

**Company Registration No. 08122579 (England and Wales)**

**SEAFORD HEAD ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

# SEAFORD HEAD ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Governors**

J Dilley (Chair)  
G Sims (Vice Chair)  
R Ellis (Headteacher & Accounting Officer)  
S Williams (Staff Governor) (Appointed 11 October 2016)  
J Harding (Staff Governor) (Resigned 30 October 2017)  
N Baxter  
J Tomlinson  
M Walker  
E McMullen  
T Harman (Resigned 31 August 2017)  
S Herriott (Appointed 30 September 2016)  
L Barnard  
R Finch

### **Trustees**

J Dilley (Chair)  
G Sims (Vice Chair)  
L Barnard  
R Finch (Appointed 1 September 2016)

### **Members**

J Dilley (Chair)  
G Sims (Vice Chair)  
R Ellis (Headteacher & Accounting Officer)  
L Barnard  
R Finch (Appointed 1 September 2016)

### **Senior management team**

- Headteacher	R Ellis
- Business Manager	D Greaves
- Assistant Headteacher	A Cook
- Assistant Headteacher	R Handy
- Assistant Headteacher	J Mathew
- Assistant Headteacher	J Waite
- Assistant Headteacher	E Southern
- Assistant Headteacher	S Speedie

### **Finance and Personnel Committee**

J Dilley (Chair)  
G Sims (Vice Chair)  
R Ellis (Headteacher & Accounting Officer)  
R Finch (Appointed 1 September 2016)

### **Company secretary**

D M Greaves (Resigned 20 October 2017)

### **Company registration number**

08122579 (England and Wales)

### **Registered office**

Arundel Road  
Seaford  
East Sussex  
BN25 4LX

# SEAFORD HEAD ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor**

RSM UK Audit LLP  
3rd Floor  
Portland  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

**Bankers**

Barclays Bank Plc  
High Street  
Lewes  
BN7 2JP

**Solicitors**

Eversheds LLP  
Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT

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The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 18 serving a catchment area extending from East Dean in the east to the River Ouse in the west and the A27 in the north. It has a capacity of 1560 (1200 for years 7 to 11 and 360 for Years 12 and 13) and had a roll of 1247 in the school census dated 8 May 2017.

### 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 Seaford Head Academy Trust and the directors of the charitable company for the purposes of company law are made up of various members from the Board of Governors. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

#### 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### Governors' indemnities

Governors are insured through the ESFA's Risk Protection Arrangement (RPA).

#### Principal activities

The principal object of the company, in accordance with its Articles of Association, is to advance for the public benefit education by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

#### Method of recruitment and appointment or election of governors

Members may appoint up to 8 Governors. Members may appoint staff Governors to a maximum (including the Headteacher) of one third of the total number of Governors. The Local Authority (LA) nominates an LA employee to be the LA Governor and the members shall approve and appoint the LA Governor. The Headteacher is an ex officio Governor. Parent Governors are elected by parents of registered pupils. A parent Governor must be a parent of a pupil of Seaford Head School at the time when he/she is elected. Arrangements will be made for a secret ballot in the event that the election is contested. If the number of parent Governors standing for election is less than the number of vacancies the governing body can appoint parent Governors who will be the parent of a registered pupil or the parent of a child of compulsory school age. Governors may appoint up to 3 co-opted Governors. The term of office for all Governors (except the Headteacher) is 4 years.

#### Policies and procedures adopted for the induction and training of governors

All new Governors are issued with a welcome pack comprising a range of information about the school and the governing body. Governors are sent details of LA training programmes and links to the LA Governor services website into which the school subscribes. The school carries out in-house training and all Governors are sent the School's Self Evaluation Form (SEF). Governors are attached to a curriculum area and will meet with the SLT link before undertaking any school visits. Training needs are identified by the Headteacher, chair of Governors and clerk to Governors and recommended to Governors as required.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### **Organisational structure**

The school is governed by the Full Governing Body (FGB) which meets 7 times a year. This body is collectively responsible for setting policy in all areas, strategic decisions regarding the future direction and operation of the school and senior appointments. They deal with and report on Finance and Personnel and Standards. There are separate sub committees which deal with Admissions and Pay. The FGB is responsible for ensuring that the school meets all its statutory and governance obligations and through the Headteacher and Business Manager that it complies with financial regulations. The FGB delegates operational functions to the Headteacher. The FGB operates in line with the terms of reference which governs their remit and operation. The Headteacher has overall responsibility for the school's activities and is the Accounting Officer. Responsibilities for formulation of the Annual budget, financial controls and accounts production is delegated to the Business Manager and Finance team. Operational functions are delegated to Senior Leadership Team staff members. The Senior Leadership Team (SLT) comprises the Headteacher, the Business Manager and 6 Assistant Headteachers. This team meets weekly and the Headteacher meets weekly with key members of the leadership group.

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

The School operates pay and progression requirements in line with procedures established in the Appraisal Policy (which is reviewed annually by Governors). The Staffing Structure details the pay band for the Headteacher, SLT members and the School Business Manager and progression is contained within these bands.

The Performance Management / appraisal procedure for all staff takes place in October each year and assesses achievement against targets. Progression recommendations are reviewed by Governors who will make the final decision on any such moves. The task of appraising the Headteacher, including the setting of objectives will be by a sub-group of the Governing Body comprising two members, supported by a suitably skilled and/or experienced external adviser who has been appointed by the Governing Body for that purpose. Objectives will be focused on key school priorities and take account of the relevant Headteacher standards. They will be set before or as soon as practicable after, the start of each appraisal period.

The Headteacher will appraise other Senior Leadership Team members and the School's Business Manager.

Appraisal in this school is a supportive and developmental process designed to ensure that all staff have the skills and support they need to carry out their role effectively.

### Setting Appraisal Objectives

The objectives set for all staff will be Specific, Measurable, Achievable, Realistic and Time-bound and will be appropriate to the staff member's role and level of experience. The objectives set, will, if achieved, contribute to the school's plans for improving the educational provision and performance and improving the education of students at the school:

**Objective 1** - By ensuring that the "Achieving Excellence" objectives addresses key attainment priorities identified within the School Improvement Plan.

**Objective 2** - By ensuring that the "Achieving Excellence in Teaching" (teaching and learning) objective focuses on development areas in the School Improvement Plan.

**Objective 3** - By ensuring that the "Professional Development" objective refers specifically to the National Standards and is appropriate the career stage of the staff member.

**Objective 4** - By ensuring that the "Excellence in Leadership" objective addresses any key development or school improvement priorities and takes account of the relevant standards.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### Annual assessment

Each member of staff's performance related pay award is formally assessed in respect of the appraisal period. In assessing the performance of the Headteacher, the Governing Body will consult the external adviser.

This assessment is the end point to the annual appraisal process, but performance and development priorities for the senior staff detailed above are reviewed and addressed on a regular basis throughout the year by means of:

- Lesson / task observations
- Planning and work scrutiny
- Self-review in terms 2 and 6
- Interim review meeting with the appraiser in term 3
- Observation / scrutiny of leadership and management activities where appropriate
- Line Management meetings
- Other feedback received or obtained during the cycle relevant to overall performance
- Monitoring of internal data on attainment and progress

Within two months of the end of each appraisal period, the member of staff will receive and have the opportunity to comment in writing on their Appraisal Report. The Appraisal Report will include:

- Details of the staff member's objectives for the appraisal period in question
- An assessment of the staff member's performance in their role
- Responsibilities against their objectives and the relevant standards
- An assessment of the staff member's training and development needs and identification of any action that should be taken to address them
- A recommendation on pay

### **Related parties and co-operation with other organisations**

The academy has a related party relationship with Linic Security Training through N Baxter, a Governor.

### **OBJECTIVES AND ACTIVITIES**

The principal object and activity of the school is to advance for the public benefit education of the highest standard offering a broad and balanced curriculum.

The school's mission is to improve and maximise the progress of all students from Year 7 – 13.

The principal aims of the Academy Trust are to:

- provide a happy, high quality learning and teaching environment that ensures all students will achieve their personal best
- ensure students receive appropriate guidance so that they become good citizens
- guide students so that they are equipped to undertake further education and for the world of work
- ensure students enjoy their time at Seaford Head School and develop their talents and interests in order that they derive maximum benefit from their time at the school
- ensure best value for money is achieved from the funds expended
- conduct the Academy Trust's business in accordance with the highest standards of integrity and probity.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### **Objective One: Student Achievement**

To raise the attainment, achievement and progress of all students through the effective interpretation of data, intervention, mentoring and partnerships with parents.

**Strategic Responsibility:** Headteacher; Head of Sixth Form; All Assistant Headteachers through line management and strategic responsibilities  
Enjoy and Achieve / Make a Positive Contribution / Achieve Economic Wellbeing.

#### **Key Outcomes:**

- Close the gap to the Attainment 8 score of all National Non-PP students.
- Ensure that Pupil Premium ('PP') students achieve and attain above national average for the gap.
- Narrowed the gap further between progress of Pupil Premium and National non-Pupil Premium students to less than 9.85 points in Attainment 8 and less than 0.6 on Progress 8 in 2017. This was a new way of measuring PP attainment and progress and as such no previous figures are available.
- Narrow attainment gap between subjects (focus on product design and history). Product Design decreased A\*-C from 50% to 38.3%. History decreased A\*-C from 57% to 47.3%.
- Improve progress and attainment in specific A Level subjects with all AS and A Level subjects receiving an ALPS (Advanced Level Performance System) targeted to achieve a score of 4. ALPS for AS 2017 was 1 (with its results in the top 10% of ALPS schools). LV3A also improved to be significantly better in 2017. 2017 results showed improved progress from -0.19 (2016) to -0.02 (2017)
- 85% of students on track to meet ALPS targets in Year 12 and 13
- Embedded the use of Go 4 Schools and SISRA as analysis tools to identify underachievement, specifically working with new GCSEs and 'A' Levels. It was used for all data entry points and to produce individual subject analysis.
- LV3A measure for current Year 13 cohort is expected to be significantly + for 2018 results

### **Objective Two: Quality of teaching and learning**

To ensure the quality of all lessons is consistently high, through effective teaching, purposeful marking and feedback and excellent student engagement

**Strategic Responsibility:** Assistant Headteacher in charge of Learning and Teaching

#### **Key Outcomes:**

- CPD ensures discussion and debate to challenge all staff to develop pedagogy at all career stages. CPD also allows for peer collaboration for coaching, sharing of best practice and development of new practices to support the best possible outcomes for all students.
- CPD programmes closely link to appraisal and the school improvement plan
- Differentiation is provided for different groups of students to allow all groups to progress rapidly in each year
- Progress of all vulnerable students is good
- Quality assurance procedures are rigorous and drive professional development

### **Objective Three: Behaviour, Safety and Academic Mentoring**

To ensure the safety and well-being of all students.

**Strategic Responsibility:** Assistant Headteacher  
*Stay safe/ Be healthy/ Enjoy and Achieve*

#### **Key Outcomes:**

- Attendance target of 96% was not met. The school achieved 95.2%
- Persistent absence target was set as 'below 10%'. The school achieved 8.59%.
- The attendance gap reduced to 3.8% from 2.8%
- Year 11 attendance improved to 95.3% from 95%
- The PSHE stakeholder data for 2015/16 indicated that 98.3% of students were happy with their PSHE education
- There were fewer relocations and students needing relocations.
- Students being placed in internal exclusion during the year was the same as in 2015/16

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### **Objective Four: Leadership and Management**

Improve leadership at all levels to further support improved student progress and outcomes.

**Strategic Responsibility:** *Headteacher, Governors, Assistant Head Teacher inclusion, Head of Sixth Form, All SLT*

Be Safe / Enjoy and Achieve / Make a Positive Contribution/ Be healthy

### **Key Outcomes:**

- Strong and effective governance through self-audit and programme of training
- A strategic plan for development of the sixth form (recruitment, marketing, curriculum, use of IT and enrichment)
- Appropriate levels of safeguarding throughout the School with training provided to prevent female genital mutilation and child sexual exploitation
- A modified curriculum which continued to deliver a broad and balanced curriculum allowing for the needs of local community and new government performance targets
- Continued to embed SEN code of practice.

### **Public benefit**

The Governors have referred to the guidance on public benefit published by the Charity Commission. The school's stated object includes advancing for the public benefit education in the United Kingdom by establishing, maintaining, carrying on managing and developing a school offering a broad and balanced curriculum.

The school provides facilities for recreation for the community through its links with Wave Leisure Trust, Caravan Clubs, Seaford Town Football Club, Seaford Horticultural Society, the Band of Brothers, the Womens' League of Health And Beauty, Full Beam Productions, a local Nursery School, Seaford Silver Band, a Rotary Club, and a Church Group.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### STRATEGIC REPORT

#### Achievements and performance

The Academy Trust has ended another year with an extremely positive set of results at GCSE. Pupil numbers have increased slightly at the end of the 2016/17 Academic year (1240 students) compared to the previous year at that stage (1233 students). (n.b. the third year of the Sixth Form contributed 87 students to these numbers.)

The focus on English and maths, with increased staffing in these subject areas allowing for smaller class sizes and increased levels of intervention / support, has once again boosted attainment.

The Senior Leadership Team members undertake a programme of lesson observations along with other line managers as well as regular Learning Walks. Required improvements are identified and mentoring and support for staff members aims to ensure that all lessons are “good” as a minimum with the objective being to ensure that the objective of achieving “outstanding” lessons is achieved.

Following an Ofsted inspection during September 2017 the School was rated ‘Outstanding’.

#### Examination Results for 2016-17

The school has recorded an eleventh year of impressive results, placing it in the top six Secondary schools for a range of new headline measures in East Sussex in 2017 based on Attainment 8, Ebacc, 9-4 and 9-5 in Maths and English.

GCSE Results	2017	2016	2015
9-4 in Maths and English	71.4%	A*-C = 75%	A*-C = 74%
National average results	*	62	N/A
9-5 in Maths and English	48%	N/A	N/A
National average results	*	N/A	N/A
9-4 in Maths	73.4%	80.2	70
National average results	59.4%	65.4	63.6
9-4 in English	74.6%	80	72
National average results	62.1%	63.3	57.6
Ebacc 9-5	21.5%	N/A	N/A
National average results	*	N/A	N/A
Attainment 8	48.6	52.85	N/A
National average results	*	49.8	48.4
Progress 8	0.27	0.33	0.49
National average results	*	-0.03	N/A

\*Not currently available

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### **Financial review**

Most of the funding received by Seaford Head Academy Trust is derived from the Education and Skills Funding Agency by way of grants - the use of which is restricted. These are detailed in the statement of Financial Activities. During the year to 31 August 2017 income was £6,995k and expenditure £6,981k.

In addition the School was successful with a CIF bid £530k for 2017/18 which will enable failed roofing to be replaced. This is in addition to 2016/17 CIF funding obtained (£566k) which has enabled a large number of failed windows and doors to be replaced along with an obsolete Fire Protection system which has been updated.

One of the most disconcerting features in last year's accounts was the massively increased LGPS Pension Scheme deficit of £1,204k (up from £532k as at 31 August 2015). As at 31 August 2017 this figure had decreased to a more acceptable £387k. However, this still exceeds the deficit burden of £210k inherited on conversion in 2012 and is a liability which (whilst it cannot be controlled) must be monitored.

### Financial and risk management objectives and policies

The regular funding stream received from the ESFA to support the Academy's requirements is such that when combined with carefully constructed budgets, the risk of cash flow difficulties is minimal. Governors have assessed the major financial risks which are: excessive staffing, falling student numbers and lack of growth within the 6th form, a major buildings maintenance requirement or an IT failure. Appropriate insurance cover is in place through the Risk Protection Arrangement (RPA) to mitigate against unforeseen insurable occurrences. Cashflow is continually monitored to ensure that the Academy has sufficient funds to meet requirements as they fall due.

The School's Local Government Pension Scheme (LGPS) liability as at 31 August 2017 has decreased massively since last year's valuation (£387k as at 31 August 2017 vs £1,204k as at 31 August 2016). Once again the valuations are based on bond valuations etc which are impacted by, amongst other things, Government policy and world market fluctuations. Actuarial assumptions which actuaries are compelled to apply to their calculations are also strictly controlled. Governors are of course very mindful of the liability that sits on the Balance Sheet but understand that these massive fluctuations in the School's LGPS valuation are beyond our control. The positive shift in the level of liability during the last year is, however, welcomed. Governors prudently opted to tackle the deficit (£210k) inherited upon Academy conversion in 2012 by paying an increased level of Employer's Pension Contribution in order to achieve a deficit reduction and eliminate the deficit within 20 years but clearly these efforts have had no significant impact on the outstanding debt.

The work of external auditors and the Responsible Officer in checking that internal control procedures are adhered to further reduces risk.

### Reserves policy

Governors have agreed to aim for a surplus in the region of 5% of income equating to approximately £300,000. Funds have built above this in the last few years with a view to having resources available to meet the anticipated costs of vital electrical works in addition to both general and mobile classroom refurbishment/replacement and to assist with the consolidation of the Sixth Form and its eventual self-sufficiency (a three year target). Actual reserves at the end of 2016/17 are £18,536,000. The level of free reserves stands at £218,000.

As at 31 August 2017 the sums held were:

- GAG - £1,270k
- General unrestricted fund - £218k
- Pension Reserve - (£387k)
- Restricted Fixed Asset Fund - £17,435k

### Investment policy

At present the Academy's only policy is to 'sweep' cash funds in excess of £1,000 each day into an interest bearing account within Barclays Bank PLC. This ensures that funds are always immediately available to meet the cash requirements of the Academy Trust and minimises risk to the Academy.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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### Key performance indicators

Key Financial Performance indicators must focus on Staffing salary costs as a percentage of ESFA Pupil Led Funding / Education Services Grant/Other Factors which for 2016/17 was 82.99%. This is broken down as follows: Teaching Staff 62.20%, Education Support Staff 8.99%, Administrative Staff 8.62%, Sites Staff 3.18%. At the year end the carry forward was £1,488k (being £218k Unrestricted Funds and £1,270k Restricted General Funds). Free reserves at 31 August 2017 was £788k (2016: £772k).

The Exam results for 2016/17 (as detailed in the Strategic Report) were once again excellent with the School proving again to be one of the best in East Sussex. This continues the trend of the previous ten years indicating appropriate use of available funds.

The September 2017 Ofsted inspection that the School underwent rated the School as an 'outstanding school' which is probably the most significant performance indicator of 2016/17.

### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### **Plans for future periods**

Seaford Head Academy Trust will strive to raise student achievement to the best levels possible in order to ensure that they can move on to their desired future course of study. This will be carried out through staff and curriculum development so that the School is equipped to deliver to the highest possible standard.

The Academy Trust was awarded funding of almost £1.7m to re-establish a Sixth Form at Seaford Head from September 2014. The project involved the refurbishment of a disused building together with an element of new-build on the site to accommodate two Science Laboratories and an ICT Suite all of which was completed in the Spring of 2015. Student numbers are growing steadily and the first set of 'A' Level results that were announced in August 2017 were good. The challenge continues to be that we must rapidly build student numbers and establish a successful, viable Sixth Form operation.

It is planned to carry out a range of further necessary improvements on the Schools' sites during 2017/18 using available funds in order to carry out the remainder of the required roofing refurbishment. This will remove the risk of classroom closure and secure the fabric of the buildings preventing internal damage.

Further work will be required in future years to upgrade electrical intake installations which are at end of life, upgrade available supplies, upgrade internal lighting installations which are failing, re-surface playground areas that are becoming unsafe and replace boilers which are proving unreliable. In addition two mobile classrooms are rapidly approaching end of life and consideration must be given to their replacement in the most cost effective way over the next two years or so before they become unsafe and unusable.

All of these works are essential in order that the massive improvements in results and standards that have been achieved in the last decade can be maintained and built upon in the future.

### **Principal risks and uncertainties**

The management of risks to the School is undertaken in accordance with the Funding Agreement and the Academies Financial Handbook.

The Governing Body is responsible for risk management and for maintaining a sound system of internal controls that supports the achievement of its objectives, whilst safeguarding public funds, other funds and assets for which it is responsible. The Governing Body is advised in this role by the School's Business Manager and both are advised and informed by the Senior Leadership Team.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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The major risks to which the school is exposed and the management of those risks is as follows:

- Strategic and Reputational risks - which are maintained by:
  - achieving excellent examination results
  - achieving favourable Ofsted report
  - ensuring high levels of student discipline
  - careful attention to Health and Safety matters
  - excellent relations with the local community
  - ensuring no adverse publicity impacts on the school
  - rigorous DBS checking and site entry control
  - appropriate insurance cover
- Financial risks - which are overcome by:
  - careful and detailed budgeting based on the best information available
  - staffing levels established at the optimum level
  - careful cost and budget control
  - rigorous adherence to financial control systems
  - cash flow projections and monitoring
  - maintaining high student numbers
  - keeping a watchful eye on Sixth Form recruitment, numbers and costs
  - achieving best value at all times
  - regular and appropriate buildings maintenance and upgrade programmes
  - appropriate insurance cover
  - appropriate IT system back-up systems and procedures
  - the work of external auditors and the Responsible Officer
- Operational and Personnel risks - which are controlled through:
  - quality checks on management information produced
  - adherence to recruitment procedures
  - having appropriate policies and procedures
  - staff retention
  - robust performance management/appraisal procedures
  - appropriate staff training
  - attention to Health and Safety risks – which will be managed through:
    - appropriate and rigorous risk assessment
    - regular premises checks
    - careful, appropriate and regular premises maintenance
    - contractor involvement as appropriate
    - fire safety checks
    - appropriate insurance cover
- Compliance Risks - which are controlled through:
  - monitoring employment legislation
  - keeping abreast of H&S legislation and risks
  - adherence to data protection protocols
  - welfare legislation compliance
  - adherence to requirements of mental health legislation

Governors have identified the following risks and uncertainties facing the Academy Trust:

Reputational Risks - the continuing success of Seaford Head Academy Trust is dependent on excellent results being achieved by maintaining the highest standards of learning and teaching. Governor involvement in reviews, lesson observation and standards aims to ensure that results are of the highest standard. Governors also give consideration to other aspects of school life including Health and Safety and safeguarding.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNORS' REPORT (CONTINUED)

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Financial Risk - funding from the ESFA/Government comprises 99% of all funding received and clearly the continuation of this funding is key to financial security. However, there is always a risk that even minor funding cuts could be introduced which would have a significant detrimental effect on the Academy's financial position. The effects of inflation on a static (or indeed for 2017/18 a reducing) income budget are significant and must be considered in future planning. The impact of the increase in the Teachers Pension Scheme (TPS) Employers' Contributions from 1st September 2015 and the abolition of contracting out with a resulting increase in Class 1 NICs from 6th April 2016 along with the introduction of the Apprenticeship Levy in April 2017 has been significant and detailed planning in order to reduce costs and keep the budget in balance has been a challenge. The results of the 'National Funding Formula' which is looking to address disparity in schools' funding across the country will not apply until 2018/19 and as far as we can tell at this stage will not benefit the School - indeed budgets may well be reduced. There is absolutely no clarity in terms of the future level of funding at this stage.

Operational and Personnel Risks - Governors ensure that the highest standards are maintained when recruiting and monitoring staff, applying safeguarding procedures and adhering to Health and Safety requirements.

Compliance Risks - are controlled through the services of professionals where required.

### **FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy Trust and its Governors do not act as Custodian Trustees of any other charity.

### **AUDITOR**

RSM UK Audit LLP has indicated its willingness to continue in office.

### **Statement as to disclosure of information to auditor**

The governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Governors' Report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on ..... and signed on its behalf by:

.....  
J Dilley  
**Chair**

# SEAFORD HEAD ACADEMY TRUST

## GOVERNANCE STATEMENT

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### Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that Seaford Head Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the headteacher, 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 Seaford Head Academy 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.

### Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The Board of Governors has formally met 7 times during the year. The Governing Body meets as a whole, apart from the Pay and Admission Committees which both meet once a year.

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
J Dilley (Chair)	6	7
G Sims (Vice Chair)	4	7
R Ellis (Headteacher & Accounting Officer)	7	7
S Williams (Staff Governor) (Appointed 11 October 2016)	7	7
J Harding (Staff Governor) (Resigned 30 October 2017)	6	7
N Baxter	0	7
J Tomlinson	7	7
M Walker	6	7
E McMullen	7	7
T Harman (Resigned 31 August 2017)	6	7
S Herriott (Appointed 30 September 2016)	4	6
L Barnard	6	7
R Finch	5	7

During the year, and up to the date of signing, there were two resignations. T Harman, who resigned with effect from 31 August 2017, and J Harding, who resigned with effect from 30 October 2017.

In addition to the AGM, the Board of Trustees formally met once a year as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
J Dilley (Chair)	1	1
G Sims (Vice Chair)	1	1
L Barnard	1	1
R Finch	1	1

There are currently no other Committees.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### Review of value for money

As accounting officer the headteacher 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 information regarding where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- discussing budgets at length in order to challenge proposals and ensure effective deployment of funds so that value for money is achieved.
- ensuring sound systems of control (financial and teaching review) to provide quality within educational delivery in order to maximise results attainment and to develop young people who possess the skills required to thrive in the world of work and further education
- placing budget responsibility and accountability on managers so that they work effectively in respect of achieving best value within their respective areas.
- establishing a staffing structure which ensures that staff are deployed in the most efficient way possible. The financial implications of any planned changes to the structure are costed to ensure they are affordable and achieve the required cost benefits. During 2015/16 the staffing structure was reviewed but as a substantial restructure had taken place the previous year which achieved the required cost savings it was decided to run with the existing structure for 2016/17.
- performance management procedures ensure that staff performance is closely monitored with particular emphasis on the achievement of outstanding lessons by teaching staff. Learning walks are undertaken by senior staff to monitor lesson standards.
- tackling shortcomings through a programme of mentoring, training and support which ensures that an acceptable standard is achieved - in turn ensuring that best value is achieved for the school from this area of expenditure.

GCSE results for 2017 were as follows:

- 71.4% of students achieved at least 9 – 4 in English and Mathematics
- 48.0% of students achieved at least 9 – 5 in English and Mathematics
- 21.5% of students attained EBACC (9 – 5)
- Attainment 8 = 48.63

These results reflect the commitment of the teaching and support staff as well as the hard work put in by the students and provide evidence that resources have been put to good use.

Three years ago, the Government announced a new floor standard for secondary schools which measures the value-added score for students' best 8 GCSE qualifications (including up to two equivalent qualifications) in the EBacc subject areas. It analyses how students from Seaford Head School made progress from their primary school based on their Key Stage 2 attainment data through to their examinations at the end of KS4. This performance indicator is called PROGRESS 8 and for Seaford Head School this is +0.27 (a school with students making expected progress would have achieved a score of 0) – this shows students have made just under a third of a grade better progress than expected (a score of 1.0 is equivalent to a whole grade).

The attainment of students in the following subjects; English, English literature, mathematics, biology, chemistry, physics, core and additional sciences, art, dance, drama, French, geography, history, Spanish, food technology, product design, film studies, media studies, business communication, religious studies and PE were all above the National average.

Individual students have had their attainment levels improved through increased staffing allocations for the academic year allowing for one-to-one and one-to-small group support for students underachieving in the core subjects of English, maths and science.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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In both English and maths, increased teaching capacity has enabled staff to withdraw underachieving students to provide focussed intervention within both curriculum time and during tutor time. Additional support was also provided to 9-7 students. This input was reflected in the results achieved with the percentage of students getting 9-7 being above the national average for both English and maths.

In science capacity was created by way of after school intervention and the results showed the average grade in biology, chemistry, physics, core and additional science to be significantly higher than average nationally. A\*-A grades were significantly higher than national average in biology, chemistry and physics and in addition A\*-C grades were significantly higher in these subjects and core science.

Middle and higher ability students have a curriculum offer from Years 9 -11 which includes English Language and Literature, double science and a humanities subject and a foreign language.

Seaford Head School works in collaboration with other schools in the Eastbourne and Hailsham areas in order to share good practice, to buy in necessary training and professional advice at a reduced cost, and to share in the development of resources for introduction across the schools. The school is fully committed to its mission statement of "Achieving Excellence Together".

### **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 Seaford Head Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 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 board of governors.

### **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 governors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mrs Tracy Comfort (Business Manager of a neighbouring school) as Responsible Officer ('RO') to carry out Peer Reviews. The RO's role includes giving advice on financial system/control matters and performs a range of checks on the Academy Trust's financial (and other) systems. The RO reports to the governors on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

# SEAFORD HEAD ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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The responsible officers 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 included:

- Payroll & Personnel
- Income
- The accounting system (with particular emphasis on scrutiny of the newly introduced Finance system and issues caused by difficulties with reporting and reconciliation during the financial year)
- Purchasing
- Financial Closedown Processes & Procedures
- Required annual checks on Environmental legislation

The reports were passed to Governors for consideration at the next Governors' meeting.

Governors are closely involved in both the budget-setting process and monitoring reviews that are reported to them in advance of their scheduled meetings which take place seven times in the financial year and three of which focus on Finance.

### **Review of effectiveness**

As accounting officer the headteacher 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 Responsible Officer;
- The work of the external auditor;
- The financial management process;
- The work of managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.
- Results - both financial and academic

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

Approved by order of the board of trustees on ..... and signed on its behalf by:

J Dilley  
Chair

R Ellis  
Headteacher & Accounting Officer

# SEAFORD HEAD ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Seaford Head Academy 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's 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.

R Ellis  
**Accounting Officer**

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# SEAFORD HEAD ACADEMY TRUST

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The governors (who act as trustees for Seaford Head Academy Trust and are also the directors of Seaford Head Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Seaford Head Academy Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors 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 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors 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 governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The governors 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 ..... and signed on its behalf by:

J Dilley  
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAFORD HEAD ACADEMY TRUST

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## Opinion on financial statements

We have audited the financial statements of Seaford Head Academy Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 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 Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

## 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. 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.

## Opinion on other matter 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 Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAFORD HEAD ACADEMY TRUST (CONTINUED)**

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### **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 Governors' Report and the incorporated 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 by the charitable company, 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.

### **Responsibilities of governors**

As explained more fully in the Statement of Governors' Responsibilities set out on page 18, the governors (who act as trustees for the charitable activities of the charitable company, and 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, and for such internal control as the governors 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 governors 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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

Dominic Blythe (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3rd Floor  
Portland  
25 High Street  
Crawley  
West Sussex, RH10 1BG  
.....

# SEAFORD HEAD ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	585	585	783
Charitable activities:						
- Funding for educational operations	4	50	6,336	-	6,386	6,370
Other trading activities	5	16	-	-	16	14
Investments	6	8	-	-	8	6
<b>Total</b>		<u>74</u>	<u>6,336</u>	<u>585</u>	<u>6,995</u>	<u>7,173</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	-	6,309	672	6,981	6,655
<b>Total</b>	7	<u>-</u>	<u>6,309</u>	<u>672</u>	<u>6,981</u>	<u>6,655</u>
<b>Net income/(expenditure)</b>		74	27	(87)	14	518
Transfers between funds		-	(122)	122	-	-
<b>Other recognised gains/(losses)</b>						
Remeasurement of net defined benefit obligation	23	-	995	-	995	(590)
<b>Net movement in funds</b>		74	900	35	1,009	(72)
<b>Reconciliation of funds</b>						
Total funds brought forward		144	(17)	17,400	17,527	17,599
Total funds carried forward		<u>218</u>	<u>883</u>	<u>17,435</u>	<u>18,536</u>	<u>17,527</u>

**SEAFORD HEAD ACADEMY TRUST****BALANCE SHEET****AS AT 31 AUGUST 2017**

	Notes	2017 £'000	£'000	2016 £'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		16,876		16,805
<b>Current assets</b>					
Debtors	13	985		650	
Cash at bank and in hand		1,716		1,611	
		<u>2,701</u>		<u>2,261</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(654)		(335)	
<b>Net current assets</b>			2,047		1,926
<b>Net assets excluding pension liability</b>			18,923		18,731
Defined benefit pension scheme liability	23		(387)		(1,204)
<b>Net assets</b>			<u>18,536</u>		<u>17,527</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	16				
- Restricted fixed asset funds			17,435		17,400
- Restricted income funds			1,270		1,187
- Pension reserve			(387)		(1,204)
<b>Total restricted funds</b>			<u>18,318</u>		<u>17,383</u>
<b>Unrestricted income funds</b>	16		218		144
<b>Total funds</b>			<u>18,536</u>		<u>17,527</u>

The financial statements on pages 21 to 40 were approved by the board of trustees and authorised for issue on ..... and are signed on their behalf by:

.....  
J Dilley  
Chair

# SEAFORD HEAD ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

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		2017		2016	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		814		97
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		8		6	
Capital grants from DfE and ESFA		26		783	
Purchase of tangible fixed assets		(743)		(1,141)	
<b>Net cash used in investing activities</b>			<u>(709)</u>		<u>(352)</u>
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			105		(255)
Cash and cash equivalents at beginning of the year			1,611		1,866
<b>Cash and cash equivalents at end of the year</b>			<u>1,716</u>		<u>1,611</u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

#### General information

Seaford Head Academy Trust 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.

#### Basis of preparation

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust. Monetary amounts in these financial statements are rounded to the nearest whole £1,000.

#### 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 have made this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Income

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

#### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the 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 when performance related conditions have been met, 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.

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

#### 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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### **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.

#### Charitable activities

These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

#### **Tangible fixed assets and depreciation**

Assets costing £1,000 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. Where there are specific conditions attached to the funding that require the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% Straight line
Computer equipment	33% Straight line
Fixtures, fittings and equipment	10% Straight line

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

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

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

#### **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 or services it must provide.

#### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### **Financial instruments**

The academy trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **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.

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

#### **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'), which are multi-employer 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 projected unit method. The TPS is a multi-employer scheme but 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 reporting date. The amounts charged to net income 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.

#### **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 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.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **Agency arrangements**

The academy trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the academy trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 2 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.

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

### 3 Donations and capital grants

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2017 £'000</b>	<b>Total 2016 £'000</b>
Capital grants	-	585	585	783
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The income from donations and capital grants was £585,000 (2016: £783,000) of which £585,000 was restricted fixed assets (2016: £783,000).

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	6,029	6,029	6,052
Other DfE / ESFA grants	-	262	262	251
	<u>-</u>	<u>6,291</u>	<u>6,291</u>	<u>6,303</u>
<b>Other government grants</b>				
Local authority grants	-	45	45	45
	<u>-</u>	<u>45</u>	<u>45</u>	<u>45</u>
Other incoming resources	50	-	50	22
	<u>50</u>	<u>-</u>	<u>50</u>	<u>22</u>
	<u>50</u>	<u>6,336</u>	<u>6,386</u>	<u>6,370</u>

The income from funding for educational operations was £6,386,000 (2016: £6,370,000) of which £50,000 was unrestricted (2016: £22,000) and £6,336,000 was restricted (2016: £6,348,000).

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	16	-	16	14
	<u>16</u>	<u>-</u>	<u>16</u>	<u>14</u>

The income from other trading activities was £16,000 (2016: £14,000) of which £16,000 was unrestricted (2016: £14,000).

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Interest from short term deposits	8	-	8	6
	<u>8</u>	<u>-</u>	<u>8</u>	<u>6</u>

The income from funding for investment income was £8,000 (2016: £6,000) of which £8,000 was unrestricted (2016: £6,000).

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	4,102	186	460	4,748	4,678
- Allocated support costs	956	997	280	2,233	1,977
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditure	5,058	1,183	740	6,981	6,655
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Operating lease rentals	9	9
Depreciation of tangible fixed assets	672	636
Net interest on defined benefit pension liability	25	21
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	15	15
- Other services	3	4
	<u>          </u>	<u>          </u>

### 8 Charitable activities

	2017 £'000	2016 £'000
<b>All from restricted funds:</b>		
Direct costs - educational operations	4,748	4,678
Support costs - educational operations	2,233	1,977
	<u>          </u>	<u>          </u>
	6,981	6,655
	<u>          </u>	<u>          </u>

The expenditure on educational operations was £6,981,000 (2016: £6,655,000) of which £6,309,000 was restricted (2016: £6,019,000) and £672,000 was restricted fixed assets (2016: £636,000).

	2017 £'000	2016 £'000
<b>Analysis of support costs</b>		
Support staff costs	956	817
Depreciation and amortisation	486	470
Premises costs	477	393
Other support costs	280	260
Governance costs	34	37
	<u>          </u>	<u>          </u>
	2,233	1,977
	<u>          </u>	<u>          </u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 9 Staff

#### Staff costs

Staff costs during the year were:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	3,831	3,782
Social security costs	368	306
Operating costs of defined benefit pension schemes	796	692
	<hr/>	<hr/>
Total staff costs	4,995	4,780
Supply staff costs	9	15
Staff development and other staff costs	54	35
	<hr/>	<hr/>
	5,058	4,830
	<hr/> <hr/>	<hr/> <hr/>

#### Staff numbers

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Teachers	75	83
Administration and support	65	65
Management	9	9
	<hr/>	<hr/>
	149	157
	<hr/> <hr/>	<hr/> <hr/>

#### Higher paid staff

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
£80,001 - £90,000	-	1
£100,001 - £110,000	1	-
	<hr/>	<hr/>

#### Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £614,130 (2016: £627,150).

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 10 Governors' remuneration and expenses

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors. The value of the Headteacher's and staff Governors remuneration was as follows:

R Ellis (Headteacher):

Remuneration £104,091 (2016: £40,079 for 5 months from April 2016)

Pension contributions £17,154 (2016: £6,605 for 5 months from April 2016).

S Williams (Staff governor):

Remuneration £15,527 for 11 months from October 2016 (2016: £nil)

Pension contributions £3,239 for 11 months from October 2016 (2016: £nil).

M Walker (Staff governor):

Remuneration £37,614 (2016: £13,939 for 5 months from April 2016)

Pension contributions £6,199 (2016: £2,287 for 5 months from April 2016).

J Harding (Staff governor):

Remuneration £nil (2016: £19,283 for 10 months to June 2016)

Pension contributions £nil (2016: £3,990 for 10 months to June 2016).

S Savage (Staff governor):

Remuneration £nil (2016: £10,154 for 5 months to January 2016)

Pension contributions £nil (2016: £1,673 for 5 months to January 2016).

Expenses of £nil (2016: £nil) were reimbursed to no Governors (2016: no Governors) incurred in carrying out their duty as Governor.

### 11 Governors and officers insurance

From 1 September 2016 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 Governors 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 Governors and officers indemnity element from the overall cost of the RPA scheme.

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2016	15,781	600	2,318	18,699
Additions	605	89	49	743
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2017	16,386	689	2,367	19,442
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
At 1 September 2016	710	389	795	1,894
Charge for the year	249	186	237	672
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2017	959	575	1,032	2,566
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
At 31 August 2017	15,427	114	1,335	16,876
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2016	15,071	211	1,523	16,805
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The value of the land and buildings transferred on conversion is based on a valuation provided to the academy by the ESFA. The valuation was undertaken at 31 March 2013 on a Depreciated Replacement Cost (DRC) basis involving a desktop review of information publically available, the results of the ESFA Property Condition Survey and any further information supplied to the Academy. These values were retained as deemed cost on transition to FRS 102.

13 Debtors	2017 £'000	2016 £'000
Trade debtors	2	-
VAT recoverable	296	147
Other debtors	4	1
Prepayments and accrued income	683	502
	<u>          </u>	<u>          </u>
	985	650
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
14 Creditors: amounts falling due within one year	2017 £'000	2016 £'000
Trade creditors	118	55
Other taxation and social security	95	94
Other creditors	183	125
Accruals	258	61
	<u>          </u>	<u>          </u>
	654	335
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 15 Financial instruments

	2017 £'000	2016 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	635	454
	<u>        </u>	<u>        </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	558	241
	<u>        </u>	<u>        </u>

### 16 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant	1,187	6,029	(5,824)	(122)	1,270
Other DfE / ESFA grants	-	262	(262)	-	-
Other government grants	-	45	(45)	-	-
Pension reserve	(1,204)	-	(178)	995	(387)
	<u>(17)</u>	<u>6,336</u>	<u>(6,309)</u>	<u>873</u>	<u>883</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	13,163	-	(332)	-	12,831
DfE / ESFA capital grants	4,032	585	(257)	-	4,360
Capital expenditure from GAG	173	-	(70)	122	225
Private sector capital sponsorship	32	-	(13)	-	19
	<u>17,400</u>	<u>585</u>	<u>(672)</u>	<u>122</u>	<u>17,435</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Total restricted funds</b>	<u>17,383</u>	<u>6,921</u>	<u>(6,981)</u>	<u>995</u>	<u>18,318</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Unrestricted funds</b>					
General funds	144	74	-	-	218
	<u>144</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>218</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Total funds</b>	<u>17,527</u>	<u>6,995</u>	<u>(6,981)</u>	<u>995</u>	<u>18,536</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 16 Funds (Continued)

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

Restricted General Fund - This fund is for income and expenses relating to the running of the School.

Restricted Fixed Asset Fund - This fund relates to the income which is contributed towards the purchase of assets, and any related expenses.

Unrestricted Fund - This fund is for any income and expenditure not relating to either of the other two funds.

Under the funding agreement with the secretary of state, the academy trust was not subject to a limit on the GAG that could be carried forward at 31 August 2017.

#### Funds prior year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant	776	6,052	(5,641)	-	1,187
Other DfE / ESFA grants	-	251	(251)	-	-
Other government grants	-	45	(45)	-	-
Pension reserve	(532)	-	(82)	(590)	(1,204)
	<u>244</u>	<u>6,348</u>	<u>(6,019)</u>	<u>(590)</u>	<u>(17)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	13,346	-	(332)	149	13,163
DfE / ESFA capital grants	3,617	783	(219)	(149)	4,032
Capital expenditure from GAG	245	-	(72)	-	173
Private sector capital sponsorship	45	-	(13)	-	32
	<u>17,253</u>	<u>783</u>	<u>(636)</u>	<u>-</u>	<u>17,400</u>
<b>Total restricted funds</b>	<u>17,497</u>	<u>7,131</u>	<u>(6,655)</u>	<u>(590)</u>	<u>17,383</u>
<b>Unrestricted funds</b>					
General funds	<u>102</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>144</u>
<b>Total funds</b>	<u>17,599</u>	<u>7,173</u>	<u>(6,655)</u>	<u>(590)</u>	<u>17,527</u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	16,876	16,876
Current assets	218	1,924	559	2,701
Creditors falling due within one year	-	(654)	-	(654)
Defined benefit pension scheme liability	-	(387)	-	(387)
	<u>218</u>	<u>883</u>	<u>17,435</u>	<u>18,536</u>
<b>Total net assets</b>	<u><u>218</u></u>	<u><u>883</u></u>	<u><u>17,435</u></u>	<u><u>18,536</u></u>

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	16,805	16,805
Current assets	144	1,522	595	2,261
Creditors falling due within one year	-	(335)	-	(335)
Defined benefit pension scheme liability	-	(1,204)	-	(1,204)
	<u>144</u>	<u>(17)</u>	<u>17,400</u>	<u>17,527</u>
<b>Total net assets</b>	<u><u>144</u></u>	<u><u>(17)</u></u>	<u><u>17,400</u></u>	<u><u>17,527</u></u>

### 18 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the financial statements	-	172
	<u>-</u>	<u>172</u>

### 19 Commitments under 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	5	8
Amounts due between one and five years	12	-
	<u>17</u>	<u>8</u>
	<u><u>17</u></u>	<u><u>8</u></u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 20 Reconciliation of net income to net cash flow from operating activities

	2017 £'000	2016 £'000
Net income for the reporting period (as per the statement of financial activities)	14	518
<b>Adjusted for:</b>		
Capital grants from DfE/ESFA and other capital income	(585)	(783)
Interest receivable	(8)	(6)
Defined benefit pension scheme cost less contributions payable	153	61
Defined benefit pension scheme finance cost	25	21
Depreciation of tangible fixed assets	672	636
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	224	(260)
Increase/(decrease) in creditors	319	(90)
Net cash provided by operating activities	<u>814</u>	<u>97</u>

### 21 Major non-cash transactions

The principal non-cash transactions are in relation to accrued income for Condition Improvement Funding.

### 22 Members' liability

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

### 23 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Sussex County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

Contributions amounting to £84,685 (2016: £78,164) were payable to the schemes at 31 August 2017 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

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.

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 23 Pension and similar obligations (Continued)

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 in 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 (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £452,528 (2016: £437,695).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20% for employers and 5.5 to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

<b>Total contributions made</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	195	194
Employees' contributions	50	51
Total contributions	<u>245</u>	<u>245</u>

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 23 Pension and similar obligations (Continued)

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2017 by a qualified independent actuary.

	<b>2017</b>	<b>2016</b>
	%	%
Rate of increases in salaries	2.8	4.1
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	2.5	2.0
Inflation assumption (CPI)	2.7	2.3

The assumed life expectations on retirement age 65 are:

	<b>2017</b>	<b>2016</b>
	Years	Years
Retiring today		
- Males	22.1	22.2
- Females	24.4	24.4
Retiring in 20 years		
- Males	23.8	24.2
- Females	26.3	26.7

#### The academy trust's share of the assets in the scheme

	<b>2017</b>	<b>2016</b>
	Fair value	Fair value
	£'000	£'000
Equities	2,110	1,607
Bonds	410	367
Property	293	230
Cash	117	92
Total fair value of assets	2,930	2,296

The actual return on scheme assets was £437,000 (2016: £380,000).

#### Amount recognised in the statement of financial activities

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Current service cost	348	250
Net interest cost	25	21
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	5
Total operating charge	373	276

# SEAFORD HEAD ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 23 Pension and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2017 £'000
At 1 September 2016	3,500
Current service cost	348
Interest cost	73
Employee contributions	50
Actuarial gain	(606)
Benefits paid	(48)
At 31 August 2017	3,317

Changes in the fair value of the academy trust's share of scheme assets	2017 £'000
At 1 September 2016	2,296
Interest income	48
Return on plan assets (excluding net interest on the net defined pension liability)	389
Employer contributions	195
Employee contributions	50
Benefits paid	(48)
At 31 August 2017	2,930

### 24 Related party transactions

All transactions involving connected organisations are conducted in accordance with the trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the year:

*Linic Security Training - N Baxter, a governor*

Amounts totalling £1,735 (2016: £720) were paid to Linic Security Training in the year for security and driver training. There were no amounts outstanding at 31 August 2017 (2016: £nil).

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2016.

### 25 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year there was an amount brought forward of £13,905, it received £9,655 (2016: £13,946) and disbursed £1,818 (2016: £4,740). £21,742 (2016: £13,905) was repayable by the Academy Trust at the 31 August 2017 and included in creditors.

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SEAFORD HEAD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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## **Conclusion**

We have carried out an engagement in accordance with the terms of our engagement letter dated 19 July 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by Seaford Head Academy Trust during the period 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.

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

## **Basis for conclusion**

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of Seaford Head Academy Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

## **Responsibilities of Seaford Head Academy Trust's accounting officer and governors**

The accounting officer is responsible, under the requirements of Seaford Head Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2012 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Seaford Head Academy Trust and appointment of the accounting officer.

## **Reporting Accountant's responsibilities for reporting on regularity**

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.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 1 September 2016 to 31 August 2017 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SEAFORD HEAD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to Seaford Head Academy Trust and the ESFA in accordance with the terms of our engagement letter dated 19 July 2017. Our work has been undertaken so that we might state to the Seaford Head Academy Trust and the 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 the Seaford Head Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RSM UK Audit LLP**  
Chartered accountants  
3rd Floor  
Portland  
25 High Street  
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West Sussex  
RH10 1BG

Dated: .....

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