

REGISTERED COMPANY NUMBER: 07693309 (England and Wales)

Report of the Trustees and
Financial Statements For The Year Ended 31st August 2016
for

SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED



SOUTH WEST ESSEX
COMMUNITY EDUCATION TRUST

Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
1-5 Nelson Street
Southend on Sea
Essex
SS1 1EG

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

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For The Year Ended 31st August 2016**

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**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Reference and Administrative Details
For The Year Ended 31st August 2016**

MEMBERS	S J Munday R J Moore
TRUSTEES	M J A Baker (resigned 22/6/2016) R J Moore S J Munday Mrs S Basnett (resigned 20/7/2016) S J Bell (resigned 20/7/2016) Mrs J C Crawford (resigned 20/7/2016) D B Davison (resigned 20/7/2016) D J Gotobed J King (Chair of the Trustees) Mrs V E Northall A L Peltier D A Peplow (resigned 20/7/2016) A J Van Lancker P J Melville (Chief Financial Officer) (appointed 20/7/2016) S Ball (appointed 20/7/2016)
COMPANY SECRETARY	P J Melville
SENIOR MANAGEMENT TEAM	P J Melville A L Peltier Mrs S Basnett S J Munday S J Bell Mrs A Wood
REGISTERED OFFICE	Stifford Clays Road Grays Essex RM16 3NJ
REGISTERED COMPANY NUMBER	07693309 (England and Wales)
AUDITORS	Wilkins Kennedy LLP Statutory Auditor Chartered Accountants 1-5 Nelson Street Southend on Sea Essex SS1 1EG

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Reference and Administrative Details
For The Year Ended 31st August 2016**

BANKERS

Lloyds Bank
34 High Street
Grays
Essex
RM17 6LX

SOLICITORS

T A Capron & Co
68 Orsett Road
Grays
Essex RM17 5EJ



**Report of the Trustees
For The Year Ended 31st August 2016**

The Governors present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the Trust is the provision of education for pupils of various ages and abilities.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children, Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the School during the year ended 31st August 2016 are summarised below:-

- to ensure that every pupil enjoys the same high quality education in terms of resourcing, teaching and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the schools within the Multi-Academy Trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Significant activities

The Trust's main strategy encompasses providing:

- teaching and learning opportunities for all students to attain appropriate academic qualifications;
- an effective pastoral support programme for families and students who require additional help
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners for work experience;
- a programme of sporting, performing arts and after school leisure activities for all students;
- a system of after school clubs to allow students to explore areas of personal interest;
- a careers advisory service to help students obtain employment or move on to higher education.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set.

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The Trust complies fully with DDA regulations and is equipped to welcome and/or teach any child or adult with a disability.



Report of the Trustees
For The Year Ended 31st August 2016

ACHIEVEMENT AND PERFORMANCE

Key performance indicators

During the last inspections of trust schools the following judgements were reached:

William Edwards School Outstanding
Deneholm Primary School Good
Stifford Clays Primary School Good

Achievement in all three Trust schools is strong. 2016 highlights include:

Key Stage 2 2016 - Summary Comparison - All Pupils

School	Pup ils	Reading		Writing		Maths		GPS		RWM	
		Ex p+	Hi gh	E X S+	GDS	Exp +	Hig h	Exp +	Hig h	Exp+	High
2 Chadwell	29	69	7	83	14	90	14	76	31	62	3
2 Deneholm Stifford	59	53	9	78	19	71	17	83	32	47	3
2 Clays	89	66	17	76	17	76	14	80	15	54	5
	214										
Thurrock	2	62	13	76	10	68	13	72	21	51	4
National	N/A	66	19	75	0.2	70	17	72	23	53	5

Secondary attainment and progress

Year	School/LA/Region/National	APS on EntryNat Av 27.5	A* - CE& M	Ebacc Achieved	Ebacc Entered	Prog8	Att 8
2016	William Edwards	27.4	73%	37%	66%	0.01	50.50
2016	Eastern Region Av		62%	31%	40%	0.23	50.73
2016	Thurrock		59%	25%	38%	---	---

Attendance at all three schools shows a three year rising trend with all above national average. Children report enjoying coming to school.

All three schools remain significantly oversubscribed.



Report of the Trustees
For The Year Ended 31st August 2016

FINANCIAL REVIEW

Financial report for the year

Most of the Trust's income is obtained from the Department for Education (DFE) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the DFE during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £12,473k (2015: £9,353k) was met by recurrent grant funding from the EFA together with other incoming resources. The deficit of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £97k (2015: £968k). At 31 August 2016 the net book value of fixed assets was £18,885k (2015: £19,262k). Movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the School.

The Essex County Council Pension Fund, in which the Trust participates, showed a deficit of £5,798k (2015: £3,420k) at 31 August 2016. Of this sum, £1,282k was inherited by the Trust from Essex County Council on 1 August 2011, the date the local authority's staff transferred to employment with William Edwards School. A further deficit of £1,813k was transferred from the local authority on 1st April 2015 when Deneholm Primary School and Stifford Clays Primary School's staff transferred employment to the Multi-Academy Trust upon conversion to academy status.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the 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

Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to four to six weeks' expenditure, approximately £250k to £400k per academy. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The School's current level of free reserves is £1,272k (total funds less the amount held in fixed assets and restricted funds).

It is the policy of the Trustees to keep the level of reserves under review annually. The level of reserves held takes into account the nature of income and expenditure streams. Any unspent General Annual Grant (GAG) fund and funds inherited on conversion to academy will be used to offset any predicted future shortfalls. The Trustees have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure which is approximately £900k. This will help provide sufficient working capital to cover delays between spending and receipts of grants, and to provide a cushion to respond to unexpected financial demands. This leaves a balance of free reserves of £372k, to provide a cushion against the anticipated future 10% reduction in school funding and future unexpected costs including:

- increases in employer national insurance and pension contributions. Employer contribution to teachers' pension is expected to increase from 16.4% to between 19% and 20% in 2019.
- incremental drift in teaching staff salaries
- periods of 3% or more increase in staff salaries due to inflation.
- capital expenditure for ICT and Equipment in the academy trust yearly budgets

Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Financial position

The School held fund balances at 31 August 2016 of £15,846k (2015: £18,040k) comprising £14,574k (2015: £16,994k) of restricted funds and £1,272k (2015: £1,046k) of unrestricted general funds. Of the restricted funds, £18,885k (2015: £19,263k) is represented by tangible fixed assets.

The Pension reserve which is considered part of restricted funds was £5,798k (2015: £3,420k) in deficit.

FUTURE PLANS

The Trust will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its pupils get jobs or a place in higher education once they leave their secondary education.

The Trust will continue to provide opportunities for a technological education to all pupils. The Trust is establishing links with the local and wider community and direct access to the Trust's facilities, curricular materials and the expertise of Trust staff.

William Edwards School will continue working closely with its main feeder primary schools with opportunities to formalise this arrangement.

In September 2016, Chadwell St Mary Primary School joined the Trust. In addition, the Trust has applied for a new Free School and works with another to potentially join, subject to due diligence and consultation.



STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee with no share capital (registration no. 07693309) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees oversee the charitable activities of all schools in the Trust and all are also Directors of the charitable company for the purposes of company law. The charitable company is known as South West Essex Community Education Trust. Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

William Edwards School was incorporated on 5th July 2011 and obtained Academy status from 1st August 2011. It later became a Multi-Academy Trust under the name South West Essex Community Education Trust Limited with the additions of Stifford Clays Primary School and Deneholm Primary School on 1st April 2015.

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 period 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.

Principal activities

The Principal activity of the Trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing academies offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

The members of the Trust Board comprise the ten persons appointed for their skills. This includes one person from the Member's group. The Board also comprises the Chief Executive Officer and Chief Financial Officer. The process is further explained in the company's Articles. The Trust made changes to its governance arrangements in July and August 2016 following a lengthy consultation exercise, which ended with approval of the Secretary of State for Education.

Organisational structure

The aim of the management structure of the Trust is to devolve responsibility and encourage involvement in decision making at all levels.

The local Governors are responsible for setting academy level policies, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Management Team are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The Trust sets pay and remuneration of key management personnel using the published pay scales published by the Local Authority. All pay and remuneration is linked to performance management. Arrangements are in place to review pay and pay decisions through the normal means, that being the HR & Pay committees.

Policies and Procedures Adopted for the Induction and training of new trustees

During the period under review the Trustees held three board meetings. The training and induction of new trustees depends on their existing experience. Where necessary, induction provides training on charity and educational, legal and financial matters. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

Connected Organisations, including Related Party Relationships

Details of related party transactions which took place in the year are disclosed in the notes to the financial statements.



STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

As Trustees, we acknowledge we have overall responsibility for ensuring that the South West Essex Community Education Trust Limited has effective and appropriate systems of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- the Trust is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the academies in the Multi-Academy Trust or for publication is reliable;
- the Trust complies with relevant laws and regulations.

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body, Trust Finance Committee and the Board of Trustees;
- regular reviews by the Trust Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Trustees have appointed a Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a regular basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that the Trust faces are:

- Falling pupil numbers
- Other schools/academies with similar objectives and little scope for differentiation competing for new pupils
- Key person loss/succession
- School may receive an unfavourable Ofsted report
- Parents/other stakeholders may consider that the School does not provide a valuable/high quality service
- Risk that an uncontrollable event may have on the School for instance a fire or flood.

A risk also arises in relation to the defined benefit pension scheme (LGPS), due to the fact that there is a deficit of £5,798k.

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

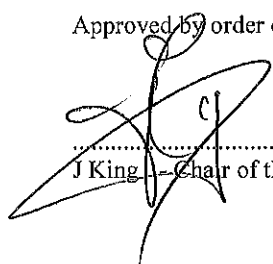
**Report of the Trustees
For The Year Ended 31st August 2016**



PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and educational visits) and in relation to the control of finance. The Directors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. The directors have put in place a reserve policy that has ring-fenced £1m as a cushion against reduced funding and cashflow shortfalls in future. A review of governance is currently underway so as to ensure a robust governance structure that will help implement the five year plans of the academy trust. There has been a review of leadership and management to address Key Management succession plans. Where significant financial risk still remains they have ensured they have adequate insurance cover through the insurance and other covers. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Approved by order of the board of trustees on 13/12/2016 and signed on its behalf by:


.....
J King - Chair of the Trustees

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**



SOUTH WEST ESSEX
COMMUNITY EDUCATION TRUST

**Governance Statement
For The Year Ended 31st August 2016**

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that South West Essex Community Education Trust Limited 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 of loss.

The Trust Board has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South West Essex Community Education Trust Limited 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.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities.

This year, the board of trustees has formally met four times (14 December 2015, 24 March 2016, 13 June 2016 and 13 July 2016). Attendance during the period at meetings of the trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr R J Moore	4	4
Mr M Baker	3	4
Mr S J Munday	4	4
Mrs S Basnett	3	4
Mr S J Bell	4	4
Mrs J C Crawford	3	4
Mr D B Davison	3	4
Mr D J Gotobed	4	4
Mr J King	4	4
Mrs V E Northall	3	4
Mr A L Peltier	3	4
Mr D A Peplow	2	4
Mr A J Van Lancker	4	4

The Finance Committee is a sub-committee of the Trust Board. Its purpose is:-

- To act in accordance with the Education (School Government) Regulations
- To carrying out delegated functions to the Trust Development Plan
- To maintain expenditure within the limits set by the Trust Budget Plan
- To advise the Trust Board of decisions taken within the powers delegated

The Finance Committee of trustees has formally met four times (7 December 2015, 9 March 2016, 18 May 2016 and 13 June 2016). Attendance during the period at meetings of the trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr R J Moore	4	4
Mr S J Munday	4	4
Mr A V Lancker	4	4
Mr D Gotobed	4	4

Review of Value for Money

The Trust constantly reviews its practice in relation to how it secures value for money and in doing so has implemented the following during the period:



Review of Value for Money

- Created a multi academy trust, bringing together three academies in order to jointly procure goods and services and share staff;
- Budget from a zero base, as it does every two years to ensure that the Trust's resources are spent effectively and contribute to the ongoing success of the Trust;
- Implement new procedures across the Trust to modernise and streamline processes in the finance team so that more time can be spent on contract negotiation;
- Negotiate on joint contracts across the Trust to secure better value;
- Reviewing staff structures to address changing curriculum demands.
- Implemented and extended a variety of differentiated programmes to meet the needs of specific cohorts of children to maximise progress.
- Share and develop a large number of joint training opportunities by building on the success of the Thurrock Teaching School Alliance which William Edwards School hosts;
- Training and development of an additional two responsible officers to undertake checks across all schools in the Trust, reporting to the Trust Finance Committee;
- Significant review programme for finance policies and procedures;
- Monthly meetings are held between the Accounting Officer and the Chief Financial Officer and his staff to ensure the financial resources of the Trust are well used;
- Governors are aware of their responsible for probing the finances of the academies and their need to hold the headteachers to account for the use of the funds and secure value for money;
- Benchmarking across local schools and using the DfE benchmarking site. Establishing a benchmarking club to quickly and sensibly compare spends between similar schools;
- Secure system in place for the payment and administration of visits, music lessons, contributions and donations and catering purchases;
- Further refurbishment of teaching spaces and parent meeting spaces to secure better teaching and more appropriate meeting spaces. This continued in 2016 with RE, maths classrooms and counselling and meeting rooms;

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 charitable company 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 South West Essex Community Education Trust Limited for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Finance Committee;
 - regular reviews by the Trust Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
 - setting targets to measure financial and other performance
 - clearly defined purchasing (asset purchase or capital investment) guidelines;
 - delegation of authority and segregation of duties;
 - identification and management of risks.
-



The Risk and Control Framework

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Board of Trustees have appointed three Responsible Officers (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the ROs report to the Trust Finance Committee on the operation of the systems of control and on the discharge of the Trust's financial responsibilities.

During the period the ROs produced a number of reports, which were presented to the Trust Finance Committee.

These take place on a termly basis. Which includes a variety of checks including:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliation
- Testing of personal expense claims
- Testing of backing papers to support income

The Trust has delivered its schedule of work as planned, with no materials identified, other than the need to publish annual support staff salary statements which are now produced by the payroll company.

Review of Effectiveness

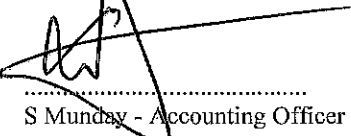
As Accounting Officer, Mr S Munday has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:-

- the work of the Responsible Officer
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School 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 by the Trust Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13/12/2016 and signed on its behalf by:


.....
J King - Chair of the Trustees


.....
S Munday - Accounting Officer

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**



SOUTH WEST ESSEX
COMMUNITY EDUCATION TRUST

**Statement on Regularity, Propriety and Compliance
For The Year Ended 31st August 2016**

As accounting officer of South West Essex Community Education Trust Limited I have considered my responsibility to notify the charitable company board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company 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 2015.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

.....
S Munday - Accounting Officer

Date: 13/12/2016

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**



SOUTH WEST ESSEX
COMMUNITY EDUCATION TRUST

**Statement of Trustees Responsibilities
For The Year Ended 31st August 2016**

The trustees (who act as governors of South West Essex Community Education Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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 the EFA/DFE have been applied for the purposes intended.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the board of trustees on 13/12/2016 and signed on it's behalf by:

.....
J.King - Chair of the Trustees

**Report of the Independent Auditors to the Members of
South West Essex Community Education
Trust Limited**

We have audited the financial statements of South West Essex Community Education Trust Limited for the year ended 31st August 2016 on pages nineteen to forty six. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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 auditors' 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.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page fourteen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Wilkins Kennedy LLP

Mandy Wilson (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
1-5 Nelson Street
Southend on Sea
Essex
SS1 1EG

Date: *15th December 2016*

**Independent Reporting Accountant's Assurance Report on Regularity to
South West Essex Community Education
Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South West Essex Community Education Trust Limited during the period 1st September 2015 to 31st August 2016 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 South West Essex Community Education Trust Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South West Essex Community Education Trust Limited and the EFA 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 South West Essex Community Education Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South West Essex Community Education Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South West Essex Community Education Trust Limited's funding agreement with the Secretary of State for Education dated 29th July 2011 and the Academies Financial Handbook, extant from 1st September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2015 to 31st August 2016 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 2015 to 2016 issued by the EFA. 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 charitable company's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

**Independent Reporting Accountant's Assurance Report on Regularity to
South West Essex Community Education
Trust Limited and the Education Funding Agency**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st September 2015 to 31st August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy LLP

Reporting Accountant
Wilkins Kennedy LLP
1-5 Nelson Street
Southend on Sea
Essex
SS1 1EG

Date: *15th December 2016*

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Statement of Financial Activities
For The Year Ended 31st August 2016**

	Not es	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Funds £'000	Total 2016 funds £'000	Total 2015 funds £'000
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	394	70	438	902	447
Transfer from Local Authority on conversion		-	-	-	-	5,537
Charitable activities						
Funding for the academy's educational operations	4	-	11,496	21	11,517	9,062
Other trading activities	5	<u>107</u>	<u>309</u>	-	<u>416</u>	<u>170</u>
Total		501	11,875	459	12,835	15,216
EXPENDITURE ON Charitable activities						
Academy's educational operations		<u>371</u>	<u>12,102</u>	<u>432</u>	<u>12,905</u>	<u>9,724</u>
NET INCOME/(EXPENDITURE)						
		130	(227)	27	(70)	5,492
Transfers between funds	19	<u>96</u>	<u>308</u>	<u>(404)</u>	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	<u>(2,124)</u>	-	<u>(2,124)</u>	<u>248</u>
Net movement in funds		226	<u>(2,043)</u>	<u>(377)</u>	<u>(2,194)</u>	5,740
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>1,046</u>	<u>(2,268)</u>	<u>19,262</u>	<u>18,040</u>	<u>12,300</u>
TOTAL FUNDS CARRIED FORWARD		<u>1,272</u>	<u>(4,311)</u>	<u>18,885</u>	<u>15,846</u>	<u>18,040</u>

The notes form part of these financial statements

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Balance Sheet
At 31st August 2016**

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	13	18,885	19,262
CURRENT ASSETS			
Debtors	14	78	69
Cash at bank		<u>3,412</u>	<u>2,448</u>
		3,490	2,517
CREDITORS			
Amounts falling due within one year	15	(731)	(319)
NET CURRENT ASSETS		<u>2,759</u>	<u>2,198</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,644	21,460
PENSION LIABILITY	20	(5,798)	(3,420)
NET ASSETS		<u>15,846</u>	<u>18,040</u>
FUNDS	19		
Unrestricted funds:			
General fund		1,272	1,046
Restricted funds:			
General Fund		1,487	1,151
Fixed Asset Funds		18,885	19,263
Pension Fund		<u>(5,798)</u>	<u>(3,420)</u>
		<u>14,574</u>	<u>16,994</u>
TOTAL FUNDS		<u>15,846</u>	<u>18,040</u>

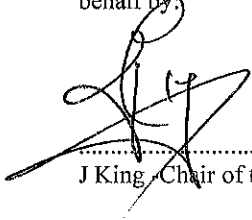
The notes form part of these financial statements

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Balance Sheet - continued
At 31st August 2016**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 13/12/2016 and were signed on its behalf by:



.....
J King, Chair of the Trustees

The notes form part of these financial statements

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Cash Flow Statement
For The Year Ended 31st August 2016**

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Cash generated from operations	1	<u>999</u>	<u>1,241</u>
Net cash provided by (used in) operating activities		<u>999</u>	<u>1,241</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(56)	(108)
Capital grants from DfE/EFA		<u>21</u>	<u>44</u>
Net cash provided by (used in) investing activities		<u>(35)</u>	<u>(64)</u>
Change in cash and cash equivalents in the reporting period		<u>964</u>	<u>1,177</u>
Cash and cash equivalents at the beginning of the reporting period		<u>2,448</u>	<u>1,271</u>
Cash and cash equivalents at the end of the reporting period		<u>3,412</u>	<u>2,448</u>

The notes form part of these financial statements

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Cash Flow Statement
For The Year Ended 31st August 2016**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(70)	5,492
Adjustments for:		
Depreciation	433	355
Capital grants from DfE/EFA	(21)	(44)
Transfer from Local Authority on conversion	-	(4,973)
LGPS cost excl employer's contributions	125	113
LGPS net finance cost	129	93
(Increase)/decrease in debtors	(9)	13
Increase in creditors	<u>412</u>	<u>192</u>
Net cash provided by (used in) operating activities	<u>999</u>	<u>1,241</u>

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements
For The Year Ended 31st August 2016**

1. STATUTORY INFORMATION

South West Essex Community Education Trust Limited is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the governors' report.

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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

South West Essex Community Education Trust Limited meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of South West Essex Community Education Trust Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of South West Essex Community Education Trust Limited for the year ended 31st August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Going concern

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

2. ACCOUNTING POLICIES - continued

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 receivable

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 period 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Transfer of lease

On conversion to Academy status the Local Authority gifted the school buildings to the Academy Trust with a 125 year long term lease. The properties have been professionally valued as at the date of transfer. The valuation is underpinned by SORP 2005 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land uses the market value. As the buildings are of a specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

2. ACCOUNTING POLICIES - continued

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors' meetings and reimbursed expenses.

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation

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

Freehold land and buildings.	2.5% straight line / 10% straight line
Furniture and Computers.	20% straight line / 25% straight line
Plant and motor vehicles.	10% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Liabilities

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

Provisions

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

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

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

2. ACCOUNTING POLICIES - continued

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 Chapter 3 Part 11 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.

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 governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

Pension costs and other post-retirement 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.

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

LGPS

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement

There are no critical areas of judgement.

Leased Assets

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

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Trips	207	51	258	265
Other donations	187	18	205	182
Capital income	-	439	439	-
	<u>394</u>	<u>508</u>	<u>902</u>	<u>447</u>

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
DfE/EFA revenue grant				
General annual grant (GAG)	-	10,949	10,949	8,577
Other DfE/EFA Grants	<u>-</u>	<u>237</u>	<u>237</u>	<u>281</u>
	-	11,186	11,186	8,858
DfE/EFA capital grant				
Devolved formula capital allocations	-	21	21	45
Other government grant				
Local Authority Grants	<u>-</u>	<u>310</u>	<u>310</u>	<u>159</u>
	<u>-</u>	<u>11,517</u>	<u>11,517</u>	<u>9,062</u>

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Other non-trading income	3	1	4	2
Catering income	-	146	146	39
Other income	<u>104</u>	<u>162</u>	<u>266</u>	<u>129</u>
	<u>107</u>	<u>309</u>	<u>416</u>	<u>170</u>

6. EXPENDITURE

	Staff costs £'000	Non-pay expenditure		2016 Total £'000	2015 Total £'000
		Premises £'000	Other costs £'000		
Charitable activities					
Academies educational operations					
Direct costs	6,228	432	1,229	7,889	6,179
Allocated support costs	<u>3,059</u>	<u>924</u>	<u>1,033</u>	<u>5,016</u>	<u>3,545</u>
	<u>9,287</u>	<u>1,356</u>	<u>2,262</u>	<u>12,905</u>	<u>9,724</u>

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

6. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Auditors remuneration	15	14
Depreciation - owned assets	<u>433</u>	<u>355</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted	Restricted	2016	2015
	funds	funds	Total	Total
	£'000	£'000	£'000	£'000
Direct costs	243	7,646	7,889	6,179
Support costs	<u>128</u>	<u>4,888</u>	<u>5,016</u>	<u>3,545</u>
	<u>371</u>	<u>12,534</u>	<u>12,905</u>	<u>9,724</u>

	2016	2015
	Total	Total
	£'000	£'000
Analysis of support costs		
Support staff costs	3,059	2,244
Premises costs	924	449
Other support costs	1,018	838
Governance costs	<u>15</u>	<u>14</u>
Total support costs	<u>5,016</u>	<u>3,545</u>

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

8. TRUSTEES' REMUNERATION AND BENEFITS

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments. The Governors who received remuneration are:

Mr S Munday (headteacher William Edwards School)
Remuneration £110,000 - 120,000 (2015: £100,000 - £110,000)
Employers pension contributions £10,000 - £20,000 (2015: £10,000 - £20,000)

Mr A Peltier (headteacher Stifford Clays Primary School)
Remuneration £90,000 - £100,000 (2015: £30,000 - £40,000 5 month period)
Employers pension contributions £10,000 - £20,000 (2015: £5,000 - £10,000 5 month period)

Mrs S Basnett (headteacher Deneholm Primary School)
Remuneration £70,000 - £80,000 (2015: £30,000 - £40,000 5 month period)
Employers pension contributions £10,000 - £20,000 (2015: £1,000 - £5,000 5 month period)

I Broyd, J Fisher, T Rowe, C Turner, S Proctor, N Merchant, L Montague, K Hewlett Remuneration (aggregate)
£335k (2015: £216k 5 month period)
Employers pension contributions (aggregate) £55k (2015: £31k 5 month period)

The other staff Director/Governors listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Governors believe any further detailed breakdown would be prejudicial to the structure of the Governing Board. Other related party transactions involving the governors are set out within the related parties note.

Trustees' expenses

During the period ended 31 August 2016, expenses totalling £nil were reimbursed to Governors (2015: £nil).

**SOUTH WEST ESSEX COMMUNITY EDUCATION
TRUST LIMITED**

**Notes to the Financial Statements - continued
For The Year Ended 31st August 2016**

9. STAFF COSTS

	2016	2015
	£'000	£'000
Wages and salaries	7,148	5,405
Social security costs	543	372
Other pension costs	<u>1,099</u>	<u>774</u>
	8,790	6,551
Supply teacher costs	<u>497</u>	<u>330</u>
	<u><u>9,287</u></u>	<u><u>6,881</u></u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	2016	2015
Teachers	153	145
Admin and support	<u>150</u>	<u>160</u>
	<u><u>303</u></u>	<u><u>305</u></u>

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

	2016	2015
£70,001 - £80,000	3	3
£90,001 - £100,000	1	1
£110,001 - £120,000	<u>1</u>	<u>-</u>
	<u><u>5</u></u>	<u><u>4</u></u>

The average number of persons employed by the academy as a full time equivalent during the year was as follows:-

	2016	2015
Teachers	128	121
Admin and Support	<u>116</u>	<u>123</u>
	<u><u>244</u></u>	<u><u>244</u></u>

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 £590,353 (2015: £427,138).

10. EX GRATIA PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £18,880 (2015: £55,000). Individually, the payments were: £10,000 and £8,880.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5M on any one claim and the cost is included in the total insurance and cannot be separated out.

