

27/11/2019



London South East Academies Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
for the Year Ended 31 August 2019

Company Registration Number: 9028122

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Reference and Administrative Details

List of Members & Directors/Trustees, London South East Academies Trust

Members		
Name	Appointed	Resigned
Stephen Howlett, CBE DL	01/08/2017	
Mark Burnett	01/08/2019	
Angela Hands	01/08/2019	
Caroline Joliff	06/05/2014	
London South East Colleges	06/05/2014	

Trustees			
Name	Appointed	Tenure	Resigned
Mark Burnett	01/08/2018	4 years	
Max Bero	01/02/2018	4 years	
David Lambert	01/04/2017	4 years	
Sam Parrett	n/a	n/a	
Joanna Power	01/08/2017	4 years	
Peter Reeves	24/02/2015	4 years	23/02/2019
John Slater	01/02/2019	4 years	
Janet Saunders	01/04/2019	4 years	

* Relates to a review of governance within the Trust.

Company Secretary	
Name	Appointed
Jennifer Pharo	04/04/2019

Key Management Personnel	
Name	Position
Sam Parrett	Chief Executive Officer
John Hunt	Chief Financial Officer
Neil Miller	Executive Head Teacher
Jo Southby	Executive Head Teacher
Madelaine Caplin	Executive Head Teacher

Reference and Administrative Details(continued)

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 Sutherland LLP One Wood Street London EC2V 7WS 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 of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' and a directors' report under company law.

The academy trust operates 7 academies which are Primary Schools, Special Schools, and Pupil Referral Units across South East London. Its academies have a combined pupil capacity of 1,201 and had a roll of 1,174 in the school census on May 2019.

The Financial Statements have been prepared in accordance with the accounting policies on pages 31 to 35 of the attached Financial Statements and comply with the Trust's 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.

The Trust works closely with its sponsor, London South East Colleges (LSEC), and in April 2018 following a decision by the independent boards of each entity, the London & South East Education Group (LSEEG) was formed with a combined turnover of £64m in 2018/19. LSEEG is the umbrella organisation to coordinate the strategy of the group and to optimise and strengthen both governance and collaboration between group entities. This is achieved through schemes of delegation (subject to their non-delegable primary governance responsibilities and authority; their regulatory obligations; and management of potential conflicts of interest). LSEEG also includes London Skills for Growth (LSFG) a charitable independent training provider. The Group is not a legal entity and organisations as members of the Group are not subsidiary companies which are controlled or owned by LSEEG.

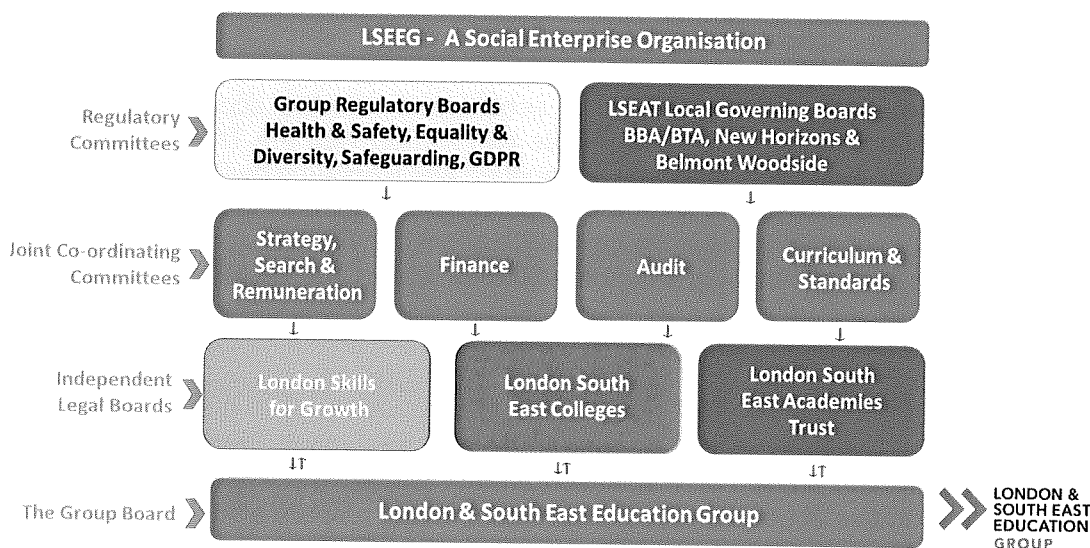
The Group rationale is borne from a shared mission, vision and values and seeks to optimise governance alignment through a Group Strategy and provide efficiencies across the organisations for the benefit of Learners and by extension for the public benefit. The Group ethos is founded upon high quality teaching and learning, the development of curriculum models fitting each school and cohort and a core and bespoke school improvement strategy which focuses on our shared strength.

Governors and Trustees have been appointed to the Group Board, Independent Legal Boards and the Joint Group Co-ordinating Committees, ensuring that a balanced combination of Governors and Trustees are represented on the each of these, as defined by the relevant Articles of Association and the Group Organisation Scheme of Delegation. Details of the group governance arrangements are shown below:

Trustees Report (continued)
Structure, Governance and Management (continued)

Constitution (continued)

Group Board, Independent Legal Boards and Joint Co-ordinating Committees – Governance Structure 2019/20



Details of the Trustees who served on the Trust board during the year are included in the Reference and Administrative Details on page 2. Business is conducted through full Board meetings, a Group Finance Committee and a Group Audit and Risk Committee. The membership of these Committees must include representation from LSEAT but may also include Group Governors or those from other legal entities within the group where this will improve governance through the provision of greater expertise and challenge. 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 may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

As disclosed in note 9 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 either by the Board or the Group Board and can be recruited through recommendation, self-referral, response to an advertisement, or referral from a recruiting partner. The Trust always seeks to ensure that the skills and experience of new Trustees are complementary to those of existing Board members, or respond to identified skills gaps. London South East Academies Trust's 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.

Trustees Report (continued)

Structure, Governance and Management (continued)

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 delegated limits and 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 in line with the Department of Education guidance on "Setting Executive Salaries" published in July 2019. In accordance with its Executive Pay Policy, the Trust is committed to pay and remuneration that is transparent, proportionate and justifiable. 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

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Academy Trust to publish information on facility time arrangements for trade union officials at the Academy Trust. The Academy Trust confirms that there were no employees acting as trade union officials within the meaning of these regulations during the year ended 31 August 2019.

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 Trust shares a number of IT systems with LSEC such as finance, HR, and payroll, and the trust pays a proportion of the actual annual costs of such systems using an appropriate method of apportionment. The sponsor also provides back office services to the Trust for which there is no longer a charge as the staff working wholly or mainly for LSEAT have been transferred under TUPE to be employees of the Trust.

Trustees Report (continued)

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

The main objectives of the Academy during the year ended 31 August 2019 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 Academies within the Trust.

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

The Trust 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 seven open Academies, together with a Free School in pre-opening. The Academies within the Trust cover primary, specialist primary and secondary phases across sites in Bromley and Bexley. The Academies have provision for mainstream primary pupils, together with 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 as follows.

Aspire Academy Bexley	Belmont Academy
Bromley Beacon Academy	Bromley Trust Academy
Endeavour Academy Bexley	Horizons Academy Bexley
ShaW Futures (Free School)	Woodside Academy

Bromley Trust Academy served a pupil population of 199 during 2018/19, with a Planned Annual Number (PAN) of 135. Bromley Beacon Academy increased in number to 117 for 2018/19 compared to a PAN of 120.

Horizons Academy Bexley served a pupil population of 145 during the year with a PAN of 127. Aspire Academy Bexley and Endeavour Academy Bexley served pupil populations of 49 and 67, with a PAN of 48 and 64 respectively. Due to pressure on places, both Aspire and Endeavour were commissioned to increased places during the academic year from 48 to 64 at Aspire from April 2020 and 64 to 80 at Endeavour from September.

Belmont Academy served a pupil population of 453 during the year with a PAN of 472. Woodside Academy served a pupil population of 171 during the year with a PAN of 240.

Trustees Report (continued)

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 (BTA)

The Academy has continued to improve since its Ofsted inspection in September 2017 where it achieved Good in all areas. The considerable strengths highlighted during the inspection have only improved further and any areas highlighted as areas of development have been improved significantly.

Achievement has continued to improve across all key stages including 32% of students gaining 5 qualifications at grade 4 to 9 including English and Maths (11% improvement on last year), compared to National Average for PRUs of 2%.

At Key Stage 4, the vast majority of academic indicators have continued to improve from the previous year demonstrating a four year upward trend. 100% of the cohort achieved at least two 1-9 qualifications with all students gaining a qualification in English and Maths. The whole of the Year 11 cohort are placed in education, employment or apprenticeship for the second year in succession.

At Key Stage 1 and 2, progress data across the Academy in reading, maths and writing all demonstrate continuous 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 are achieving expected progress or better in literacy and achieving expected progress or better in numeracy which is similar to non-Pupil Premium pupils.

Strategic Report (continued)

Key Performance (continued)

Bromley Trust Academy (BTA) (continued)

A Local Authority Medical Pupil Referral Unit (PRU) joined BTA in the 2018/19 academic year due to the strong partnership working between the Trust and the LA. The outcomes for the new provision were the best ever with 100% of their Year 11 cohort gaining 5 qualifications at 4-9 including English and Maths.

The Primary Outreach which is led by BTA and supported financially by the local authority has also been a huge success with all KPIs being met in 2018/19 including 0% permanent exclusions in Bromley, a direct result of the work by the Outreach team.

Pupil attendance for BTA is significantly above the National Average for Pupil Referral Units, at least 10% higher with the number of Persistent Absences (PA) significantly lower when comparing to national PRU data, at least 20% lower.

Full-time equivalent (FTE) exclusion data for BTA is also very positive when comparing to National Average for PRUs with only 12% of the cohort receiving a FTE when comparing to 57.9% nationally.

Bromley Beacon Academy (BBA)

This Academy was subject to a Section 5 Ofsted inspection in January 2019 and was graded as Good overall with Outstanding Leadership and Management and Personal Development.

At Key Stage 4, key indicators once again improved significantly with 24% of the cohort achieving 5 qualifications at grade 4-9 including English and Maths compared to 0% for all previous years. All students gained at least one qualification and the vast majority gaining both English and Maths qualifications at Level 1 with significant improvement at Level 2 as well. Progress data for Year 11 students from baselines is once again positive and the average number of qualifications for each student was 7 which once again is extremely 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. Several students also gained Level 3 qualifications in different subject areas including Music and CMI. Retention rates until the end of KS5 have continued to be positive.

Destination data for both KS4 and KS5 leavers demonstrates 0% NEET for the second year in succession.

At Key Stage 2, the students performed as expected in their SATs with a significant number of the cohort being of extremely low academic ability. End of year assessment data demonstrates the majority of KS2 and KS3 pupils, including 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 overall to previous year with PAs reducing at the Orpington site significantly when comparing with the previous year for both 85% and 90% benchmarks. Attendance at the Orpington site also improved by 3% overall.

Horizons Academy Bexley

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 slightly over 11 per learner over a five year period. Last year alone demonstrated an increase of 28% in terms of number of qualifications gained per pupil compared to the previous year. Over 85% of pupils gained 5 or more GCSE or equivalent qualifications with just under half, 44.4% gaining 8 or more qualifications.

Strategic Report (continued)

Horizons Academy Bexley (continued)

These figures compare very favourably with previous years: 75% of students gained five or more 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 37% in English and 22% in Maths for Year 11 leavers in 2019.

Progress from baseline continues to be strong with 90%+ of all students making at least expected progress by the end of last year with progress for Key Stages 1 and 2 particularly strong at 100%. Vulnerable students make comparable progress in all areas.

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 85.5% at the end of Term 6 in 2018/19. 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.

The academy continues to report zero permanent exclusions. Days lost through fixed term exclusions have decreased over the same period as alternative strategies, including time out supported by Behaviour Mentors and restorative conversations, continue to be used. This year again there have been no fixed term exclusions for primary pupils alongside over 92% of Key Stage 3 students and Key Stage 4 students, all with significant histories of exclusion, receiving no exclusions during their placements.

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 100% at primary and over 90% at secondary. 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 referred by schools and advice and intervention provided resulting in a lowering of the permanent exclusion rate in 2017/18 compared to the previous year. The decrease in permanent exclusions continued into 2018/19 with increased direct preventative work in Schools where 454 pupils accessed a range of interventions. The reduction in NEETS which were historically high at 86% in 2014/15, reduced to zero in two years with this pattern continuing and zero NEETS in 2018/19. 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.

Aspire Academy Bexley

There have been 13 students in 2018/19 who sat Key Stage 2 SATs, 100% of the Year 6 cohort. 15% of students achieved within the expected range in Reading and Spelling and Grammar compared to just under 8% of students in Maths. However, progress data for this group evidences the high levels of achievement over time with 69% exceeding expected progress in reading, 38% in writing and 92% in maths and 85% meeting or exceeding in reading, 76% meeting or exceeding in writing and 100% meeting or exceeding in maths.

Attendance for the school remains high at 94.2% 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. 100% of Key Stage 1 pupils passed their Phonics Check this year.

Strategic Report (continued)

Aspire Academy Bexley (continued)

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. Confidence in the provision has resulted in the Local Authority increasing commissioned places from 40 in 2016/17 to 48 in 2017/18 and predicted 64 from April 2020.

The school had an unannounced safeguarding inspection in July 2019 with extremely positive feedback. Safeguarding was judged "effective" and inspectors commented: "Leaders and other staff demonstrate a deep understanding of the school's context and the additional vulnerabilities of pupils with special educational needs and/or disabilities (SEND)".

Endeavour Academy Bexley

At Key Stage 4, data over time shows an increase from zero to 69% of pupils gaining at least 8 GCSE 1-9 / Level 1+ qualifications over the last four years. Outcomes in English and maths at Level 1 / GCSE 1-9 have also improved to 95% in English and 79% in maths. Overall outcomes have improved in English and maths with 63% of pupils gaining Grades 3-9 in English and 58% the same in maths.

Attendance has been challenging this year due to a small number of pupils moving out of area for period of time and remaining on roll but unable to attend. 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 85% which compares favourably with schools catering for similar cohorts.

Pupil progress has also increased over the last twelve months with 83% of KS3 students and 100% of KS4 students making expected or above progress in English and 91% / 82% in maths. Progress in Science has significantly improved this year with 95% of KS4 and 87% of KS3 pupils making expected or above progress in the subject.

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.

The quality of provision continues to improve with all lessons in monitoring schedule three at least Good and almost 30% Outstanding.

Woodside Academy

Woodside Academy was last inspected in November 2018 and was judged Good in all areas. Two other reviews were carried out on the effectiveness of Pupil Premium and the robustness of safeguarding. In both cases the outcomes were positive.

All Post 16 learners acquired certification at entry level and above. All leavers except for one have gone onto further education. Year 11 students have all left school to attend college or gone into the school's Post-16 provision. They have all achieved at least one entry-level qualification or higher in a vocational area and similar outcomes in English and maths. At Key Stage 3 and in the primary part of the school pupil outcomes and progress is measured using PIVATs (Performance Indicators for Value Added Target Setting). Reading, space, shape and number and personal, social and emotional development are key indicators. Progress measures are in line with targets set for individuals and cohorts of pupils.

Strategic Report (continued)

Woodside Academy (continued)

Attendance and safeguarding are key priorities and attendance data shows that Woodside attendance is above the average for special schools nationally (Woodside 94%, special schools 89.8%). Safeguarding systems are robust (external review carried out in 2018) and Behavior Watch is used to log all behaviour and safeguarding matters. There has been a downward trend in fixed term exclusions (32 in 2017/2018 and 15 in 2018/2019). There have been no permanent exclusions. The school's self-evaluation evidences that the academy is providing a good service to its students and outcomes are continuing to improve.

Belmont Academy

Belmont Academy was last inspected in March 2018 and was judged Good overall with Outstanding for Behaviour, Welfare and Personal Development. Two other reviews were carried out on the effectiveness of Pupil Premium and the robustness of safeguarding. In both cases the outcomes were positive. The Academy was subject to a range of due diligence measures during conversion.

KS2 pupils achieved better outcomes in comparison to the national in all areas including combined scores. National percentages for pupils achieving age related expectations in brackets:

Reading	80% (73%)
Writing	85% (78%)
Maths	83% (79%)
Spelling, Punctuation and Grammar	82% (78%)
RWM combined	72% (65%)

For KS1, no data is currently available for national figures so bracketed information equates to 2018 national rates. At KS1 pupils achieved above national rates for all outcomes:

Reading	82% (75%)
Writing	77% (70%)
Maths	83% (76%)
RWM combined	75% (national figure not known)

Phonics screening check

93% of Year 1 pupils passed the phonics screening check (national figure for 2018 82%).

EYFS (Early Years Foundation Stage)

No data currently available for national figures so bracketed information equates to 2018 nationally). At EYFS pupils achieved above national for all outcomes:

GLD	81.7% (71.5%)
Reading	90% (77%)
Writing	85% (73.7%)
Maths	85% (79.6%)

Attendance and safeguarding are key priorities and attendance data for the school is within the average range for schools nationally (95.75%) but is adversely affected by the number of holidays taken by families during term time. The updated attendance policy includes the ability to fine families for this breach in school policy. The school works effectively with the Education Welfare Service and Fast Track systems are in place to deal with those families for whom attendance is an issue. Safeguarding systems are robust (external review carried out in 2018). Exclusions are low. There have been 2 fixed term exclusions and no permanent exclusions.

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

Strategic Report (continued)

Belmont Academy (continued)

All academies within the Trust are therefore demonstrating that they are providing a good educational experience for their learners where they are able to achieve, and therefore demonstrating value for money.

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 2019, 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 £27.0m. This includes £12.0m in respect of the value of land and buildings transferred to the Trust during the year with the Belmont Woodside 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	8,202
Add: net expenditure attributable to the fixed assets fund	325
Less: other non-recurring income for the year – BWF acquisition	(10,431)
Add: LGPS actuarial loss	1,875
Add: LGPS service cost adjustment	734
Add: LGPS interest cost adjustment	78
Add: LGPS admin costs	26
Operating surplus (excluding inherited land and buildings)	<u>809</u>

At 31 August 2019, the Trust had total funds of £37.6m. This comprised £35.4m restricted funds and £2.6m unrestricted general fund balances. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £6.9m at 31 August 2019 (2018: £2.5m). The results for the period are shown on page 28.

At 31 August 2019, the net book value of fixed assets was £41.0m 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.

Trustees Report (continued)

Financial review (continued)

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 2 April 2019.

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:-

- i.) Manage cash flow and liquidity so that variable cash demands to 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 9% of total income for each Academy;
- ii.) 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;
- iii.) 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 2% of total income;
- iv.) 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.

Where academies do not meet the reserves policy requirements, the use of reserves will generally not be permitted.

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.

Trustees Report (continued)

Principal Risks and Uncertainties (continued)

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.

Financial Risk

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.

However, the Belmont Woodside Federation of Schools which joined the Trust in April 2019 has some significant financial challenges to address as it has historically been underfunded as the Local Authority has not paid for all of the support required by statemented pupils. This has resulted in both an ongoing and historic reserve deficit being inherited upon conversion, and the Trust is taking advice on the best way to recover this funding from the Local Authority.

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 five additional Schools joining the Trust since 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 within 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 2019/20.

The Trust employs staff on a numerous different terms and conditions following the transfer of staff under TUPE as Schools have joined the trust. The Trust is committed to ensuring staff are remunerated fairly and that pay is both proportionate and justifiable for all staff in accordance with its approved Pay and Executive Pay policies. In this regard, the trust will be working to move staff onto standardised LSEAT terms and conditions where possible to do so.

Funds Held as Custodian Trustee on Behalf of Others

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

Trustees Report (continued)

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 2019 and signed on the Board's behalf by:



Chair of Trustees

Date: 11 December 2019

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.

The Trust works closely with London South East Colleges (LSEC), and London Skills for Growth (LSfG) who together form the London & South East Education Group (LSEEG). LSEEG is the umbrella organisation to coordinate the strategy of the group and to optimise and strengthen both governance and collaboration between group entities. This is achieved through schemes of delegation (subject to their non-delegable primary governance responsibilities and authority; their regulatory obligations; and management of potential conflicts of interest). The Group is not a legal entity and organisations as members of the Group are not subsidiary companies which are controlled or owned by LSEEG.

Trustees and Governors have been appointed to the Group Board, Independent Legal Boards and the Joint LSEEG Group Committees, ensuring that a balanced combination of Governors and Trustees are represented on the each of these, as defined by the relevant Articles of Association. Clear and robust Terms of Reference have been approved for each Board and Committee alongside Schemes of Delegation. These all provide assurance together with strong governance accountability across the Group and the Legal Boards.

Formal agendas, papers and reports are supplied to Trustees and each Group Committee in a timely manner, prior to meetings. Briefings are provided on an ad-hoc basis.

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.

Governance Statement (continued)

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. The work of the Trustees is supported by the joint Group Committees through a scheme of delegation which is consistent with the Articles of Association and the Academies Financial Handbook.

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.

Group Finance Committee

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

Group Audit and Risk Committee

The Group Audit and Risk Committee meets on a termly basis and provides a forum for reporting by the internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of management.

The internal auditors review the systems of internal control, risk management and governance processes in accordance with an agreed plan of input and report their findings to management and the Group Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertakes periodic follow up reviews to ensure such recommendations have been implemented. The Committee also advises the Board on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work and approves the fees to be paid.

The Group Audit Committee is required to report to the Board on the result of its work during the year and that of the internal and external auditors through its annual Audit Committee Report. This report is considered by the Board prior to the financial statements being approved

Meetings

The Board of Trustees met four times during 2018/19 and attendance during the year was as follows:

Governance Statement (continued)

Board of Trustees (continued)

Trustee meetings attended out of a possible:

Name	Meetings	Attended
Mark Burnett	4	4
Peter Reeves	2	2
Maxwell Bero	4	2
Corinne Botten	4	3
Sam Parrett	4	4
Joanna Power	4	2
David Lambert	4	2
John Slater	2	1
Janet Saunders	2	2

The Group Finance Committee of the Trust met four times during 2018/19. Attendance during the meetings of the Committee for representatives of the Trust was as follows:

Name	Meetings	Attended
Joanna Power	4	3
Sam Parrett	4	4

The Group Audit and Risk Committee of the Trust met three times during 2018/19. Attendance during the meetings of the Committee for representatives of the Trust was as follows:

Name	Meetings	Attended
Peter Reeves	1	0
Maxwell Bero	3	2

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.
- Increasing the size of the Trust in order to benefit from greater economies of Scale

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

Governance Statement (continued)

The Purpose of the System of Internal Control (continued)

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 2019, 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 2018 to 31 August 2019, 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
- Payroll
- Action tracking.
- Governance
- Procurement;
- Safeguarding

The auditor reports to the Board of Trustees through the Group 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; and
- the work of senior managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Governance Statement (continued)

Review of Effectiveness (continued)


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 2019 and signed on the Board's behalf by:



Chair of Trustees

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 2018.

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 2018.

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.



Accounting Officer

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 2018 to 2019
- 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 2019 and signed on its behalf by:



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 2019 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 2018 to 2019.

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 2019 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; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

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.

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

Other information (covers the reference and administrative details, the report of the Trustees and strategic report and the governance statement)

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, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Trustees' report, which is also the directors' report for the purposes of company law and includes 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; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of Trustees (continued)

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.

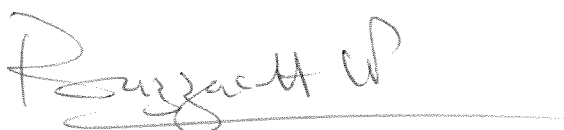
Auditor's responsibilities for the audit of the Financial Statements

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. 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 2019

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 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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:

**Independent Reporting Accountant's Assurance Report on Regularity to London South East Educational Trust and the Education and Skills Funding Agency
(continued)**

- 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; and
- 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP, Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2019

**Statement of Financial Activities for the year ended 31 August 2019
(including Income and Expenditure Account)**

	Notes	Un- restricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and capital grants	2	3	—	270	273	456
Transferred from local authority on conversion	26	—	(1,615)	12,046	10,431	14,395
Charitable activities						—
Funding for the academy trust's educational operations	3	1,727	14,580	—	16,307	11,613
Total		1,730	12,965	12,316	27,011	26,465
Expenditure on:						
Charitable activities		678	—	—	678	366
Academy Trust educational operations	4		15,439	816	16,255	11,305
Total		678	15,439	816	16,933	11,671
Net income/(expenditure)		1,052	(2,474)	11,500	10,078	14,794
Transfers between funds	14	—	(221)	221	—	—
Other recognised gains and losses	23	—	(1,875)	—	(1,875)	516
Net movement in funds		1,052	(4,570)	11,721	8,203	15,310
Reconciliation of funds						
Total funds brought forward		1,505	(1,608)	29,494	29,391	14,081
Total funds carried forward		2,557	(6,178)	41,215	37,595	29,391

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

Balance Sheet as at 31 August 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	10		41,011		29,215
Current assets					
Debtors	11	690		589	
Cash at bank and in hand		4,968		3,748	
		<u>5,658</u>		<u>4,337</u>	
Liabilities					
Creditors: amounts falling due within one year	12	(2,214)		(1,628)	
Net current assets			<u>3,445</u>		<u>2,709</u>
Total assets less current liabilities					
Pension scheme liability	22		(6,861)		(2,533)
Total net assets			<u>37,595</u>		<u>29,391</u>
Funds of the Academy Trust:					
Restricted funds					
. Fixed asset fund	14	41,215		29,484	
. General fund	14	684		926	
. Pension reserve	23	(6,861)		(2,533)	
Total restricted funds			<u>35,038</u>		<u>27,886</u>
Unrestricted income funds	14		<u>2,556</u>		<u>1,504</u>
Total funds			<u>37,595</u>		<u>29,391</u>

The Financial Statements on pages 31 to 54 were approved by the Trustees and authorised for issue on 11 December 2019 and are signed on their behalf by:



Chair of Trustees

Statement of Cash Flows for the year ended 31 August 2019

		2019	2018
		£000	£000
		<u> </u>	<u> </u>
Cash flow from operating activities			
Net cash provided by (used in) operating activities	17	1,516	978
Cash inherited on conversion		—	553
Cash flows from investing activities	18	<u>(297)</u>	<u>176</u>
Change in cash and cash equivalents in the reporting period		<u>1,219</u>	<u>1,707</u>
Cash and cash equivalents at 1 September 2018		<u>3,747</u>	<u>2,041</u>
Cash and cash equivalents at 31 August 2019		<u>4,968</u>	<u>3,748</u>

Notes to the Financial Statements for the year ended 31 August 2019

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.

1.1 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 2018 to 2019 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.

1.2 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.

1.3 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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1. Statement of accounting policies (continued)

1.3 Income (continued)

- **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.

1.4 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.

1.5 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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Statement of accounting policies (continued)

1.5 Tangible Fixed Assets (continued)

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.

1.5 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.

1.6 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.

1.7 Leased Assets

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

1.8 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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Statement of accounting policies (continued)

1.9 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.

1.10 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 23, the TPS is a multi-employer 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 multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

1.11 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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Statement of accounting policies (continued)

1.12 Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £'000	Total 2019 £000	Total 2018 £000
Capital grants	–	–	270	270	455
Donated fixed assets	–	(1,615)	12,046	10,431	14,395
Other donations	3	–	–	3	1
	<u>3</u>	<u>(1,615)</u>	<u>12,316</u>	<u>10,704</u>	<u>14,852</u>

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE/ESFA grants				
General annual grant (GAG)	–	6,560	6,560	4,149
Other DfE/ESFA grants	–	716	716	370
	–	<u>7,276</u>	<u>7,276</u>	<u>4,519</u>
Other Government grants				
Local authority grants	–	7,304	7,304	5,774
		<u>7,304</u>	<u>7,304</u>	<u>5,774</u>
Other income from the academy trust's educational operations	1,727	–	1,727	1,320
	<u>1,727</u>	<u>14,580</u>	<u>16,307</u>	<u>11,613</u>

4. Expenditure

Non-Pay Expenditure

	Staff Costs £000	Premises £000	Other £000	Total 2019 £000	Total 2018 £000
Academy's educational operations					
- Direct costs	11,293	–	3,155	14,449	9,494
- Allocated support costs	1,290	865	329	2,484	2,177
	<u>12,583</u>	<u>865</u>	<u>3,484</u>	<u>16,933</u>	<u>11,671</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Expenditure (continued)

Net income/(expenditure) for the year includes:	2019 £000	2018 £000
Operating lease rentals	19	18
Depreciation	816	588
Fees payable to auditor for:		
- audit	20	18
- other services	9	10

Included with expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Compensation payments	33,805	6,000	Compensation for loss of office
		7,150	Compensation for loss of office
		10,000	Compensation for loss of office
		10,655	Compensation for loss of office

5. Charitable activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	14,449	9,494
Support costs – educational operations	2,484	2,177
Total direct and support costs	16,933	11,671

Analysis of support costs

Support staff costs	1,290	1,165
Depreciation	–	34
Technology costs	127	90
Premises	865	647
Other support costs	151	190
Governance costs	51	51
Total support costs	2,484	2,177

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

6. Staff

a. Staff costs

Staff costs during the year were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	8,804	6,388
Social security costs (add apprenticeship levy into comparative)	931	637
Operating costs of defined benefit pension schemes	1,438	946
	11,173	7,971
Supply staff costs	1,263	895
Staff restructuring costs	148	21
	12,584	8,887
Staff restructuring costs comprise:		
Redundancy payments	34	–
Severance payments	114	21
	148	21

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £33,805 (2018: £nil). Individually, the payments were: £6,000, £7,150, £10,000 and £10,655.

b. Staff numbers

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

Charitable activities	2019 No.		2018 No.	
	Average full-time equivalent	Average headcount	Average full-time equivalent	Average headcount
Teachers	111	116	77	79
Administration and support	145	187	98	121
Management	3	3	2	2
	259	306	177	202

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Staff (continued)

c. Higher paid staff

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

	2019 No.	2018 No
£60,001 - £70,000	6	7
£70,001 - £80,000	2	2
£80,001 - £90,000	2	–
£100,001 - £110,000	–	2
£110,001 - £120,000	2	–

The above employees participated in the Teachers' Pension Scheme, of which contributions amounted to 2019 – £141,598 (2018 – £124,889).

7. Key Management Personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was 2019 – £504,105 (2018 – £369,233).

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 2019, travel and subsistence expenses totalling 2019 – £nil (2018 – £nil) were reimbursed.

A number of key management personnel were seconded to work in the Trust from its sponsor Bromley College of Further and Higher Education until 31 March 2019. The total amount paid to the College in respect of these secondment agreements was 2019 – £134,501 (2018 – £191,057).

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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

10. Tangible fixed assets

	Leasehold Land and Buildings £000	Assets under construction £'000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
<u>Cost</u>					
At 1 September 2018	30,110	136	129	–	30,374
Donated land and buildings	12,046	–	–	–	12,046
Additions	390	17	146	14	567
At 31 August 2019	42,546	153	275	14	42,987
<u>Depreciation</u>					
At 1 September 2018	1,110	–	50	0	1,160
Charged in year	768	–	48	0	816
At 31 August 2019	1,878	–	97	0	1,976
<u>Net book values</u>					
At 31 August 2019	40,667	153	177	14	41,011
At 31 August 2018	29,000	136	79	0	29,215

On 1 April 2019, the Belmont Woodside Federation, consisting of two 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

	2019 £000	2018 £000
Trade debtors	198	48
VAT recoverable	122	126
Prepayments and accrued income	370	415
	690	589

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

12. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	246	129
Taxation and social security	521	292
Other creditors	134	–
Accruals and deferred income	1,313	1,207
	2,214	1,628

13. Deferred income

	2019	2018
	£000	£000
Deferred income at 1 September 2018	263	235
Resources deferred in the year	286	73
Amounts released from previous years	(21)	(45)
Deferred income at 31 August 2019	529	263

At the balance sheet date the Academy Trust was holding funds received in advance for Shaw Futures Academy's pre-opening expenditure of £238,905 (2018 – £215,558)

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

14. Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	–	6,560	(6,531)	(29)	–
Pupil Premium	–	296	(296)	–	–
Donated current assets on conversion	452	–	(42)	(111)	299
Pension reserve	(2,533)	(1,615)	(838)	(1,875)	(6,861)
Other grants	475	420	(428)	(82)	385
	<u>(1,607)</u>	<u>5,661</u>	<u>(8,135)</u>	<u>(2,096)</u>	<u>(6,177)</u>
Other restricted funds					
Local authority grants	–	7,304	(7,304)	–	–
Restricted fixed asset funds					
Transfer on conversion	28,842	12,046	(614)	–	40,274
DfE/ESFA Capital grants	327	270	(202)	–	396
Capital expenditure from GAG	324	–	–	221	545
	<u>29,494</u>	<u>12,316</u>	<u>(816)</u>	<u>221</u>	<u>41,215</u>
Total unrestricted funds	<u>1,505</u>	<u>1,730</u>	<u>(678)</u>	<u>–</u>	<u>2,556</u>
Total funds	<u>29,393</u>	<u>27,011</u>	<u>(16,933)</u>	<u>(1,875)</u>	<u>37,595</u>

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 2019.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

14. Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
Bromley Trust Academy	961	850
Bromley Beacon Academy	823	583
Horizons Academy Bexley	907	633
Endeavour Academy Bexley	228	114
Aspire Academy Bexley	206	187
Belmont Academy	(22)	–
Woodside Academy	66	–
Central services	70	65
Total before fixed assets and pension reserve	<u>3,241</u>	<u>2,431</u>
Restricted fixed asset fund	41,215	29,494
Pension reserve	(6,861)	(2,533)
Total	<u>37,595</u>	<u>29,392</u>

The reconciliation of the level of historic reserves upon conversion of the Schools in the Belmont Woodside Federation is still to be agreed with the local authority.

Belmont Academy has generated an operating deficit during the year, which is reflected above. The Trust is working to reduce costs and is in negotiation with the Local Authority to increase funding.

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Notes to the Financial Statements for the year ended 31 August 2019 (continued)

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	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2019 £000	Total 2018 £000
Bromley Trust Academy	2,004	627	479	227	3,337	2,959
Bromley Beacon Academy	2,030	679	411	211	3,331	2,965
SHaW Futures Trust Endeavour Academy	—	7	—	—	7	8
Bexley	1,244	208	212	179	1,843	1,318
Horizons Academy Bexley	2,057	274	492	310	3,133	2,530
Aspire Academy Bexley	748	147	134	126	1,155	777
Belmont Academy	697	114	165	57	1,033	—
Woodside Academy	1,149	170	201	75	1,596	—
London South East Academies Trust	—	427	196	58	681	477
	9,929	2,654	2,290	1,243	16,117	11,034

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

14. Funds (continued)

Comparative information

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	—	4,149	(4,141)	(8)	—
Start Up Grant	—	5,774	(5,774)	—	—
Pupil Premium	—	240	(240)	—	—
Donated current assets on conversion	—	553	(39)	(62)	452
Pension reserve	(835)	(1,821)	(393)	516	(2,533)
Other grants	474	130	(130)	—	474
	<u>(361)</u>	<u>9,025</u>	<u>(10,717)</u>	<u>446</u>	<u>(1,607)</u>
Other restricted funds					
Local authority grants	—	5,774	(5,774)	—	—
Restricted fixed asset funds					
Transfer on conversion	13,606	15,663	(427)	—	28,842
DfE/ESFA Capital grants	33	455	(161)	—	327
Capital expenditure from GAG	254	—	—	70	324
	<u>13,893</u>	<u>16,119</u>	<u>(588)</u>	<u>70</u>	<u>29,494</u>
Total restricted funds	<u>13,532</u>	<u>25,144</u>	<u>(11,305)</u>	<u>516</u>	<u>27,886</u>
Total unrestricted funds	<u>550</u>	<u>1,321</u>	<u>(366)</u>	<u>—</u>	<u>1,505</u>
Total funds	<u>14,082</u>	<u>26,465</u>	<u>(11,671)</u>	<u>516</u>	<u>29,392</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	—	—	41,011	41,011
Current assets	2,556	2,898	204	5,658
Current liabilities	—	(2,214)	—	(2,214)
Pension scheme liability	—	(6,861)	—	(6,861)
Total net assets	2,556	(6,177)	41,215	37,595

16. Capital commitments

At 31 August 2018 the Trust is not committed to any capital projects (2018 - £261,570).

17. Commitments under operating leases

Operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	21	17
Amounts due between one and five years	84	37
Amounts due after five years	—	—
	105	54

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

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

	2019	2018
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	10,077	14,794
Depreciation (note 9)	816	588
Inherited fixed assets	(12,046)	(15,663)
Capital grants from DfE/ESFA and other capital income	(270)	(455)
Defined benefit pension scheme cost less contributions payable (note 22)	760	337
Defined benefit pension scheme interest (note 22)	78	56
Defined benefit pension scheme obligation inherited	1,615	1,821
Increase in debtors	(100)	(454)
Increase in creditors	586	508
Cash balance inherited Trust (note 25)	—	(553)
Net cash provided by operating activities	1,516	978

19. Cash flows from investing activities

	2019	2018
	£000	£000
Purchase of tangible fixed assets	(567)	(279)
Capital grants from DfE/ESFA	270	455
Net cash used in investing activities	(297)	176

20. Analysis of change in net funds

	At 1 September 2018 £000	Cash flows £000	At 31 August 2019 £000
Cash in hand and at bank	3,747	1,219	4,968
Total cash and cash equivalents	3,747	1,219	4,968

21. Contingent liabilities

There are no contingent liabilities at the balance sheet date (2018 – £nil).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

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 and Bexley. 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 2016 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

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. 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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy Trust has set out above the information available on the plan and the implications for the Academy Trust in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teachers pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £1,150,437 (2018 – £854,322).

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £895,191 (2018 – £570,963), of which employer's contributions totalled £689,205 (2018 – £435,915) and employees' contributions totalled £205,987 (2018 – £135,048). 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% for employees.

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

Principal actuarial assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment/inflation	2.2%	2.2%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.1%
Commutation of pensions to lump sums	50%	50%

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

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 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.5	23.4
Females	26.2	26.1
<i>Retiring in 20 years</i>		
Males	26.2	26.1
Females	28.5	28.4

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 2019 £000	Fair value at 31 August 2018 £000
Equities	3,409	1,996
Other Bonds	1,258	631
Property	538	302
Cash/Liquidity	121	2
Other	1,273	961
Total market value of assets	6,599	3,892
Present value of scheme liabilities		
Funded	(13,460)	(6,425)
Surplus/(deficit) in the scheme	(6,861)	(2,533)

The actual return on scheme assets was £481,000 (2018 – £245,000).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

Amounts recognised in the statement of financial activities:

	2019 £000	2018 £000
Net service cost	350	319
Past service cost	384	-
Admin expenses	26	18
Interest income	(134)	(79)
Interest cost	212	135
Total amount recognised in the SOFA	<u>838</u>	<u>393</u>

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

	2019 £000	2018 £000
At 1 September	6,425	2,161
Current service cost	1,034	778
Interest cost	212	135
Employee contributions	208	144
Past Service cost (gain)	384	-
Actuarial (gain)/loss	2,218	(350)
Benefits paid	(123)	(24)
Inherited on conversion	3,102	3,581
At 31 August	<u>13,460</u>	<u>6,425</u>

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

	2019 £000	2018 £000
At 1 September	3,892	1,326
Interest income	134	79
Administrative expenses	(26)	(18)
Actuarial gain	343	166
Employer contributions	684	459
Employee contributions	208	144
Benefits paid	(123)	(24)
Inherited on conversion	1,487	1,760
At 31 August	<u>6,599</u>	<u>3,892</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Pension and similar obligations (continued)

Analysis of pension finance costs (continued)

The estimated value of employer contributions for the year ended 31 August 2019 is £408,310 (2018 – £300,065).

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 up to 31 March 2019. All charges are made at cost.

The charges are as follows:

Management – £134,501 (2017/18 – £191,057)

Finance, HR, IT, Estates, Health & Safety, Marketing and procurement related contract management – £205,147 (2017/18 – £200,000)

Of these charges, £76,813 are included with the creditors values at 31 August 2019 (2018 – £216,834).

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures

With effect from 1 April 2019, staff employed by Bromley College to work wholly or mainly for the Academy Trust, we transferred under TUPE to be employees of the Trust. This includes staff in Finance, HR, Payroll, Administrative and Management roles. The College as the sponsor still provides a number of services to the Trust including Marketing, PR, H&S, and Estates, but no charge is made for such services.

25. Events after the end of the reporting period

There are no post balance sheet events.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

26. Transfer of existing academies joining the Trust

On 1 April 2019 Belmont and Woodside 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 £nil 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.

	£'000 Belmont Academy	£'000 Woodside Academy	Total
Fixed assets	4,674	7,372	12,046
Non-Current liabilities			
Inherited LGPS Pension deficit	(630)	(985)	(1,615)
Total restricted general funds			
Net assets	<u>4,044</u>	<u>6,387</u>	<u>10,431</u>

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Notes to the Financial Statements for the year ended 31 August 2019 (continued)

27. Comparative statement of financial activities for the year ended 31 August 2018

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