

BROMLEY EDUCATIONAL TRUST

**London South East Academies Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
for the Year Ended 31 August 2017**

Company Registration Number: 9028122

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Reference and Administrative Details

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

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

Trustees:	Angela Hands	Appointed 27/08/14 (ongoing)
	John Hunt	Resigned 31/10/16
	Caroline Jolliff	Appointed 06/05/14 (ongoing)
	David Lambert	Appointed 22/03/17 (ongoing)
	John Moss	Appointed 06/12/16 (ongoing)
	Sam Parrett	Appointed 06/05/14 (ongoing)
	Martin Peat	Resigned 21/07/17
	Moyra Pickering	Resigned 21/07/17
	Joanna Power	Appointed 01/08/17 (ongoing)
	Peter Reeves	Appointed 24/02/15 (ongoing)
	Alan Robb	Resigned 16/05/17
	Tracy Russell	Appointed 22/03/17 (ongoing)
	Joanne Southby	Appointed 24/02/15 (ongoing)
	Rhona Sapsford	Appointed 22/03/17 (ongoing)
	Alison Youd	Resigned 06/12/16
	Corrine Botten	Appointed 06/12/16

Company Secretary: John Hunt

Senior Management Team

Executive Head Teacher	Neil Miller
Chief Executive Officer	Sam Parrett
Chief Financial Officer	John Hunt
Executive Director of Finance	Shahnaj Monaf
Executive Director Corporate and Strategic Development	Louise Wolsey

Company Name: London South East Academies
Trust (formerly Bromley
Education Trust)

Principal and Registered Office Rookery Lane
Bromley
BR2 8HE

Company Registration Number 9028122

Independent Auditor Buzzacott
130 Wood Street
London
EC2V 6DL

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

Solicitors Eversheds LLP
One Wood Street
London
EC2V 7WS

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

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

Trustees' Report

The Board of Trustees present their annual report together with the Financial Statements and auditor's reports of the charitable company for the year from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The Financial Statements have been prepared in accordance with the accounting policies on pages 24 to 28 of the attached Financial Statements and comply with the Schools Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods coming 1 January 2015 or later (Charities' SORP 2015).

Structure, Governance and Management

Constitution

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

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1. Business is conducted through full Board meetings and an audit committee. Minutes of meetings are maintained and a register of interests published on the Trust's website.

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

Trustees' Report (continued)

Structure, Governance and Management (continued)

Arrangements for Setting Pay and Remuneration of Key Management Personnel

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

Related Parties and other Connected Charities and Organisations

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

Objectives and Activities

Objects and Aims

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

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

Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31 August 2017 are summarised below:

- To raise the standard of educational achievement of all pupils;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory requirements;
- To conduct the MAT's business in accordance with the highest standards of integrity, probity and openness; and
- To set in motion initiatives to increase the number of pupils at London South East Academies Trust.
- The principal long term objectives of the MAT are laid out in the Funding Agreement in addition to the points summarised above.

The charitable company is governed by its articles of association. It has adopted a scheme of delegation, which sets out the respective functions of the Trust, and its associated local advisory Board. The Trust currently has two academies, Bromley Trust Alternative Provision Academy which covers both primary and secondary phases across two sites, with provision for pupils who have been excluded from mainstream education or pupils who are at risk of being excluded from such education. The second academy is Bromley Beacon Academy which is a Key Stage Two to Five academy for Social Emotional and Mental Health (SEMH) students who all have an Education, Health and Care Plan (EHCP). This academy is located on two sites.

Bromley Trust Academy served a pupil population of 182 during the year with a PAN of 135. Bromley Beacon Academy increased from 65 in September 2016 to 97 by July 2017 which exceeded its PAN significantly although this was across two sites due to the opening of the new provision.

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

There have been significant gains in achievement at both Key Stage 2 and 4 for Bromley Trust Academy in 2016/17.

At Key Stage 4 the vast majority of key indicators increased but most notably 5A* - G to 84% from 69% the previous year which also demonstrates a three year positive trend. 100% of the cohort achieved at least 1A* - G for the second year in a row. The percentage of pupils demonstrating progress from baseline in maths and English shows a three year improving trend. 100% of the Year 11 cohort are now placed at FE or gained places in school 6th forms.

At Key Stage 2 the percentage of pupils making expected progress in reading, maths and writing all demonstrate significant improvement when comparing to 2015/16 data with 30%, 20% and 7% improvement in these areas respectively. This also meant they either exceeded the national percentage of pupils achieving the expected standard (80% in reading) or were within a small percentage of equaling it.

Disadvantaged pupils at KS2, for whom the Pupil Premium provides funding, are demonstrating that the vast majority of eligible pupils are achieving expected progress or better in literacy and achieving expected progress or better in numeracy which is similar to Non Pupil Premium pupils.

Pupil attendance for BTA is significantly above the National Average for PRUs with the number of PAs significantly lower when comparing to national PRU data.

Trustees' Report (continued)

Bromley Trust Academy (continued)

FTE exclusion data for BTA is also very positive when comparing to National Average for PRUs with only 10% of the cohort receiving a FTE when comparing with 58% nationally.

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

Bromley Beacon Academy (BBA)

With the new Key Stage 4 and 5 provision for Bromley Beacon Academy from September 2016, Key Stage 2 outcomes as well as 4 are reported this year.

At Key Stage 4, key indicators were pleasing with a 49% increase in the number of pupils gaining 5A* - G including English and maths (89%) and 100% of pupils gaining 3 A* - G which is a significant improvement on last year where it was 40% for 5A* - G and 100% for 1 A* - G; this demonstrates a significant upward trajectory, 89% of the Year 11 cohort have 6th form places or employment at this time.

At Key Stage 2, the pupils performed as expected with 87% accuracy when comparing to teacher predictions. Teacher assessment data demonstrates the majority of KS2 pupils, including the disadvantaged pupils, are making substantial and sustained progress in literacy, numeracy and emotionally from starting points when they join us.

Pupil attendance at BBA improved last year across the two sites and PAs reduced overall when comparing with the previous year for both 85 and 90% benchmarks.

These improvements have been achieved despite the starting points of our pupils which are significantly below the national level with the average pupil at KS4 being approximately two years behind at their entry point.

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

Going Concern

After making appropriate enquiries, the Board of Trustees have 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 2017, and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Trustees' Report (continued)

Financial Review (continued)

The Trust also receives top up funding grants from the 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 £8.8m. This includes £2.8m in respect of the land buildings at the Beacon House site which was transferred to Bromley Beacon Academy from the Local Authority during the year (see note 2). Excluding the land and buildings transferred by the Local Authority, the Trust generated income of £6m including General Annual Grant income of £1.86m (see note 2).

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
Incoming resources (excluding donations and capital grants)	5,957
Resources expended	(5,914)
Add back: fixed asset fund expenditure	265
Add back: FRS 102: LGPS charges for the year	<u>73</u>
Operating surplus (excluding inherited land and buildings)	<u>381</u>

At 31 August 2017, the Trust had total funds of £14.1m. This comprised £13.5m restricted funds and £0.6m unrestricted general fund balances. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £0.8m at 31 August 2017 (2016: £1.1m).

The results for the period are shown on page 21.

At 31 August 2017, the net book value of fixed assets was £11.3m 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 Academy.

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 the 22 March 2017.

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 can be managed in order to smooth out irregular and cyclical spending and allow for unexpected and unpredictable needs. The recommended minimum reserve for this purpose is three months of the total pay and non-pay expenditure of the Academy;
- 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;

Trustees' Report (continued)

Reserves Policy (continued)

- 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 6% 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.

Investment Policy

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

Principal Risks and Uncertainties

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

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

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

Funding per Pupil

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

Pupil Places

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

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

The Trust's exposure to financial risks is moderate due to the fact that the basic financial instruments that it deals with are bank balances, cash and trade creditors, with limited trade and other debtors. The deficit in the Local Government Pension Scheme which is described in Note 24 is subject to annual actuarial valuations and is regularly monitored by the Trustees.

Plans for Future Periods

The Trust has consolidated its provision this year with the opening of a new, purpose built site for Bromley Beacon Academy on Holmesdale Road near in Bromley Town Centre. The new

Trustees' Report (continued)

Plans for Future Periods (continued)

state of the art facilities for Music, Hospitality and Catering, and Motor Vehicle maintenance have significantly enhanced the curriculum and learning experience of the pupils, supporting more young people and more mainstream schools moving forward.

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 and in preparation for this expansion, in February 2016 the Trust participated in the DfE Pilot MAT Growth Check process to inform London South East Academies Trust Annual Report and Financial Statements and develop good practice further.

The Trustees are committed to a policy of measured strategic expansion of the number of primary and secondary Alternative, Special, and Mainstream academies which are sponsored by the Trust. Particular priority will be given to new academies in the geographic areas in which the Trust and its sponsor already operate. In pursuit of this growth, three schools are expected to join the Trust from Bexley in November 2017.

In anticipation of the expanded network of schools, in July 2017 the Board of Trustees approved a name change, and resolved that Bromley Educational Trust will now be known as London South East Academies Trust.

Funds Held as Custodian Trustee on Behalf of Others

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

Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 4 December 2017 and signed on the Board's behalf by:



Angela Hands

Chair of Trustees

Date: 4 December 2017

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 have 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 in the funding agreement between London South East Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Members

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

Members comprise:

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

The role of members includes:

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

Board of Trustees

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

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

The role of Trustees includes:

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

Governance Statement (continued)

Board of Trustees (continued)

Audit Committee

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

Meetings

The Board of Trustees met four times during 2016/17 and attendance during the year was as follows:

Trustee meetings attended out of a possible:

Angela Hands	4/4
John Hunt	1/2
Caroline Jolliff	3/4
Sam Parrett	4/4
Peter Reeves	4/4
Jo Southby	4/4
John Moss	3/3
Corinne Botten	3/3
Tracy Russell	1/1
Moyra Pickering	3/3

The Audit Committee of the Trust met twice during 2016/17. Attendance during the meetings of the Audit Committee was as follows:

Angela Hands	2/2
John Hunt	1/1
Sam Parrett	2/2
Peter Reeves	2/2

As part of developing the Strategic Plan 2016-2021 which was approved by the Trust Board during 2016-17, a review of governance was undertaken. The review resulted in the appointment of new Directors to further enhance the existing skills mix of Directors to ensure the Trust continues to discharge its responsibilities effectively as it expands and evolves.

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

Governance Statement (continued)

Review of Value for Money (continued)

Academy Trust has delivered improved value for money during the year by:

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

The Purpose of the System of Internal Control

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

The system of internal control has been in place in London South East Academies Trust for the year ended 31 August 2017, 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 2016 to 31 August 2017, 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.

Governance Statement (continued)

The Risk and Control Framework (continued)

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

- risk management;
- key financial controls;
- governance;
- action tracking.

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

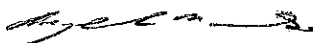
Review of Effectiveness

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

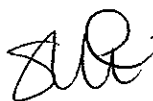
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of senior managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 4 December 2017 and signed on the Board's behalf by:



Angela Hands
Chair of Trustees



Sam Parrett
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 2016.

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 2016.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Sam Parrett
Accounting Officer

4 December 2017

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:

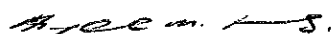
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2016 to 2017
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting 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 4 December 2017 and signed on the Board's behalf by:



Angela Hands
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 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 2016 to 2017.

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.

In our opinion, the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Trustees have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the 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

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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 are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

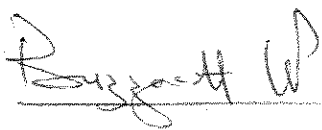
In preparing the Financial Statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate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

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

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.



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

13 December 2017

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 24 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by London South East Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 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.

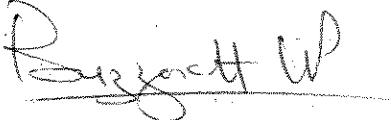
The work undertaken to draw to our conclusion includes:

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



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

13 December 2017

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

	Notes	Un-restricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	11	-	2,783	2,794	12
Transferred from Local Authority on conversion		-	-	-	-	3,309
Charitable activities		517	-	-	517	301
Funding for the academy trust's educational operations	3	87	5,353	-	5,440	3,887
Total		615	5,353	2,783	8,751	7,510
Expenditure on:						
Charitable activities						
Academy Trust educational operations	4	359	5,290	265	5,914	3,958
Total		359	5,290	265	5,914	3,958
Net income/(expenditure)		256	63	2,518	2,837	3,552
Transfers between funds	13	-	(63)	63	-	-
Other recognised gains and losses	22	-	327	-	327	(430)
Net movement in funds		256	327	2,581	3,164	3,122
Reconciliation of funds						
Total funds brought forward		294	(689)	11,312	10,917	7,795
Total funds carried forward		550	(362)	13,893	14,081	10,917

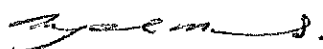
All of the Academy Trust's activities derive from continuing operations during the above periods.

Balance Sheet as at 31 August 2017

Company Number 9028122

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	9		13,860		11,300
Current assets					
Debtors	10	135		63	
Cash at bank and in hand		2,041		1,568	
		<u>2,176</u>		<u>1,631</u>	
Liabilities					
Creditors: amounts falling due within one year	11	1,120		925	
Net current assets			<u>1,056</u>		<u>706</u>
Total assets less current liabilities					
Pension scheme liability	22		835		1,089
Total net assets			<u>14,081</u>		<u>10,917</u>
Funds of the Academy Trust:					
Restricted funds					
. Fixed asset fund	13	13,893		11,312	
. General fund	13	473		400	
. Pension reserve	22	(835)		(1,089)	
Total unrestricted funds			13,531		10,623
Unrestricted income funds	13		550		294
Total funds			<u>14,081</u>		<u>10,917</u>

The Financial Statements on pages 21 to 44 were approved by the Trustees and authorised for issue on 4 December 2017 and are signed on their behalf by:



Angela Hands
Chair of Trustees

Statement of Cash Flows for the year ended 31 August 2017

		2017	2016
		£000	£000
		<u> </u>	<u> </u>
Cash flow from operating activities			
Net cash provided by (used in) operating activities	17	510	986
Cash flows from investing activities	18	<u>(36)</u>	<u>(70)</u>
Change in cash and cash equivalents in the reporting period		<u>474</u>	<u>916</u>
Cash and cash equivalents at 1 September 2016		<u>1,568</u>	<u>651</u>
Cash and cash equivalents at 31 August 2017		<u>2,041</u>	<u>1,567</u>

Notes to the Financial Statements for the year ended 31 August 2017

1. Statement of accounting policies

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

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 2016 to 2017 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 2017 (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 2017
(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	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 15. 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 16 and 17. 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 2017 (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 22, 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 funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest.

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

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 2017 (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.

1.13 Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017 (continued)

1. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	33	33	12
Donated fixed assets	6	2,750	2,756	-
Other donations	5	-	5	-
	<u>11</u>	<u>2,783</u>	<u>2,794</u>	<u>12</u>

2. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA grants				
General annual grant (GAG)	-	1,857	1,857	1,626
Other DfE/ESFA grants	-	123	123	95
	<u>-</u>	<u>1,980</u>	<u>1,980</u>	<u>1,721</u>
Other Government grants				
Local Authority grants	87	3,373	3,460	2,166
	<u>87</u>	<u>3,373</u>	<u>3,460</u>	<u>2,166</u>
	<u>87</u>	<u>5,353</u>	<u>5,440</u>	<u>3,887</u>

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

3. Expenditure

	Non Pay Expenditure			Total 2017 £000	Total 2016 £000
	Staff Costs £000	Premises £000	Other £000		
	Academy's educational operations				
- Direct costs	3,383	251	613	4,247	2,693
- Allocated support costs	661	308	698	1,667	1,265
	4,044	559	1,311	5,914	3,958
Net income/(expenditure) for the year includes:				2017 £000	2016 £000
Operating lease rentals				15	7
Depreciation				265	180
Fees payable to auditor for:					
- audit				12	16
- other services				9	14

4. Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,247	2,693
Support costs – educational operations	1,667	1,265
Total direct and support costs	5,914	3,958
Analysis of support costs		
Support staff costs	660	382
Depreciation	15	5
Technology costs	50	51
Premises	308	264
Other support costs	613	533
Governance costs	21	29
Total support costs	1,667	1,265

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

5. Staff

a. Staff costs

Staff costs during the year were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	2,609	1,525
Social security costs	268	140
Operating costs of defined benefit pension schemes	466	269
	3,343	1,934
Supply staff costs	690	698
Staff restructuring costs	11	4
	4,044	2,635
Staff restructuring costs comprise:		
Redundancy payments	11	4
	11	4

b. Staff numbers

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

Charitable activities	2017 No.		2016 No.	
	Average full-time equivalent	Average headcount	Average full-time equivalent	Average headcount
Teachers	39	41	26	26
Administration and support	31	41	18	24
Management	1	1	1	1
	71	83	45	51

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Staff (continued)

c. Higher paid staff

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

	2017	2016
	No.	No.
£60,001 - £70,000	3	3
£70,001 - £80,000	1	-
£110,001 - £120,000	1	-

The above employees participated in the Teachers' Pension Scheme, of which contributions amounted to £71,658 (2016 £30,230).

6. 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 £250,260 (2016 - £149,411).

7. 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 2017, travel and subsistence expenses totaling £209 (2016 – £93) were reimbursed or paid directly to one trustee.

A number of key management personnel are seconded to work in the Trust from its sponsor Bromley College of Further and Higher Education. The total amount paid to the College in respect of these secondment agreements was £130,151. In 2016, prior to the establishment of these secondment agreements, a management fee of £82,300, for the time spent by the CEO and a Trustee, was paid to the College.

8. 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 2017 (continued)

9. Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 September 2016	11,529	78	20	11,627
Donated land and buildings	2,750	-	-	2,750
Additions	31	44	-	75
Disposals	-	-	(20)	(20)
At 31 August 2017	14,310	121	-	14,432
Depreciation				
At 1 September 2016	311	7	9	327
Charged in year	235	18	-	254
Disposals	-	-	(9)	(9)
At 31 August 2017	546	25	-	572
Net book values				
At 31 August 2017	13,764	96	-	13,860
At 31 August 2016	11,218	70	11	11,300

Land and buildings constitutes the Academy premises held under long leasehold from Bromley Borough Council. In 2016/2017 the Trust acquired Beacon House Bromley for £nil consideration. Land with fair value of £0.6m and buildings with fair value of £2.15m were donated to the Trust and recognized based on the fair valuation provided by an independent surveyor.

10. Debtors

	2017 £000	2016 £000
Trade debtors	3	32
VAT recoverable	56	11
Prepayments and accrued income	76	20
	135	63

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

11. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	43	16
Taxation and social security	124	89
Other creditors	-	144
Accruals and deferred income	953	676
	1,120	925

12. Deferred income

	2017	2016
	£000	£000
Deferred income at 1 September 2016	31	57
Resources deferred in the year	235	22
Amounts released from previous years	(31)	(48)
Deferred income at 31 August 2017	235	31

At the balance sheet date the Academy Trust was holding funds received in advance for Shaw Futures Academy's pre-opening expenditure (£192,910) and pupil premium grants for 2017/18 (£35,338).

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

13. Funds

	Balance at 1 September 2016 £000	Income £000	Expendi- ture £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	210	1,857	(2,004)	(63)	-
Pupil Premium	-	123	(123)	-	-
Pension reserve	(1,089)	-	(73)	327	(835)
Other grants	190	3,373	(3,090)	-	473
	<u>(689)</u>	<u>5,353</u>	<u>(5,290)</u>	<u>264</u>	<u>(362)</u>
Restricted fixed asset funds					
Transfer on conversion	11,091	2,750	(235)	-	13,606
DfE/ESFA Capital grants	12	33	-	(12)	33
Capital expenditure from GAG	209	-	(30)	75	254
	<u>11,312</u>	<u>2,846</u>	<u>(265)</u>	<u>63</u>	<u>13,893</u>
Total restricted funds	10,623	8,286	(5,705)	327	13,531
Total unrestricted funds	294	615	(359)	-	550
Total funds	<u>10,917</u>	<u>8,900</u>	<u>(5,914)</u>	<u>327</u>	<u>14,081</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 2017.

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

13. Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Bromley Trust Academy	679	516
Bromley Beacon Academy	327	119
Central services	17	59
Total before fixed assets and pension reserve	<u>1,023</u>	<u>694</u>
Restricted fixed asset fund	13,893	11,312
Pension reserve	(835)	(1,089)
Total	<u>14,081</u>	<u>10,917</u>

Total cost analysis by academy

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

	Teaching and educati on support staff costs £000	Other support staff costs £000	educational supplies £000	Other costs (excluding depreciati on) £000	Total 2017 £000	Total 2016 £000
Bromley Trust Academy	1,813	222	143	720	2,899	2,674
Bromley Beacon Academy	1,570	275	335	326	2,506	937
SHaW Futures Trust	-	-	-	27	27	-
London South East Academies Trust	-	164	-	111	273	166
Academy Trust	<u>3,383</u>	<u>661</u>	<u>478</u>	<u>1,184</u>	<u>5,706</u>	<u>3,777</u>

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

14. Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	13,860	13,860
Current assets	550	1,626	-	2,176
Current liabilities	(152)	(968)	-	(1,120)
Pension scheme liability	-	(835)	-	(835)
Total net assets	398	(177)	13,860	14,081

15. Capital commitments

There are no capital commitments as at the 31 August 2017 (2016 – £nil).

16. Commitments under operating leases

Operating leases

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

	2017 £000	2016 £000
Amounts due within one year	13	7
Amounts due between one and five years	40	39
Amounts due after five years	-	-
	53	46

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

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

	2017	2016
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	2,837	3,553
Depreciation (note 9)	265	181
Inherited fixed assets	(2,750)	(3,413)
Capital grants from DfE/ESFA and other capital income	(39)	(12)
Defined benefit pension scheme cost less contributions payable (note 22)	51	(7)
Defined benefit pension scheme interest (note 22)	22	21
Defined benefit pension scheme obligation inherited	-	238
Increase in debtors	(71)	129
Increase in creditors	88	296
Balance inherited from Bromley UTC Trust (note 25)	107	-
Net cash provided by operating activities	510	986

18. Cash flows from investing activities

	2017	2016
	£000	£000
Purchase of tangible fixed assets	(75)	(83)
Capital grants from DfE/ESFA	39	12
Net cash used in investing activities	(36)	(71)

19. Analysis of change in net funds

	At 1 September 2016 £000	Cash flows £000	At 31 August 2017 £000
Cash in hand and at bank	1,567	474	2,041
Total cash and cash equivalents	1,567	474	2,041

20. Contingent liabilities

There are no contingent liabilities at the balance sheet date (2016 - £nil).

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

21. Member's 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.

22. Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Bromley. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

22. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

- £176,600 million giving a notional past service deficit of £14,900 million
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £411,441 (2016: £289,546).

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

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

Local Government Pension Scheme

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 2017 was £198,065 (2016: £113,876), of which employer's contributions totalled £159,227 (2016: £91,825) and employees' contributions totalled £38,837 (2016: £22,051). The agreed contribution rates for future years are 24.3 per cent for employers and 5.8 to 8.5 per cent for employees.

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

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.70%	3.30%
Rate of increase for pensions in payment/inflation	2.20%	1.80%
Discount rate for scheme liabilities	2.50%	2.10%
Inflation assumption (CPI)	2.20%	1.90%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2017	At 31 August 2016
<hr/>		
<i>Retiring today</i>		
Males	23.3	23.2
Females	26.0	25.6
 <i>Retiring in 20 years</i>		
Males	25.9	25.5
Females	28.3	28.5

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 2017 £000	Fair value at 31 August 2016 £000
<hr/>		
Equities	1,011	726
Other Bonds	186	150
Cash/Liquidity	19	9
Other	110	87
Total market value of assets	1,326	972
Present value of scheme liabilities		
. Funded	(2,161)	(2,061)
Surplus/(deficit) in the scheme	(835)	(1,089)

The actual return on scheme assets was £189,000. (2016: £174,000)

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

22. Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

Amounts recognised in the statement of financial activities:

	2017	2016
	£000	£000
Net service cost	47	(7)
Admin expenses	4	4
Interest income	(22)	(26)
Interest cost	44	47
Total amount recognised in the SOFA	<u>73</u>	<u>18</u>

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

	2017	2016
	£000	£000
At 1 September	2,061	876
Current service cost	206	88
Interest cost	44	47
Employee contributions	35	22
Actuarial (gain)/loss	(167)	546
Benefits paid	(18)	-
Past Service cost	-	-
Business combinations	-	482
At 31 August	<u>2,161</u>	<u>2,061</u>

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

22. Pension and similar obligations (continued)

Analysis of pension finance costs (continued)

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

	2017 £000	2016 £000
At 1 September	972	472
Interest income	22	26
Administrative expenses	(4)	(3)
Actuarial gain/(loss)	160	149
Employer contributions	159	95
Employee contributions	35	22
Benefits paid	(18)	-
Business combinations	-	211
At 31 August	1,326	972

The estimated value of employer contributions for the year ended 31 August 2017 is £139,000 (2016 - £107,000).

22. 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.

The charges are as follows:

Management - £150,273 (2015/16 £124,228)

Finance, IT, marketing and procurement related contract management - £108,000 (2015/16 £85,000)

All the above mentioned costs are included with the creditors' values.

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

23. Events after the end of the reporting period

Discussions have been ongoing throughout last academic year with a view to the schools within the New Horizons Federation converting to Academy status and joining London South East Academies Trust. The schools within the federation are Westbrooke School and Oakwood School (both Special Schools) and Pathways which is the Bexley Alternative Provision Pupil Referral Unit. They are currently maintained schools in the London Borough of Bexley. On 17 October 2017, the Board resolved to approve the conversion of the New Horizons Federation schools into the Trust with effect from 1 November 2017.

25. Transfer of existing academies joining the Trust

On 1 November 2016 the Bromley UTC trust 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 the Bromley UTC trust 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.

Current assets

Debtors	£257
Cash in bank and hand	£106,675
	<u>£106,932</u>

Current liabilities

Creditors: Amounts falling due within one year	<u>(£106,932)</u>
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Net assets	<u><u>-</u></u>
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