract increased numbers of commissioned places. The Chief Executive Officer and Executive Team work hard with Local Authorities and their network of partner schools to promote the benefit of the Trust.

Projected pupil numbers and the associated financial implications are closely monitored by Trustees and Academy staff.

The Trust's exposure to financial risks is moderate due to the fact that the basic financial instruments that it deals with are bank balances, cash and trade creditors, with limited trade and other debtors. The deficit in the Local Government Pension Scheme which is described in Note 22 is subject to annual actuarial valuations and is regularly monitored by the Trustees.

Projected pupil numbers and the associated financial implications are closely monitored by Trustees and Academy staff.

The Trust's exposure to financial risks is moderate due to the fact that the basic financial instruments that it deals with are bank balances, cash and trade creditors, with limited trade and other debtors. The deficit in the Local Government Pension Scheme which is described in note 22 is subject to annual actuarial valuations and is regularly monitored by the Trustees.

### Fundraising

There were no fundraising activities during the year.

### Plans for Future Periods

The Trust will continue to strive and improve the levels of attainment and progress of all its pupils at all levels and will continue its efforts to ensure its pupils enter into sustained employment or a place in mainstream or further education and training once they leave.

The Trust has continued to work with the surrounding Local Authorities in London to provide commissioned places for those children requiring specialist provision. The Trust gained the approval from the Regional Schools Commissioner in November 2016 to expand to up to 15 Schools over the course of the next four years. Work on this is well underway with the three Schools within the New Horizons Federation joining the Trust in November 2017.

The Trustees are committed to a policy of measured strategic expansion of the number of primary and secondary Alternative, Special, and Mainstream academies which are sponsored by the Trust. Particular priority will be given to new academies in the geographic areas in which the Trust and its sponsor already operate. In pursuit of this growth, plans are in place to add additional Schools into the Trust during 2018/19.

### Funds Held as Custodian Trustee on Behalf of Others

The Trust does not act as custodian trustee on behalf of any others.

### Auditor

Insofar as the Trustees are aware:

- » There is no relevant audit information of which the charitable company's auditor is unaware;
- » The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2018 and signed on the Board's behalf by:**



Mark Burnett - Chair of Trustees



## Governance Statement

### Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that London South East Academies 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 material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between London South East Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Members

Members of London South East Academies Trust are responsible for ensuring the Trust achieves its objectives, as well as compliance with charity and company law and funding agreements. They ensure that they use their discretion regarding their use of the Academy's funds reasonably, taking into consideration guidance on accountability or propriety.

Members comprise:

- » the original signatories to the company's memorandum of association
- » additional members appointed and removed by special resolution of the existing membership.

The role of members includes:

- » overseeing the achievement of the objectives of the Trust as set out in the articles of association and amending its articles of association when required
- » taking part in annual and extraordinary general meetings
- » appointing and removing members and Trustees
- » ensuring the financial stability of the Trust and approving its accounts
- » ensuring compliance with general principles of charity law.

## Board of Trustees

The Trust is responsible through its Board of Trustees and Accounting Officer (the Chief Executive Officer), for all financial transactions within delegated authority.

Trustees are appointed under the Trust's articles of association including being co-opted by directors.

The role of Trustees includes:

- » settling the strategic direction of the Trust and ensuring that the strategies of its academies are clearly defined, setting overall policy, defining goals and setting targets and evaluating performance
- » exercising the Trust's powers
- » expending Trust funds for its objects as set out in the articles of association
- » ensuring the sound, proper and effective use of the finances of the Trust, including responsibility for budget setting and auditing requirements in respect of academy accounts
- » ensuring the Trust pursues its objects, is compliant with both company and charity law and has due regard for any other relevant legislation or regulations.

## Finance Committee

The Finance Committee of the Trust provides additional scrutiny over financial performance and related policies and provides assurances to the Board of Trustees that financial performance and oversight is being managed effectively.

## Audit Committee

The Audit Committee of the Trust provides assurances to the Board of Trustees that risks are being adequately identified and managed by: risk review, agreeing programmes of work to address risk and providing appropriate assurance. It informs the governance statement that accompanies the annual accounts and provides assurance to external auditors.





## Meetings

The Board of Trustees met four times during 2017/18 and attendance during the year.

Trustee meetings attended out of a possible:

Angela Hands	4/4
Caroline Jolliff	1/1
Sam Parrett	4/4
Peter Reeves	4/4
Jo Southby	1/1
John Moss	2/4
Corinne Botten	4/4
Tracy Russell	2/3
Joanna Power	4/4
Peter Absalom	1/2
David Lambert	3/4
Rhona Sapsford	3/4
Jennifer Pharo	1/2
Maxwell Bero	2/2

The Finance Committee of the Trust met three times during 2017/18. Attendance during the meetings of the Audit Committee was as follows:

Peter Reeves	3/3
Joanna Power	3/3
Peter Absalom	1/2
Maxwell Bero	2/2
Sam Parrett	2/3

The Audit Committee of the Trust met three times during 2017/18. Attendance during the meetings of the Audit Committee was as follows:

Peter Reeves	3/3
Joanna Power	3/3
Peter Absalom	1/2
Maxwell Bero	2/2
Sam Parrett	2/3

## Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- » Reducing reliance on supply staffing
- » Improving back office services
- » Tendering for a number of contracts in order to reduce costs and improve services
- » Improving pupil progression and attainment from previous benchmarks
- » Achieving a surplus from income resources for the year

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in London South East Academies Trust for the year ended 31 August 2018, and up to the date of approval of the Trustees' report and Financial Statements.

## Capacity to Handle Risk

The Trustees have 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 Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 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 Trustees.



### The Risk and Control Framework

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

- » Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- » Regular reviews by the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- » Setting targets to measure financial and other performance
- » Clearly defined purchasing (asset purchase or capital investment) guidelines
- » Delegation of authority and segregation of duties
- » Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and appointed RSM UK as internal auditor for the year. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period covered:

- » Risk management
- » Key financial controls
- » Governance
- » Action tracking.

The auditor reports to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

### Review of Effectiveness

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

- » the work of the internal auditor
- » the work of the external auditor
- » the financial management and governance self-assessment process
- » the work of senior managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on  
11 December 2018 and signed on the Board's behalf by:



Mark Burnett - Chair of Trustees

Sam Parrett OBE - Accounting Officer

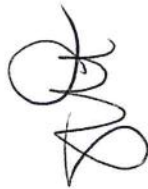


### Statement on Regularity, Propriety and Compliance

As Accounting Officer of London South East Academies Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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



Sam Parrett - Accounting Officer

11 December 2018



### Statement of Trustees Responsibilities

The Trustees (who act as governors of London South East Academies 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- » select suitable accounting policies and then apply them consistently
- » observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2017 to 2018
- » make judgments and accounting estimates that are reasonable and prudent
- » state whether applicable UK Accounting Standards (FRS 102) 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 11 December 2018 and signed on its behalf by:



Mark Burnett - Chair of Trustees



## Independent Auditor's Report on the Financial Statements to the Members of London South East Academies Trust

We have audited the Financial Statements of London South East Academies Trust (the 'charitable company') 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the Financial Statements:

- » give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of 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
- » 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. 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' report including the strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements
- » the Trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.



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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the 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
- » the Financial Statements are not in agreement with the accounting records and returns
- » certain disclosures of Trustees' remuneration specified by law are not made
- » 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, the Trustees are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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

Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street, London, EC2V 6DL

18 December 2018



## Independent Reporting Accountant's Assurance Report on Regularity to London South East Academies and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 July 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 London South East Academies Trust during the year 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 London South East Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to London South East Academies and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London South East Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### Respective responsibilities of London South East Academies Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of London South East Academies Trust's funding agreement with the Secretary of State for Education dated August 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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:

- » An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities
- » Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary
- » Consideration of evidence obtained through the work detailed above and the work completed as part of our Financial Statements audit in order to support the regularity conclusion.

### 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 year 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.



Buzzcatt LLP, Statutory Auditor  
130 Wood Street, London, EC2V 6DL

18 December 2018



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

	Notes	Un-restricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	1	-	455	456	2,794
Transferred from local authority on conversion	26	-	(1,268)	15,663	14,395	-
Charitable activities		-	-	-	-	517
Funding for the academy trust's educational operations	3	1,320	10,293	-	11,613	5,440
<b>Total</b>		<b>1,321</b>	<b>9,025</b>	<b>16,119</b>	<b>26,465</b>	<b>8,751</b>
<b>Expenditure on:</b>						
Charitable activities		366	-	-	366	517
Academy Trust educational operations	4	-	10,717	588	11,305	5,397
<b>Total</b>		<b>366</b>	<b>10,717</b>	<b>588</b>	<b>11,671</b>	<b>5,914</b>
<b>Net income/(expenditure)</b>		<b>955</b>	<b>(1,692)</b>	<b>15,531</b>	<b>14,794</b>	<b>2,837</b>
Transfers between funds	14	-	(70)	70	-	-
Other recognised gains and losses	23	-	516	-	516	327
<b>Net movement in funds</b>		<b>955</b>	<b>(1,246)</b>	<b>15,601</b>	<b>15,310</b>	<b>3,164</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		550	(362)	13,893	14,081	10,917
<b>Total funds carried forward</b>		<b>1,505</b>	<b>(1,608)</b>	<b>29,484</b>	<b>29,391</b>	<b>14,081</b>

All of the Academy Trust's activities derive from continuing operations during the above periods.

## Balance Sheet as at 31 August 2018

	Notes	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>				
Tangible assets	10	29,215		13,860
<b>Current assets</b>				
Debtors	11	589	135	
Cash at bank and in hand		3,748	2,041	
		<b>4,337</b>	<b>2,176</b>	
<b>Liabilities</b>				
Creditors: amounts falling due within one year	12	(1,628)	(1,120)	
<b>Net current assets</b>		<b>2,709</b>	<b>1,056</b>	
<b>Total assets less current liabilities</b>		<b>31,924</b>	<b>14,916</b>	
Pension scheme liability	22	(2,533)	(835)	
<b>Total net assets</b>		<b>29,391</b>	<b>14,081</b>	
Funds of the Academy Trust:				
Restricted funds				
» Fixed asset fund	14	29,484	13,893	
» General fund	14	926	473	
» Pension reserve	23	(2,533)	(835)	
<b>Total restricted funds</b>		<b>27,886</b>	<b>13,531</b>	
Unrestricted income funds	14	1,504	550	
<b>Total funds</b>		<b>29,391</b>	<b>14,081</b>	

The Financial Statements on pages 32 to 58 were approved by the Trustees and authorised for issue on 11 December 2018 and are signed on their behalf by:



Mark Burnett - Chair of Trustees



## Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flow from operating activities</b>			
Net cash provided by (used in) operating activities	17	978	510
Cash inherited on conversion		553	-
<b>Cash flows from investing activities</b>	18	176	(36)
<b>Change in cash and cash equivalents in the reporting period</b>		1,707	474
<b>Cash and cash equivalents at 1 September 2017</b>		2,041	1,568
<b>Cash and cash equivalents at 31 August 2018</b>		3,748	2,041

## 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.

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

#### Going Concern

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





## Income

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

### » Grants

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

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

Capital grants are recognised 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 fixed assets (excluding Transfers on conversion/into trust)

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.



## 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 £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

» Building improvement works	6.67%
» Long leasehold buildings	1.12% to 2.13%
» Fixtures, fittings and equipment	10%
» ICT equipment	20%
» Motor vehicles	20% to 25%
» Office Equipment's	33%

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

### Liabilities

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

### Provisions

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

### 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 10. Prepayments are not financial instruments.

**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 basic financial instruments, and are measured at amortised cost as detailed in notes 11 and 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.

### 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 and the assets are held separately from those of the Academy Trust

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multiemployer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year



The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest.

Actuarial gains and losses are recognised immediately in other 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.

### Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 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.





## 2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	-	455	455	33
Donated fixed assets	-	(1,268)	15,663	14,395	2,756
Other donations	1	-	-	1	5
		(1,268)	16,119	15,852	2,794

## 3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
<b>DfE/ESFA grants</b>				
General annual grant (GAG)		4,149	4,149	1,857
Other DfE/ESFA grants		370	370	123
		4,519	4,519	1,980
<b>Other Government grants</b>				
Local authority grants		5,774	5,774	3,460
		5,774	5,774	3,460
Other income from the Academy Trust's educational operations	1,320		1,320	517
	1,320	10,293	11,613	5,957

## 4. Expenditures

	Staff Costs £000	Premises £000	Other £000	Total 2018 £000	Total 2017 £000
<b>Academy's educational operations</b>					
» Direct costs	5,251	-	1,772	7,023	4,247
» Allocated support costs	3,636	647	365	4,648	1,667
	<b>8,887</b>	<b>647</b>	<b>2,137</b>	<b>11,671</b>	<b>5,914</b>
Net income/(expenditure) for the year includes:				<b>2018</b>	<b>2017</b>
Operating lease rentals				18	15
Depreciation				588	265
Fees payable to auditor for:					
» audit				18	12
» other services				10	9

## 5. Charitable activities

	Total 2018 £000	Total 2017 £000
Net income/(expenditure) for the year includes:		
Direct costs – educational operations	9,494	4,247
Support costs – educational operations	2,177	1,667
Total direct and support costs	<b>11,671</b>	<b>5,914</b>
<b>Analysis of support costs</b>		
Support staff costs	1,165	660
Depreciation	34	15
Technology costs	90	50
Premises	647	308
Other support costs	190	613
Governance costs	51	21
<b>Total support costs</b>	<b>2,177</b>	<b>1,667</b>



## 6. Staff

### Staff costs

Staff costs during the year were:

	Total 2018 £'000	Total 2017 £'000
Wages and salaries	6,388	2,609
Social security costs (add apprenticeship levy into comparative)	637	268
Operating costs of defined benefit pension schemes	946	466
	<b>7,971</b>	<b>3,343</b>
Supply staff costs	895	690
Staff restructuring costs	21	11
	<b>8,887</b>	<b>4,044</b>
Staff restructuring costs comprise:		
Redundancy payments	-	11
Severance payments	21	-
	<b>21</b>	<b>11</b>

### Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as was as follows:

	2018 numbers		2017 numbers	
	Average full time equivalent	Average headcount	Average full time equivalent	Average headcount
Teachers	77	79	39	41
Administration and support	98	121	31	41
Management	2	2	1	1
	<b>177</b>	<b>202</b>	<b>71</b>	<b>83</b>

### Higher paid staff

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

	2018	2017
£60,001 - £70,000	7	3
£70,001 - £80,000	2	1
£100,000 - £110,000	2	-
£110,001 - £120,000	-	1

The above employees participated in the Teachers' Pension Scheme, of which contributions amounted to 2018 - £124,889 (2017 - £71,658).

## 7. Key Management Personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was 2018 - £369,233 (2017 - £250,260).

## 8. Related Party Transactions - Trustees' remuneration and expenses

The Chief Executive Officer and other Trustees do not receive any remuneration in respect of services they provide in undertaking the roles as Trustees. No payments were made to Trustees during the year in connection with their roles as Trustees other than reimbursement of expenses incurred. During the year ended 31 August 2018, travel and subsistence expenses totalling 2018 - £nil (2017 - £209) were reimbursed or paid directly to one trustee.

A number of key management personnel are seconded to work in the Trust from its sponsor Bromley College of Further and Higher Education. The total amount paid to the College in respect of these secondment agreements was 2018 - £191,057 (2017 - £130,151).

## 9. Trustees and officers insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.



## 10. Tangible fixed assets

Cost or valuation	Freehold Land & Buildings			Equipment	Total
	£'000	Assets under construction £'000	£'000		
At 1 September 2017	14,310	-	121	14,431	
Donated land and buildings	15,663	-	-	15,663	
Additions	136	136	7	279	
<b>At 31 August 2018</b>	<b>30,109</b>	<b>136</b>	<b>128</b>	<b>30,374</b>	
<b>Depreciation</b>					
At 1 September 2017	546	-	25	571	
Charged in year	503	-	25	588	
<b>At 31 August 2018</b>	<b>1,109</b>	<b>-</b>	<b>50</b>	<b>1,159</b>	
<b>Net book values</b>					
At 31 August 2018	29,000	136	79	29,215	
<b>At 31 August 2017</b>	<b>13,764</b>	<b>-</b>	<b>96</b>	<b>13,860</b>	

On 1 November 2017, New Horizons Federation, consisting of 3 schools, transferred to the London South East Academies Trust. The land and buildings were brought in at fair value as determined by an independent RICS surveyor.

## 11. Debtors

	2018	2017
	£'000	£'000
Trade debtors	48	3
VAT recoverable	126	56
Prepayments and accrued income	415	76
<b>Total</b>	<b>589</b>	<b>135</b>

## 12. Creditors - amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	129	43
Taxation and social security	292	124
Other creditors	-	-
Accruals and deferred income	1,207	953
<b>Total</b>	<b>1,628</b>	<b>1,120</b>

## 13. Deferred income

	2018	2017
	£'000	£'000
Deferred income at 1 September 2017	235	31
Resources deferred in the year	73	235
Amounts released from previous years	(45)	(31)
<b>Deferred income at 31 August 2018</b>	<b>263</b>	<b>235</b>

At the balance sheet date the Academy Trust was holding funds received in advance for Shaw Futures Academy's pre-opening expenditure of £215,558 (2017 - £192,910) and pupil premium grants for 2018/19 nil (2017 - £35,338).

## 14. Funds

	Balance at 1 September 2017	Income Expenditure	Gains, losses and transfers	Balance at 1 September 2018
	£'000	£'000	£'000	£'000
<b>Restricted general funds</b>				
General Annual Grant (GAG)	-	4,149	(4,141)	(8)
Pupil Premium	-	240	(240)	-
Donated current assets on conversion	-	553	(39)	(62)
Pension reserve	(835)	(1,821)	(393)	(2,533)
Other grants	474	130	(130)	474
<b>Total</b>	<b>(361)</b>	<b>3,251</b>	<b>(4,943)</b>	<b>(1,607)</b>
<b>Other restricted funds</b>				
Local authority grants	-	5,774	(5,774)	-
<b>Restricted fixed asset funds</b>				
Transfer on conversion	13,606	15,663	(427)	28,842
DfE/ESFA Capital grants	33	455	(161)	327
Capital expenditure from GAG	254	-	-	324
<b>Total</b>	<b>13,893</b>	<b>16,119</b>	<b>(588)</b>	<b>29,494</b>
<b>Total restricted funds</b>	<b>13,532</b>	<b>25,144</b>	<b>(11,305)</b>	<b>27,886</b>
<b>Total unrestricted funds</b>	<b>550</b>	<b>1,321</b>	<b>(366)</b>	<b>1,505</b>
<b>Total funds</b>	<b>14,082</b>	<b>26,465</b>	<b>(11,671)</b>	<b>29,392</b>

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

## 10. Tangible fixed assets

Cost or valuation	Freehold Land & Buildings			Equipment	Total
	£'000	Assets under construction £'000	£'000		
At 1 September 2017	14,310	-	121	14,431	
Donated land and buildings	15,663	-	-	15,663	
Additions	136	136	7	279	
<b>At 31 August 2018</b>	<b>30,109</b>	<b>136</b>	<b>128</b>	<b>30,374</b>	
<b>Depreciation</b>					
At 1 September 2017	546	-	25	571	
Charged in year	503	-	25	588	
<b>At 31 August 2018</b>	<b>1,109</b>	<b>-</b>	<b>50</b>	<b>1,159</b>	
<b>Net book values</b>					
At 31 August 2018	29,000	136	79	29,215	
<b>At 31 August 2017</b>	<b>13,764</b>	<b>-</b>	<b>96</b>	<b>13,860</b>	

On 1 November 2017, New Horizons Federation, consisting of 3 schools, transferred to the London South East Academies Trust. The land and buildings were brought in at fair value as determined by an independent RICS surveyor.

## 11. Debtors

	2018	2017
	£'000	£'000
Trade debtors	48	3
VAT recoverable	126	56
Prepayments and accrued income	415	76
<b>Total</b>	<b>589</b>	<b>135</b>

## 12. Creditors - amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	129	43
Taxation and social security	292	124
Other creditors	-	-
Accruals and deferred income	1,207	953
<b>Total</b>	<b>1,628</b>	<b>1,120</b>



### Total funds analysis by academy

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £'000	Total 2017 £'000
Bromley Trust Academy	850	679
Bromley Beacon Academy	583	327
Horizons Academy	633	-
Endeavour Academy	114	-
Aspire Academy	187	-
Central services	65	17
<b>Total before fixed assets and pension reserve</b>	<b>2,431</b>	<b>1,023</b>
Restricted fixed asset fund	29,494	13,893
Pension reserve	(2,533)	(835)
<b>Total</b>	<b>29,392</b>	<b>14,081</b>

### Total cost analysis by academy

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

	Teaching and education support staff costs £000	Other support staff costs £000	Other costs (excluding supplies and depreciation) £000	Total 2018 £'000	Total 2017 £'000
Bromley Trust Academy	2,094	275	371	2,19	2,959
Bromley Beacon Academy	2,011	256	380	318	2,965
SHAW Futures Trust	2	6	-	-	8
Horizons Academy	997	135	64	122	1,318
Endeavour Academy	2,017	191	126	196	2,530
Aspire Academy	601	88	38	50	777
London South East Academies Trust	-	218	206	53	477
<b>Total</b>	<b>7,722</b>	<b>1,169</b>	<b>1,185</b>	<b>958</b>	<b>11,034</b>
				<b>5,706</b>	

### Comparative information

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

	Balance at 1 September 2016 £'000	Income Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>				
General Annual Grant (GAG)	210	1,857	(2,004)	(63)
Pupil Premium	-	123	(123)	-
Pension reserve	(1,089)	-	(73)	(835)
Other grants	190	3,373	(3,090)	473
<b>Total</b>	<b>(689)</b>	<b>5,353</b>	<b>(5,290)</b>	<b>(362)</b>
<b>Restricted fixed asset funds</b>				
Transfer on conversion	11,091	2,750	(235)	13,606
DfE/ESFA Capital grants	12	33	(12)	33
Capital expenditure from GAG	209	-	(30)	75
<b>Total</b>	<b>11,312</b>	<b>2,783</b>	<b>(265)</b>	<b>13,893</b>
<b>Total restricted funds</b>	<b>10,623</b>	<b>8,286</b>	<b>(5,705)</b>	<b>13,531</b>
<b>Total unrestricted funds</b>	<b>294</b>	<b>615</b>	<b>(359)</b>	<b>550</b>
<b>Total funds</b>	<b>10,917</b>	<b>8,751</b>	<b>(5,914)</b>	<b>14,081</b>



## Comparative information

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>				
General Annual Grant (GAG)	210	6,006	(6,145)	(71)
Pupil Premium	-	363	(363)	-
Donated current assets on conversion		553	(39)	452
Pension reserve	(1,089)	(1,821)	(466)	(2,533)
Other grants	190	3,503	(3,220)	473
<b>Total</b>	<b>(689)</b>	<b>8,604</b>	<b>(10,233)</b>	<b>710</b>
				<b>(1,608)</b>

### Other restricted funds

Local authority grants	-	5,774	(5,774)	-
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### Restricted fixed asset funds

Transfer on conversion	11,091	18,413	(662)	-	28,842
DfE/ESFA Capital grants	12	488	(161)	(12)	327
Capital expenditures from GAG	209	-	(30)	145	324
<b>Total</b>	<b>11,312</b>	<b>18,902</b>	<b>(853)</b>	<b>133</b>	<b>29,484</b>

### Total restricted funds

	10,623	33,280	(16,860)	843	27,885
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### Total unrestricted funds

	294	1,936	(725)	-	1,505
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<b>Total funds</b>	<b>10,917</b>	<b>36,216</b>	<b>(17,585)</b>	<b>843</b>	<b>29,391</b>
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## 15. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets	-	-	29,215	29,215
Current assets	1,505	2,553	279	4,337
Current liabilities	-	(1,628)	-	(1,628)
Pension scheme liability	-	(2,533)	-	(2,553)
<b>Total net assets</b>	<b>1,505</b>	<b>(1,608)</b>	<b>29,494</b>	<b>29,391</b>

## 16. Capital commitments

At 31 August 2018 the Trust was committed to capital projects in respect of roof works at Bromley Trust Academy, Hayes campus. Total costs are estimated to be £261,570 of which £129,875 has been incurred to date.

## 17. Commitments under operating leases

### Operating leases

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

Amounts due within one year	2018 £'000	2017 £'000
Amounts due between one and five years	17	13
Amounts due after five years	37	40
<b>Total</b>	<b>54</b>	<b>53</b>

## 18. Reconciliation of net income to net cash flows from operating activities

Net income for the reporting period (as per the statement of financial activities)	2018 £'000	2017 £'000
Depreciation (note 9)	14,794	2,837
Inherited fixed assets	588	265
Capital grants from DfE/ESFA and other capital income	(15,663)	(2,750)
Defined benefit pension scheme cost less contributions payable (note 22)	(455)	(39)
Defined benefit pension scheme interest (note 22)	337	51
Defined benefit pension scheme obligation inherited	56	22
Increase in debtors	1,821	-
Increase in creditors	(454)	(71)
Cash balance inherited Trust (note 25)	508	88
	(553)	107
<b>Net cash provided by operating activities</b>	<b>978</b>	<b>510</b>



## 19. Cash flows from investing activities

	2018 £'000	2017 £'000
Purchase of tangible fixed assets	(279)	(75)
Capital grants from DIE/ESPA	455	39
<b>Net cash used in investing activities</b>	<b>176</b>	<b>(36)</b>

## 20. Analysis of change in net funds

	At 1 September 2017 £'000		At 31 August 2018 £'000	
Cash in hand and at bank	2,041	1,707	3,748	3,748
<b>Total cash and cash equivalents</b>	<b>2,041</b>	<b>1,707</b>	<b>3,748</b>	<b>3,748</b>

## 21. Contingent liabilities

There are no contingent liabilities at the balance sheet date (2017 - £nil).

## 22. 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.

## 23. 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 the London Borough of Bromley. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

## Teachers' Pension Scheme Introduction

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

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

## Valuation of the Teachers' Pension Scheme

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

- » Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)

- » Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of
- » £176,600 million giving a notional past service deficit of £14,900 million
- » An employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- » The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 16.48%. The results of the next TPS valuation as at March 2016 is due soon, and any increase to the employer contribution rate is expected to from 1 September 2019.

The pension costs paid to TPS in the year amounted to £854,322 (2017 - £411,441).

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

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



### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2018 was £570,963 (2017 - £198,065), of which employer's contributions totalled £435,915 (2017 - £159,227) and employees' contributions totalled £135,048 (2017 - £38,837). The current employer contribution rates varies for each Academy and ranges between 15.2% and 23.3%, with the employee contribution rates varying between 5.5 to 12.5 per cent for employees.

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

	At 31 August 2018	At 31 August 2017
<b>Principal actuarial assumptions</b>		
Rate of increase in salaries	3.6%	3.70%
Rate of increase for pensions in payment/inflation	2.2%	2.20%
Discount rate for scheme liabilities	2.8%	2.50%
Inflation assumption (CPI)	2.1%	2.20%
Commutation of pensions to lump sums	50%	50.00%

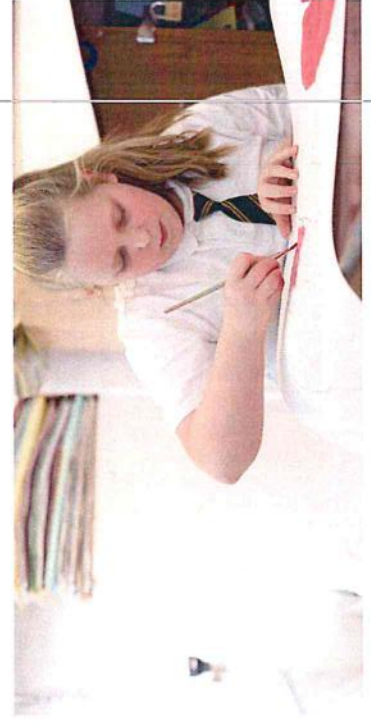
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2018	At 31 August 2017
<b>Principal actuarial assumptions</b>		
<b>Retiring today</b>		
Males	23.4	23.3
Females	26.1	26.0
<b>Retiring in 20 years</b>		
Males	26.1	25.9
Females	28.4	28.3

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2018		Fair value at 31 August 2017	
	£'000	£'000	£'000	£'000
Equities	1,996	1,011		
Other Bonds	631	186		
Property	302			
Cash/Liquidity	2	19		
Other	961	110		
<b>Total market value of assets</b>	<b>3,892</b>	<b>1,326</b>		
Present value of scheme liabilities			(6,425)	(2,161)
Funded			(2,533)	(835)
Surplus/(deficit) in the scheme				

The actual return on scheme assets was £190,000 (2017 - £189,000).





**Amounts recognised in the statement of financial activities:**

	2018	2017
	£'000	£'000
Net service cost	319	47
Admin expenses	18	4
Interest income	(79)	(22)
Interest cost	135	44
Total amount recognised in the SOFA	393	73

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

	2018	2017
	£'000	£'000
<b>At 1 September</b>	<b>2,161</b>	<b>2,061</b>
Current service cost	778	206
Interest cost	135	44
Employee contributions	144	35
Actuarial (gain)/loss	(350)	(167)
Benefits paid	(24)	(18)
Inherited on conversion	3,581	—
<b>At 31 August</b>	<b>6,425</b>	<b>2,161</b>

**Movements in the fair value of Academy Trust's share of scheme assets**

	2018	2017
	£'000	£'000
<b>At 1 September</b>	<b>1,326</b>	<b>972</b>
Interest income	79	22
Administrative expenses	(18)	(4)
Actuarial gain	166	160
Employer contributions	459	159
Employee contributions	144	35
Benefits paid	(24)	(18)
Inherited on conversion	1,760	—
<b>At 31 August</b>	<b>3,892</b>	<b>1,326</b>

The estimated value of employer contributions for the year ended 31 August 2018 is £300,065 (2017 - £139,000).

**24. Related party transactions**

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Bromley College - The sponsor of London South East Academies Trust has provided a number of services which include management, school improvement, finance, IT, marketing and procurement related contract management. All charges are made at cost.

The charges are as follows:

- » Management - £191,057 (2016/17 - £150,273)
- » Finance, HR, IT, Estates, Health & Safety, Marketing and procurement related contract management - £200,000 (2016/17 - £108,000)

Of these charges, £216,834 are included with the creditors values at 31 August 2018 (2017 - £158,273).



## 25. Events after the end of the reporting period

There are no post balance sheet events.

## 26. Transfer of existing academies joining the Trust

On 1 November 2017 New Horizon Federation joined the Trust with the approval of the DfE: all the operations and assets and liabilities were transferred to London South East Academies Trust from Bexley Council for final consideration.

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

	Endeavour Academy	Horizons Academy	Aspire Academy	Total
<b>Fixed assets</b>	5,558	7,440	2,666	<b>15,663</b>
<b>Current assets</b>				
Cash in bank and hand	45	380	128	553
<b>Non-Current liabilities</b>				
Inherited LGPS Pension deficit	(449)	(1,188)	(184)	<b>(1,821)</b>
<b>Total restricted general funds</b>				<b>(1,268)</b>
<b>Net assets</b>				<b>14,395</b>







