

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)**

**7. Staff (continued)**

The above employees participated in the Teachers' Pension Scheme, of which contributions amounted to £463,718 (2022: £347,424).

**8. 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 £474,131 (2022: £483,112).

**9. 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, but the Chief Executive Officer is remunerated for her role as CEO. 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 2023, travel and subsistence expenses totalling £426 (2022: £nil) were reimbursed. The remuneration for Dr S Parrett CBE in her role as CEO are as follows:-

Remuneration: £90,001 - £100,000 (2021/22: £100,000 - £110,000)

Employers Pension contributions: £20,000 - £25,000 (2021/22: £20,000 - £25,000)

**10. 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 2023 (continued)**

**11. Tangible fixed assets**

|                           | Leasehold<br>Land and<br>Buildings<br>£000 | Assets under<br>construction<br>£'000 | Furniture<br>and<br>Equipment<br>£000 | Motor<br>Vehicles<br>£000 | Total<br>£000        |
|---------------------------|--|---------------------------------------|---------------------------------------|---------------------------|----------------------|
| <u>Cost</u>               |  |                                       |                                       |                           |                      |
| At 1 September 2022       | 54,803                                     | 1,670                                 | 1,525                                 | 64                        | <b>58,062</b>        |
| Transferred on conversion | 17,525                                     | -                                     | -                                     | -                         | <b>17,525</b>        |
| Additions                 | -  | 4,907                                 | -                                     | -                         | <b>4,907</b>         |
| Transfers from AUC        | 903  | (1,281)                               | 285                                   | 93                        | -                    |
| At 31 August 2023         | <u>73,231</u>                              | <u>5,296</u>                          | <u>1,810</u>                          | <u>157</u>                | <b><u>80,494</u></b> |
| <u>Depreciation</u>       |  |                                       |                                       |                           |                      |
| At 1 September 2022       | 5,621                                      | -                                     | 640                                   | 26                        | <b>6,287</b>         |
| Charged in year           | 1,650                                      | -                                     | 228                                   | 21                        | <b>1,899</b>         |
| At 31 August 2023         | <u>7,271</u>                               | <u>-</u>                              | <u>868</u>                            | <u>47</u>                 | <b><u>8,186</u></b>  |
| <u>Net book values</u>    |  |                                       |                                       |                           |                      |
| At 31 August 2023         | <u><b>65,960</b></u>                       | <u><b>5,296</b></u>                   | <u><b>942</b></u>                     | <u><b>110</b></u>         | <u><b>72,308</b></u> |
| At 31 August 2022         | <u>49,182</u>                              | <u>1,670</u>                          | <u>885</u>                            | <u>38</u>                 | <u>51,775</u>        |

**12. Debtors**

|                                | 2023<br>£000        | 2022<br>£000 |
|--------------------------------|---------------------|--------------|
| Trade debtors                  | <b>457</b>          | 194          |
| Capital debtors                | <b>573</b>          | 443          |
| VAT recoverable                | <b>46</b>           | 474          |
| Prepayments and accrued income | <b>549</b>          | 336          |
|                                | <u><b>1,625</b></u> | <u>1,446</u> |

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)**

**13. Creditors: amounts falling due within one year**

|                              | <b>2023</b>  | 2022  |
|------------------------------|--------------|-------|
|                              | <b>£000</b>  | £000  |
| Trade creditors              | <b>572</b>   | 315   |
| Taxation and social security | <b>944</b>   | 540   |
| Accruals and deferred income | <b>2,317</b> | 2,601 |
|                              | <b>3,833</b> | 3,456 |

**14. Deferred income**

|                                      | <b>2023</b>  | 2022  |
|--------------------------------------|--------------|-------|
|                                      | <b>£000</b>  | £000  |
| Deferred income at 1 September 2022  | <b>342</b>   | 598   |
| Amounts released from previous years | <b>(252)</b> | (484) |
| Resources deferred in the year       | <b>189</b>   | 228   |
| Deferred income at 31 August 2023    | <b>279</b>   | 342   |

At the balance sheet date, the Trust holds funding of £189,129 received in advance of 2023/24 and ring-fenced funds of £90,284.

Notes to the Financial Statements for the year ended 31 August 2023 (continued)

15. Funds

|                                       | Balance<br>at 1 Sept<br>2022<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains,<br>losses and<br>transfers<br>£000 | Balance<br>at 31 Aug<br>2023<br>£000 |
|---------------------------------------|--------------------------------------|----------------|---------------------|---|--------------------------------------|
| <b>Restricted general funds</b>       |                                      |                |                     |   |                                      |
| General Annual Grant (GAG)            | -                                    | 10,517         | (10,464)            | (53)                                      | -                                    |
| Pupil Premium                         | -                                    | 498            | (498)               | -   | -                                    |
| UIFSM                                 | -                                    | 55             | (55)                | -   | -                                    |
| Recovery Premium                      | -                                    | 265            | (265)               | -   | -                                    |
| School led tutoring grant             | -                                    | 113            | (113)               | -   | -                                    |
| Other DfE/ESFA COVID-19 funding       | -                                    | -              | -                   | -   | -                                    |
| Donated current assets on acquisition | 20                                   | -              | -                   | -   | 20                                   |
| Pension reserve                       | (1,240)                              | (304)          | (73)                | 1,449                                     | (168)                                |
| Other grants                          | -                                    | 1,673          | (1,673)             | -   | -                                    |
|                                       | <b>(1,220)</b>                       | <b>12,817</b>  | <b>(13,141)</b>     | <b>1,396</b>                              | <b>(148)</b>                         |
| <b>Other restricted funds</b>         |                                      |                |                     |   |                                      |
| Local authority grants                | -                                    | 13,152         | (13,152)            | -   | -                                    |
| Arts Council Funding                  | -                                    | 382            | (382)               | -   | -                                    |
|                                       | <b>-</b>                             | <b>13,534</b>  | <b>(13,534)</b>     | <b>-</b>                                  | <b>-</b>                             |
| <b>Restricted fixed asset funds</b>   |                                      |                |                     |   |                                      |
| Transferred from local authority      | 47,600                               | 17,525         | (1,535)             | -   | 63,590                               |
| DfE/ESFA Capital grants               | 2,079                                | 4,644          | (178)               | -   | 6,545                                |
| Capital expenditure from GAG          | 2,193                                | -              | (186)               | 881                                       | 2,888                                |
|                                       | <b>51,872</b>                        | <b>22,169</b>  | <b>(1,899)</b>      | <b>881</b>                                | <b>73,023</b>                        |
| <b>Total unrestricted funds</b>       | <b>5,718</b>                         | <b>4,584</b>   | <b>(4,438)</b>      | <b>(828)</b>                              | <b>5,036</b>                         |
| <b>Total funds</b>                    | <b>56,370</b>                        | <b>53,104</b>  | <b>(33,012)</b>     | <b>1,449</b>                              | <b>77,911</b>                        |

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 2023.



## Notes to the Financial Statements for the year ended 31 August 2023 (continued)

### 15. Funds (continued)

#### **Restricted general funds**

Restricted general funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor/donor. The principal funding received from the government is General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreements with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023.

#### **Restricted fixed asset funds**

The fund equates to the net book value of the Trust's tangible fixed assets plus any capital funding received from central/local government and other donors, which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertaken for maintenance works on existing tangible fixed assets.

The fund balances includes the carrying value of school buildings (and other tangible fixed assets) inherited by the Trust where a school has converted or joined the Trust from another Academy Trust, and the carrying value of all other assets donated to the Trust.

#### **Unrestricted funds**

The unrestricted general funds represent monies which may be applied for any purpose within London South East Academies Trust's objects.

#### **Transfers between funds**

Transfers from either restricted general funds or unrestricted funds to the restricted fixed asset funds are made where revenue reserves are required to finance the purchase of tangible fixed assets. Transfers from restricted fixed assets fund to either restricted general funds or unrestricted funds are made where capital income has been spent on repairs and maintenance of existing fixed assets.

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)**

**15. Funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2023 were allocated as follows:

|   | <b>Total<br/>2023<br/>£000</b> | <b>Total<br/>2022<br/>£000</b> |
|---|--------------------------------|--------------------------------|
| Bromley Trust Academy                         | 1,310                          | 1,500                          |
| Bromley Beacon Academy                        | 1,347                          | 1,381                          |
| Bramley Oak Academy                           | 342                            | 386                            |
| Heron Academy                                 | 6                              | -                              |
| Endeavour Academy Bexley                      | 233                            | 325                            |
| Horizons Academy Bexley                       | 1,043                          | 1,283                          |
| Aspire Academy Bexley                         | 168                            | 99                             |
| Belmont Academy                               | (87)                           | (63)                           |
| Woodside Academy                              | 422                            | 504                            |
| Bexley Music Hub                              | 73                             | 72                             |
| Central services                              | 199                            | 251                            |
| Total before fixed assets and pension reserve | <u>5,056</u>                   | <u>5,738</u>                   |
| Restricted fixed asset fund                   | 73,023                         | 51,872                         |
| Pension reserve                               | (168)                          | (1,240)                        |
| Total   | <u><b>77,911</b></u>           | <u><b>56,370</b></u>           |

The deficit at Belmont Academy was inherited on conversion from the local authority. The academy has increased its deficit from £63k to £87k during this academic year due to expenditure on capital works. The academy is aiming to reduce the deficit by 31 August 2024.

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)**

**15. Funds (continued)**

**Total cost analysis by academy**

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

|                                   | Teaching<br>and<br>education<br>support<br>staff costs<br>£000 | Other<br>support<br>staff<br>costs<br>£000 | Educational<br>supplies<br>£000 | Other<br>costs<br>(excluding<br>depreciation)<br>£000 | Total<br>2023<br>£000 | Total<br>2022<br>£000 |
|-----------------------------------|--|--|---------------------------------|---|-----------------------|-----------------------|
| Bromley Trust Academy             | 3,134  | 489  | 434                             | 334   | 4,392                 | 4,245                 |
| Bromley Beacon Academy            | 3,744  | 480  | 930                             | 522   | 5,676                 | 5,769                 |
| Bramley Oak Academy               | 1,608  | 223  | 260                             | 187   | 2,279                 | 2,170                 |
| Heron Academy                     | 1,398  | 141  | 104                             | 199   | 1,843                 | -                     |
| Endeavour Academy Bexley          | 1,892  | 194  | 237                             | 353   | 2,677                 | 2,694                 |
| Horizons Academy Bexley           | 2,229  | 114  | 415                             | 285   | 3,043                 | 3,353                 |
| Aspire Academy Bexley             | 933  | 143  | 120                             | 172   | 1,367                 | 1,484                 |
| Belmont Academy                   | 1,939  | 316  | 197                             | 156   | 2,606                 | 2,595                 |
| Woodside Academy                  | 3,843  | 389  | 356                             | 234   | 4,822                 | 4,780                 |
| Bexley Music Hub                  | 651  | 55   | 81                              | 107   | 894                   | 817                   |
| London South East Academies Trust | 75   | 1,239                                      | 100                             | 100   | 1,513                 | 1,020                 |
|                                   | <b>21,446</b>  | <b>3,783</b>                               | <b>3,235</b>                    | <b>2,649</b>  | <b>31,113</b>         | <b>28,927</b>         |

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)**

**15. Funds (continued)**

**Comparative information**

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

|                                       | Balance<br>at 1 Sept<br>2021<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains,<br>losses and<br>transfers<br>£000 | Balance<br>at 31 Aug<br>2022<br>£000 |
|---------------------------------------|--------------------------------------|----------------|---------------------|---|--------------------------------------|
| <b>Restricted general funds</b>       |                                      |                |                     |   |                                      |
| General Annual Grant (GAG)            | -                                    | 9,986          | (9,952)             | (34)                                      | -                                    |
| Pupil Premium                         | -                                    | 457            | (457)               | -   | -                                    |
| UIFSM                                 | -                                    | 65             | (65)                | -   | -                                    |
| Recovery Premium                      | -                                    | 107            | (107)               | -   | -                                    |
| School led tutoring grant             | -                                    | 137            | (137)               | -   | -                                    |
| Other DfE/ESFA COVID-19 funding       | -                                    | 20             | (20)                | -   | -                                    |
| Donated current assets on acquisition | 20                                   | -              | -                   | -   | 20                                   |
| Pension reserve                       | (8,645)                              | -              | (2,040)             | (9,445)                                   | (1,240)                              |
| Other grants                          | -                                    | 953            | (953)               | -   | -                                    |
|                                       | <u>(8,625)</u>                       | <u>11,725</u>  | <u>(13,731)</u>     | <u>(9,411)</u>                            | <u>(1,220)</u>                       |
| <b>Other restricted funds</b>         |                                      |                |                     |   |                                      |
| Local authority grants                | 75                                   | 12,041         | (12,116)            | -   | -                                    |
| Arts Council Funding                  | -                                    | 385            | (385)               | -   | -                                    |
|                                       | <u>75</u>                            | <u>12,426</u>  | <u>(12,501)</u>     | <u>-</u>                                  | <u>-</u>                             |
| <b>Restricted fixed asset funds</b>   |                                      |                |                     |   |                                      |
| Transferred from local authority      | 48,970                               | -              | (1,370)             | -   | 47,600                               |
| DfE/ESFA Capital grants               | 894                                  | 1,288          | (103)               | -   | 2,079                                |
| Capital expenditure from GAG          | 1,826                                | -              | (210)               | 577                                       | 2,193                                |
|                                       | <u>51,690</u>                        | <u>1,288</u>   | <u>(1,683)</u>      | <u>577</u>                                | <u>51,872</u>                        |
| <b>Total unrestricted funds</b>       | <u>5,023</u>                         | <u>3,933</u>   | <u>(2,695)</u>      | <u>(543)</u>                              | <u>5,718</u>                         |
| <b>Total funds</b>                    | <u>48,163</u>                        | <u>29,372</u>  | <u>(30,610)</u>     | <u>9,445</u>                              | <u>56,370</u>                        |

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)**

**16. Analysis of net assets between funds**

Fund balances at 31 August 2023 are represented by:

|                          | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | 2023<br>Total<br>Funds<br>£000 |
|--------------------------|-------------------------------|--|--|--------------------------------|
| Tangible fixed assets    | -                             | -                                      | 72,308                                     | 72,308                         |
| Current assets           | 5,036                         | 3,853                                  | 715  | 9,604                          |
| Current liabilities      | -                             | (3,833)                                | -  | (3,833)                        |
| Pension scheme liability | -                             | (168)                                  | -  | (168)                          |
| <b>Total net assets</b>  | <b>5,036</b>                  | <b>(148)</b>                           | <b>73,023</b>                              | <b>77,911</b>                  |

|                                 | <i>Unrestricted</i><br><i>Funds</i><br><i>£000</i> | <i>Restricted</i><br><i>General</i><br><i>Funds</i><br><i>£000</i> | <i>Restricted</i><br><i>Fixed Asset</i><br><i>Funds</i><br><i>£000</i> | <i>2022</i><br><i>Total</i><br><i>Funds</i><br><i>£000</i> |
|---------------------------------|--|--|--|--|
| <i>Tangible fixed assets</i>    | -  | -  | 51,775   | 51,775   |
| <i>Current assets</i>           | 5,718  | 3,476  | 97   | 9,921  |
| <i>Current liabilities</i>      | -  | (3,456)  | -  | (3,456)  |
| <i>Pension scheme liability</i> | -  | (1,240)  | -  | (1,240)  |
| <i>Total net assets</i>         | <i>5,718</i>                                       | <i>(1,220)</i>   | <i>51,872</i>  | <i>56,370</i>  |

**17. Capital commitments**

At 31 August 2023, the Trust is committed to £0.77m expenditure in respect of major remodelling works (2022: £3.34m).

**18. Commitments under operating leases**

**Operating leases**

At 31 August 2023, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases for equipment was:

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| Amounts due within one year            | 49           | 41           |
| Amounts due between one and five years | 196          | 166          |
|  | <b>245</b>   | <b>207</b>   |

Notes to the Financial Statements for the year ended 31 August 2023 (continued)

19. Reconciliation of net income/(expenditure) to net cash flows from operating activities

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 20,092       | (1,238)      |
| Depreciation (note 11)   | 1,899        | 1,683        |
| Inherited pension deficit  | 304          | -            |
| Inherited fixed assets   | (17,525)     | -            |
| Capital grants from DfE/ESFA and other capital income  | (4,644)      | (1,288)      |
| Interest receivable  | 169          | (13)         |
| Defined benefit pension scheme cost less contributions payable (note 24)                         | 39           | 1,899        |
| Defined benefit pension scheme interest (note 24)  | 34           | 141          |
| Defined benefit pension scheme obligation inherited  | -            | -            |
| Increase in debtors  | (179)        | (141)        |
| (Decrease)/increase in creditors   | 377          | (316)        |
| <b>Net cash provided by operating activities</b>   | <b>566</b>   | <b>727</b>   |

20. Cash flows from investing activities

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| Purchase of tangible fixed assets            | (4,907)      | (1,949)      |
| Capital grants from DfE/ESFA                 | 4,644        | 1,288        |
| Interests from investments                   | (169)        | 13           |
| <b>Net cash used in investing activities</b> | <b>(432)</b> | <b>(648)</b> |

21. Analysis of change in net funds

|                                 | At 1<br>September<br>2022<br>£000 | Cash<br>flows<br>£000 | At 31<br>August<br>2023<br>£000 |
|---------------------------------|-----------------------------------|-----------------------|---------------------------------|
| Cash in hand and at bank        | 7,845                             | 134                   | 7,979                           |
| Total cash and cash equivalents | 7,845                             | 134                   | 7,979                           |

**22. Contingent liabilities**

There are no contingent liabilities at the balance sheet date (2022: £nil).

**23. 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.

**24. 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. Prior to 31 August 2023, the latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022. A further valuation of the TPS scheme, relating to the period ended 31 March 2020 was published in October 2023.

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. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The actuarial valuation of the TPS which applied during the year ended 31 August 2023 was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:



## Notes to the Financial Statements for the year ended 31 August 2023 (continued)

### 24. Pension and similar obligations (continued)

#### Valuation of the Teachers' Pension Scheme (continued)

- ♦ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- ♦ 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 £196 billion, giving a notional past service deficit of £22 billion
- ♦ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024. From this date the employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

The employer's pension costs paid to TPS in the period amounted to £1,820,374 (2022: £1,657,779).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £2,159,060 (2022: £1,680,003), of which employer's contributions totalled £1,704,515 (2022: £1,280,292) and employees' contributions totalled £454,545 (2022: £399,711). The current employer contribution rates varies for each Academy and ranges between 16.1% and 23.6%, 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, and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on [GOV.UK](https://www.gov.uk).



**Notes to the Financial Statements for the year ended 31 August 2023 (continued)****24. Pension and similar obligations (continued)****Local Government Pension Scheme (continued)**

| <b>Principal actuarial assumptions</b>             | <b>At 31<br/>August<br/>2023</b> | <b>At 31<br/>August<br/>2022</b> |
|--|----------------------------------|----------------------------------|
| Rate of increase in salaries                       | 4.2%                             | 4.3%                             |
| Rate of increase for pensions in payment/inflation | 2.9%                             | 2.9%                             |
| Discount rate for scheme liabilities               | 5.2%                             | 4.3%                             |
| Inflation assumption (CPI)                         | 2.8%                             | 2.8%                             |
| Commutation of pensions to lump sums               | 50%                              | 50%                              |

Due to high periods of inflation up to 31 August 2023, an adjustment has been made to the year-end valuation to account for the impact of actual CPI since September, together with the impact on the Pension Order Increase that was implemented from 1 April 2023. The estimated impact of the defined benefit obligation has been recognised by two actuaries as an experience loss of £1.38m. This charge has been made against Other Comprehensive Income, however is not directly reflected within the listed actuarial assumptions above.

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

|                             | <b>At 31<br/>August<br/>2023</b> | <b>At 31<br/>August<br/>2022</b> |
|-----------------------------|----------------------------------|----------------------------------|
| <i>Retiring today</i>       |                                  |                                  |
| Males                       | 21.6                             | 22.4                             |
| Females                     | 24.0                             | 25.1                             |
| <i>Retiring in 20 years</i> |                                  |                                  |
| Males                       | 22.6                             | 24.0                             |
| Females                     | 25.7                             | 27.0                             |

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)****24. Pension and similar obligations (continued)****Principal actuarial assumptions (continued)**

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

|                                     | Fair value<br>at 31<br>August<br>2023<br>£000 | Fair value<br>at 31<br>August<br>2022<br>£000 |
|-------------------------------------|---|---|
| Equities                            | 7,162   | 6,080   |
| Other Bonds                         | 3,067   | 2,540   |
| Property                            | 1,755   | 1,691   |
| Cash/Liquidity                      | 374   | 631   |
| Other                               | 2,319   | 2,171   |
| <b>Total market value of assets</b> | <b>14,677</b>                                 | <b>13,113</b>                                 |
| Present value of scheme liabilities |   |   |
| Funded                              | 14,845  | 14,353  |
| Deficit in the scheme               | (168)   | (1,240)                                       |

The actual return/(loss) on scheme assets was (£653,000) (2022: £899,000).

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

|                                     | 2023<br>£000 | 2022<br>£000 |
|-------------------------------------|--------------|--------------|
| Net service cost                    | 32           | 1,847        |
| Past service cost                   | -            | -            |
| Interest income                     | (610)        | (228)        |
| Interest cost                       | 644          | 369          |
| Admin expenses                      | 71           | 52           |
| Total amount recognised in the SOFA | 73           | 2,040        |

**Notes to the Financial Statements for the year ended 31 August 2023** (continued)

**24. Pension and similar obligations** (continued)

**Principal actuarial assumptions** (continued)

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

|                         | 2023<br>£000  | 2022<br>£000 |
|-------------------------|---------------|--------------|
| <b>At 1 September</b>   | <b>14,353</b> | 21,317       |
| Current service cost    | 1,626         | 3,110        |
| Interest cost           | 644           | 369          |
| Employee contributions  | 436           | 400          |
| Past Service cost       | -             | -            |
| Actuarial loss/(gain)   | (3,031)       | (10,725)     |
| Benefits paid           | (136)         | (118)        |
| Inherited on conversion | 953           | -            |
| <b>At 31 August</b>     | <b>14,845</b> | 14,353       |

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

|                         | 2023<br>£000  | 2022<br>£000 |
|-------------------------|---------------|--------------|
| <b>At 1 September</b>   | <b>13,113</b> | 12,672       |
| Interest income         | 610           | 228          |
| Administrative expenses | (71)          | (52)         |
| Actuarial gain          | (1,582)       | (1,280)      |
| Employer contributions  | 1,658         | 1,263        |
| Employee contributions  | 436           | 400          |
| Benefits paid           | (136)         | (118)        |
| Inherited on conversion | 649           | -            |
| <b>At 31 August</b>     | <b>14,677</b> | 13,113       |

The estimated value of employer contributions for the year ended 31 August 2023 is £940,329 (2022: £778,589).

**Notes to the Financial Statements for the year ended 31 August 2023 (continued)****25. 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.

As part of its shared Group Central Services function, the Trust shares a number of back office systems and staff with its sponsor, Bromley College of Further and Higher Education which trades under the brand of London South East Colleges. These shared systems include HR, Payroll, and Finance together with a related service desk system. No charges in respect of shared system costs were charged by the sponsor for the year (2021/22: £Nil), and no charges were levied for any back office support services provided.

In addition, the Trust has worked in partnership with its sponsor and the London Borough of Bromley to deliver a 14-16 alternative provision programme for pupils in the borough at risk of exclusion. The programme was delivered at the Bromley College campus by teachers employed by the College. The Trust was charged £208,800 for the year (2021/22: £208,800) following approval from ESFA.

At 31 August 2023, the balance owed to the College by London South East Academies Trust was £21,000 (2021/22: £33,602). This related to Trust expenditure which was invoiced to the College.

**26. Events after the end of the reporting period**

It is proposed that Warren Road Primary School will join the Trust after the year end.

**27. Transfer from Local Authority on conversion**

On 1 February 2023, Heron Academy (formerly the Michael Tippett School) joined the Trust with the approval of the Department for Education. All the operations and assets and liabilities were transferred to London South East Academies Trust from London Borough of Lambeth 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.

|                                | <b>Total<br/>£000</b> |
|--------------------------------|-----------------------|
| <b>Fixed assets</b>            | <b>17,525</b>         |
| <b>Non-Current liabilities</b> |                       |
| Inherited LGPS Pension deficit | <b>(304)</b>          |
| <b>Net assets</b>              | <b>17,221</b>         |

## Notes to the Financial Statements for the year ended 31 August 2023 (continued)

## 28. Comparative statement of financial activities for the year ended 31 August 2022

|  | Un-<br>restricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed<br>Asset<br>Funds<br>£000 | Total<br>2022<br>£000 |
|--|------------------------------------|--|---|-----------------------|
| <b>Income and endowments from:</b>                     |                                    |  |   |                       |
| Donations and capital grants                           | 21                                 | -                                      | 1,288   | 1,309                 |
| Transferred from local authority on conversion         | -                                  | -                                      | -   | -                     |
| Charitable activities                                  |                                    |  |   |                       |
| Funding for the academy trust's educational operations | 3,925                              | 24,151                                 | -   | 28,076                |
| Investments  | (13)                               | -                                      | -   | (13)                  |
| <b>Total</b>   | <u>3,933</u>                       | <u>24,151</u>                          | <u>1,288</u>                                  | <u>29,372</u>         |
| <b>Expenditure on:</b>                                 |                                    |  |   |                       |
| Charitable activities                                  |                                    |  |   |                       |
| Academy Trust educational operations                   | 2,695                              | 26,232                                 | 1,683   | 30,610                |
| <b>Total</b>   | <u>2,695</u>                       | <u>26,232</u>                          | <u>1,683</u>                                  | <u>30,610</u>         |
| <b>Net income/(expenditure)</b>                        | 1,238                              | (2,081)                                | (395)   | (1,238)               |
| Transfers between funds                                | (543)                              | (34)                                   | 577   | -                     |
| <b>Other recognised gains and losses</b>               | -                                  | 9,445                                  | -   | 9,445                 |
| <b>Net movement in funds</b>                           | <u>695</u>                         | <u>7,330</u>                           | <u>182</u>                                    | <u>8,207</u>          |
| <b>Reconciliation of funds</b>                         |                                    |  |   |                       |
| Total funds brought forward                            | 5,023                              | (8,550)                                | 51,690  | 48,163                |
| <b>Total funds carried forward</b>                     | <u>5,718</u>                       | <u>(1,220)</u>                         | <u>51,872</u>                                 | <u>56,370</u>         |