

**Company Registration No. 08621310 (England and Wales)**

**SURREY HEATH EDUCATION TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

# **SURREY HEATH EDUCATION TRUST**

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# SURREY HEATH EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

Mr A Johnson (Chair & Community Trustee)  
Mr R Coyne (Chair of LGB)  
Mr I Hylan (Executive Principal; Resource Committee Member)  
Mr P Mann (Parent Trustee; Resource Committee Member)  
(Resigned 5 October 2015)  
Mrs M Dawes (Community Trustee) (Appointed 5 October 2015)  
Mr D Harte (Community Trustee) (Appointed 5 October 2015)

### Members

Mr A Johnson  
Mr R Coyne (resigned September 2015)  
Mrs H Manning (resigned September 2015)  
Mr B Paton (appointed September 2015)  
Mr P Wharrad (appointed September 2015)  
Mrs D Andrews (appointed September 2015 resigned May 2016)  
Mr J Collingridge (appointed September 2015)

### Senior leadership team

Mr I Hylan	- <b>Executive Principal</b>
Mr R Major	- Head of School
Mrs J Tonkin	- Vice Principal
Ms H Rushby	- Assistant Principal
Mr C Taylor	- Assistant Principal
Ms H Livesey	- Assistant Principal
Mr A Poole	- School Business Manager
Mr A Daniel	- Associate SLT Member

### Company secretary

Mr A Poole

### Company registration number

08621310 (England and Wales)

### Independent auditor

Wilkins Kennedy LLP  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

### Bankers

Lloyds Bank PLC  
High Street  
Camberley  
Surrey  
GU16 7HJ

### Solicitors

Browne Jacobson LLP  
77 Gracechurch Street  
City of London  
EC3V 0AS

# **SURREY HEATH EDUCATION TRUST**

## **TRUSTEES' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2016***

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The Trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates Tomlinscote School and Sixth Form College, a highly regarded and consistently oversubscribed Secondary School in Surrey Heath. In May 2016 the school had 1595 students on roll, including 262 in the Sixth Form.

#### **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 Charitable Company is known as Surrey Heath Education Trust and operates as Tomlinscote School and Sixth Form College.

The Trustees of Surrey Heath Education Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

The Local Governing Body is governed by the Surrey Heath Education Trust Scheme of Delegation, adopted on 16 July 2015.

##### 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.

##### Trustees' indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance underwritten by Zurich Municipal to protect Trustees from claims arising from negligent acts, errors or omissions whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim. There were no third party indemnity provisions during the period September 2015 to August 2016.

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

There are clearly defined procedures for the selection and appointment of Trustees which are set out in the Trust's Articles of Association. The Trust seeks to recruit Trustees who are able to contribute the skills and knowledge required to support achievement of the aims of the Trust and ensure that these are delivered within a comprehensive governance framework. The Trust shall have a minimum of three trustees including:

- The Executive Principal
- A minimum of 2 Parent Trustees (unless these are represented on the Local Governing Body)
- Up to 2 Staff Trustees
- Up to 5 Community Trustees
- Up to 1 Co-Opted Trustee
- The Chairman of the Local Governing Body

Further details of the governance structure of the Trust is given in the Governance Statement on page 13.

# SURREY HEATH EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

The school continues to procure Governor Support Services from Babcock 4S. Paul Bagshaw, Community Director, had the responsibility for liaising with Governors to provide access to this support until his term ended on 31 January 2016. A replacement is due to be confirmed shortly following the appointment of several new governors.

Induction of Governors is carried out by the Clerk via an information pack and telephone support.

### Organisational structure

In accordance with the Trust's Articles of Association, the business of the Trust is managed by the Local Governing Body through the Scheme of Delegation adopted July 2015. The Governing Body meets a minimum of once a term to execute its duties.

The Governing Body has the following committees:

- Resource
- Teaching & Learning
- Salaries

The Composition of the Governing Body committees and their remit are reflected in Governing Body papers, terms of reference and committee work programmes for the respective committees.

The Governing Body delegates to the Principal, the internal organisation, day to day management and control of the Trust, including monitoring and consistent implementation of all policies and procedural documents approved by the Governing Body.

The Executive Principal is the Accounting Officer as required by the Funding Agreement with the Department for Education.

### Local Governing Body Composition

Type of Governor	Name	Number/ Proportion	Appointed/ Elected by	LGB Scheme of Delegation Article Number
Head of School	Mr R Major	1	Automatic	2.3.1
Parent	Mrs C Funnell Mr P Mann Mrs H Manning	3	Elected by registered parents of students at the Academy	2.3.3
Community	Mr R Coyne Prof A Sterr Mr A Johnson (Term ended 01/04/16) Mr P Bagshaw (Term ended 31/01/16) Mr M Laurie (Appointed 01/04/16) Mr P McCarthy (Appointed 01/04/16) Mrs M Roel (Appointed 01/04/16)	5	Appointed by Directors	2.3.4
Staff	Mr L Foley Mr R Sutton (Term ended 31/01/16) Mr L Rayner (Appointed 07/03/16)	2 (not more than one third of the total number of Governors)	Elected by staff at the school	2.3.2
Co-Opted	-	Up to 1	Appointed by Directors for the duration of a specific need	2.3.5

# SURREY HEATH EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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

The only Trustees who receive pay or remuneration are those employed as members of the senior leadership team (SLT). The salary ranges of the team are set, and regularly reviewed, by the Salary Committee of the Academy Local Governing Body. No new appointments were made to the SLT during this reporting period. The only changes to pay, or remuneration, were the result of 'cost of living' or performance related rises, in all cases within the previously agreed salary ranges.

Whether it is at appointment or annual review, the Salary Committee considers the advertised salary ranges for posts of comparable responsibility and size. Members of the committee then review the responsibilities of the SLT and whether the salary ranges are appropriate. The outcome of their deliberations is reported to the Local Governing Body and are consistent with the budget allocation for this element of staff remuneration.

#### Related parties and other connected charities and organisations

The Academy is a member of the Surrey Heath Area Partnership for Education (SHAPE). Shared operational policies exist to ensure that curriculum delivery can be shared across those schools within SHAPE. Small numbers of students attend lessons at local schools or attend lessons at the Academy. The Academy also provides a limited range of services to SHAPE and other schools, the main example is a Work Experience placement service. All services are charged at a rate consistent with the resources used. The main schools involved are Collingwood College, Gordon's School and Kings International College.

The Academy offers sixth form students a Football Coaching course. This is provided by SCL / Pulse who receive a per student fee for the education provided.

#### **Objectives and activities**

##### Objects and aims

The objectives of the Trust are set out in the company's Articles of Association, namely "to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining and developing schools offering a broad and balanced curriculum".

The Board of Directors have set the School's strategic aims through the School Development Plan. These aims are monitored closely by the Board of Directors by way of Executive Principal and Senior Leadership Team Reports and through the work of the sub committees. During the Academic Year 2015-16, the School aimed to further raise the quality of Learning and Teaching through a development plan which had the following priorities:

1. **Triangulation** Develop learning further through focus on triangulation: Teaching, Progress & Marking / Feedback
2. **Dashboard** Implement our 'dashboard' system to judge the quality of 'everyday' learning
3. **Technology** Increased use of Technology in classrooms
4. **Curriculum** Successfully introduce curriculum changes for Y7, Y10 and certain AS subjects
5. **Close the gaps** Improve the achievement of disadvantaged students so that it is at least as good as that of the majority of students

# SURREY HEATH EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

During the financial year the Academy furthered its charitable purposes for the public benefit by teaching the full national curriculum and a broader curriculum to 11 to 16 year olds. The Academy successfully sustained the Sixth Form provision, enabling its Key Stage 4 students to continue into Further Education as well as providing an opportunity to other local students. In addition, many of the students in the Upper Sixth Form successfully progressed to Higher Education or employment, often through high quality apprenticeships.

### **Strategic report**

#### **Achievements and performance**

The main activity during the period under review was to continue to ensure that students' attainment and achievement was outstanding. Significant achievements include:

- GCSE performance was sustained at a level well above that found nationally. The headline measure shows 75% of students gained at least 5 grade Cs or above, including Mathematics and English. 89% of students gained a C or above in English with 82% reaching the same level in Mathematics. The Trust is pleased that the school has significantly improved the number of students who gained a C+ in both qualifications. This new 'basics' performance indicator was a very positive 79%.
- Of particular note are the progress measures. Indicative figures for Progress 8 suggest that each entry was, on average, over a fifth of a grade higher than that achieved nationally, while the value added figure is likely to be positive for all ability bands. The most able are likely to be judged significantly positive on both measures. Over 40% of students gained the English Baccalaureate, approaching double the national figure in 2015.
- Thirty six students were identified as disadvantaged and their outcomes were strong. 61% met the 5C+ En / Ma figure and 72% met the basics figure – nearly double the national figure last year. Small gaps to non-disadvantaged are present in most measures but are much lower than those found nationally, particularly in English. Disadvantaged students with middle and high prior attainment performed very well with over 90% gaining a C or higher. The gaps to the other students are smaller than those found nationally, reflecting the effective use of the additional funding provided to support these students. Current work is focused on extending this to all with low prior attainment.
- Sixth Form results combine A-levels and Vocational Courses. The prior attainment of both Y12 and 13 was significantly lower than comparable groups nationally and this is reflected in the highest attainment figures where figures are lower than national. With A\*-C and A\*-E the figures are much nearer to national. This was the first year for new courses in Y12 and overall figures are distorted by two subjects where performance was poor. National Value Added data is not available at the time of writing. The vast majority of students gained their places at their first choice university.
- Increases in costs, most notably unfunded changes to National Insurance and Pensions, have added significant cost pressures to a budget that was not increased in line with inflation. This required a cut of over 6% in expenditure. The majority of this was achieved through changes to staffing, most of this through natural turnover or review of responsibilities. This is a national problem and government statements indicate that this will be an on-going process that will lead to difficult decisions in the years ahead. This is compounded by a local funding formula that significantly disadvantages the Trust.

# **SURREY HEATH EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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- Extra-curricular provision is extensive with approximately 150 trips taking place across the year and an extensive range of clubs, teams and charity events broadening the student experience. The school continues to play a leading role in the development of the teaching of languages and students have visited a number of countries for language development while small groups of students have accessed rare opportunities through the German Embassy and the Goethe Institute. The school holds the prestigious International Schools Award in recognition of the whole school commitment to international understanding and participation.

### **Key Performance Indicators**

The Academy was last inspected by Ofsted in May 2011 when it was judged to be Outstanding. Ofsted 'risk assessments' have judged that this status is retained. During this reporting period, of the 501 secondary inspections carried out, only 33 schools have received an Outstanding judgement. The Trust was also pleased that a recent partner school was judged to be Good, completing the journey from Special Measures when the partnership began.

The school judges that Overall Effectiveness is Good in both the Main School and the Sixth Form.

This is based on Outstanding teaching and broad provision. Two thirds of students followed the EBacc subjects supported by languages for all students. This broad curriculum resulted in 40% of students gaining the EBacc (national 24%). Students continue to access high quality, on site, vocational provision. The opportunities for international and work related experience are extensive and benefit a wide range of students.

Students contribute actively to school leadership and a positive ethos is evident in classrooms and social areas – students have high expectations of each other, as do the staff, and this results in a happy and safe school. Specific guidance has been provided to all students to help keep them safe in the areas of e-safety and the prevention of radicalisation. The breadth of students' experience, gained from their families and the range of experiences provided by school, contributes to a positive moral, spiritual and cultural learning environment.

Many aspects of the experience of students at Tomlinscote would justify an outstanding judgement. Teaching is consistently good, or better, and recent outcomes show high attainment that is increasingly above national averages and progress measures that have improved from the 62nd to the 27th percentile. Despite the changing ability profile of the sixth form, the National Value Added score has been positive over the same period. Students communicate well orally and in writing. A support programme is in place for those with lower literacy skills and monitoring shows this to be successful.

This judgement is limited to good for two reasons. Firstly, learning does not yet maximise the contributions students can make and secondly the school believes actions taken to improve achievement in the sixth form need more time to show a positive impact.

Tables 1 and 2 provide a summary of the school's performance in the Summer 2016 and 2015 examination seasons.



# SURREY HEATH EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

Table 1. Comparison of examination results gained by students in Year 11 and other key school performance indicators.

	2016 targets	2016 results		2015 results
No. of students		266		264
5+ grades at A* - C		76%		77%
5+ A* - C inc. English and Maths	72%	74%		69%
English and Maths at C or above		79%		72%
Best 8 subjects points score	340	340		347
English Baccalaureate		40%		42%
Expected progress 3L+ - English	80%	92%		81%
Expected progress 3L+ - Maths	80%	77%		77%
More than expected progress 4L+ English	36%	42%		46%
More than expected progress 4L+ Maths	36%	39%		44%
Progress 8		+0.14		+ 0.28
Overall absence	4.5%	5.24%		5.2%
Persistent absence (90% threshold)	11.6%	11%		n/a

Table 2. Comparison of examination results gained by students in Year 13 (Sixth Form).

Year	2016	2015
No. of students	72	99
A* - A	13%	18%
A* - B	35%	49%
A* - E	96%	98%
Average points per student	654	718
Average points per entry	207	214

#### Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

# **SURREY HEATH EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **Financial review**

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

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

During the year ended 31 August 2016, total expenditure of £9,165k (2015: £9,899k) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £23k (2015: £671k).

At 31 August 2016 the net book value of fixed assets was £20,619k (2015: £21,106k). Movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Surrey County Council Pension Fund, in which the Academy participates, showed a deficit of £3,112k at 31 August 2016 (2015: £2,357k). Of this sum, £1,871k was inherited by Tomlinscote School from the Surrey County Council on 1 September 2013, the date the local authority's staff transferred to employment with the Academy.

The Academy held fund balances at 31 August 2016 of £18,484k (2015: £19,691k) comprising £17,611k (2015: £18,841) of restricted funds and £873k (2015: £850k) of unrestricted general funds. Of the restricted funds, £20,723k (2015: £21,198k) is represented by tangible fixed assets and unspent capital grants. The pension reserve which is considered part of restricted funds was £3,112k (2015: £2,357k) in deficit.

### Reserves policy

The Governors have reviewed the reserves of the Academy. This review encompassed the nature of the income and expenditure streams, the need to match them with commitments and the nature of the reserves. As a result of this review a target reserve of 2% has been identified. At the year ended 31 August 2016 this equated to £172k (2% of Total expenditure £9,119k less Depreciation of £534k). The Governors' intention is to carry forward a prudent level of resource that will enable the longer-term cyclical needs of Trust to be met as well as to hold a provision for any unforeseen contingencies.

The Trust's free reserves as at 31 August 2016 were £873k (2015: £850k).

Although the reserves are at a higher level than the policy requires the Governors believe this to be a prudent amount in the context of future budget forecasts.

The Trust's restricted pension reserve was £3,112k (2015: £2,357k) in deficit as at 31 August 2016. The deficit is not an immediate liability of the Academy. Instead the deficit will be met through increased pension contributions on behalf of staff in the future. The next full actuarial valuation of the Surrey County Council Local Government Pension Scheme is expected to take place in 2017. It is anticipated that the Trust's contribution rates will be increased as a result.

### Investment policy and powers

The Trust has not invested any funds during this financial year. The Trust's Finance Policy notes the requirement for Trustees to "Take special care when investing the funds of the Trust" i.e. any investment that did take place would need to have proven low risk.

# **SURREY HEATH EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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### Principal risks and uncertainties

The Board of Trustees has considered the major risks to which it is exposed, in particular those relating to governance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

The Board of Trustees have implemented a number of systems to assess and reduce risks that the School faces, especially in operational areas in relation to teaching, health and safety, (including school trips), behaviour management, and in relation to the control of finances. They have introduced policies and systems for the recruitment, selection and vetting of new staff, continuing professional development of staff, child protection, supervision of students around the school site and internal financial controls to minimise financial risk.

Adequate insurance has been arranged where significant financial risk remains. The School has an effective system of internal financial control as explained in the Statement on Internal Control.

### **Plans for future periods**

The Trust's prime focus is to continue to help students make as much progress – academically, socially and culturally – as possible. In terms of the curriculum, significant change is ongoing with new specification for A level and GCSEs together with a revised grading structure for GCSEs and a conscious raising of standards at both levels. The Trust has introduced a new assessment model, initially to years 7 and 10, following the removal of national curriculum assessment. A key priority for the immediate future is supporting staff as they introduce these changes while seeking to maintain high attainment at GCSE and continue the improvement to the sixth form.

Funding has been cut in real terms for two years and indications are that this will continue. The introduction of a National Funding Formula may mitigate this a little for the Trust but the introduction of this has now been delayed to 2019/20. The cuts amount to 4-6% and are common to all schools, resulting in a reliance on accumulated savings. This is unsustainable in the short to medium term. This places significant pressure on staff who will teach more, and to larger classes, with less discretionary expenditure to develop resources. At a time of increasing difficulty with teacher recruitment, maintaining excellence under these conditions is becoming increasingly difficult.

The Surrey Heath Education Trust has restructured the governance of the Board and the Local Governing Body of Tomlinscote. This has provided greater separation of responsibilities and allowed the Trust to undertake work to clarify its vision. The Trust also gained Sponsor Status during the year, and a grant to develop capacity to support other schools. The Trust intends to develop the new school curriculum to incorporate core language learning and the integrated use of IT. This will develop the breadth of expertise within the Trust and raise the prospect of further schools entering the partnership.

# **SURREY HEATH EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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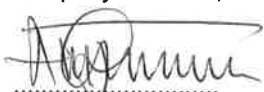
### **Auditor**

In so far as the Trustees are aware:

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

A resolution proposing that Wilkins Kennedy LLP be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 15<sup>th</sup> Dec 16 and signed on its behalf by:



~~Mr. A. Johnson~~

**Chair**

# SURREY HEATH EDUCATION TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Surrey Heath Education 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 Executive Principal 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 Surrey Heath Education Trust and the Secretary of State for Education. The Executive Principal is also responsible for reporting to Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr A Johnson (Chair & Community Trustee)	6	6
Mr R Coyne (Chair of LGB)	6	6
Mr I Hylan (Executive Principal; Resource Committee Member)	6	6
Mr P Mann (Parent Trustee; Resource Committee Member) (Resigned 5 October 2015)	0	1
Mrs M Dawes (Community Trustee) (Appointed 5 October 2015)	6	6
Mr D Harte (Community Trustee) (Appointed 5 October 2015)	6	6

Through the adopted Scheme of Delegation the Trustees of the Trust have delegated responsibility for the management of its key committees to the Local Governing Body and supporting committees. These include:

- Resources
- Teaching & Learning
- Salaries

The Resource Committee has met 5 times during the year. Attendance during the year at these meetings was as follows:

Governors	Meetings attended	Out of possible
Mr A Johnson* (LGB Chair until 31/12/15)	2	2
Mr R Coyne* (Chair from Jan to May)	3	4
Mr I Hylan*	5	5
Mr P Mann (Chair from May onwards)	5	5
Mr M Laurie	2	2
Mr P McCarthy	2	2
Mrs C Funnell	5	5
Mr L Foley	2	4

\*Trustees

# **SURREY HEATH EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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### **Review of value for money**

As Accounting Officer the Executive Principal 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 academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The school directed additional staffing to provide intervention support for Year 11 learning in English and Mathematics. This was particularly directed at students eligible for disadvantaged funding with the aim of narrowing the gaps between their achievements and that of other students. This has again resulted in a smaller gap than found nationally and relatively high levels of attainment, particularly in English.
- The school has extended the use of iPads to meet its IT model. This has achieved very high levels of parental support and reduced the legacy costs of the previous laptop scheme.
- Staffing has been reviewed which helped to identify savings of over £200k, enabling a balanced budget to be set again with minimal reliance on reserves.

Plans for the coming year include developing a grant application to support the commissioning of an all-weather pitch, and associated facilities, on the Academy site.

### **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 Surrey Heath Education Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The board of trustees 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 Trustees 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 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

# SURREY HEATH EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **The risk and control framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Babcock 4S as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's systems of control and on the discharge of the Board of Trustees' financial responsibilities.

On a regular basis, the internal auditor reports to the board of trustees through the Resource Committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees. Recommendations received from the internal auditor have been considered by the Resource Committee and their implementation agreed and monitored.

The internal auditor delivered the agreed programme of work during the year and no material control issues were identified.

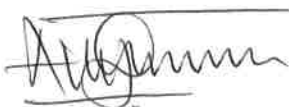
### **Review of effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resource Committee 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 15-12-16 and signed on its behalf by:



Mr A Johnson  
Chair



Mr I Hylan  
Accounting Officer

# **SURREY HEATH EDUCATION TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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As Accounting Officer of Surrey Heath Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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.

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.

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



Mr I Hylan  
**Accounting Officer**

15-12-16



# SURREY HEATH EDUCATION TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees (who also act as governors for Surrey Heath Education Trust and are also the directors of Surrey Heath Education Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the Board of Trustees on 15.12.16 and signed on its behalf by:



Mr A Johnson

Chair

# **SURREY HEATH EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF SURREY HEATH EDUCATION TRUST**

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We have audited the accounts of Surrey Heath Education Trust for the year ended 31 August 2016 set out on pages 20 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees, who are also the directors of Surrey Heath Education Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

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

### **Opinion on accounts**

In our opinion the accounts:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

# **SURREY HEATH EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF SURREY HEATH EDUCATION TRUST (CONTINUED)**

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### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Kevin Walmsley (Senior Statutory Auditor)**  
for and on behalf of Wilkins Kennedy LLP

### **Chartered Accountants**

#### **Statutory Auditor**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

Dated: 16-12-2016

# **SURREY HEATH EDUCATION TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SURREY HEATH EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 22 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Surrey Heath Education Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Surrey Heath Education Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Surrey Heath Education Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Surrey Heath Education Trust and EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Surrey Heath Education Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Surrey Heath Education Trust's funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

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

## SURREY HEATH EDUCATION TRUST

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SURREY HEATH EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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#### Conclusion

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



#### Reporting Accountant

Wilkins Kennedy LLP  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

Dated: 16-12-2016

# SURREY HEATH EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds	Restricted funds:		Total 2016	Total 2015 Restated
	Notes	£'000	General	Fixed asset	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	19	198	60	277	750
Charitable activities:						
- Funding for educational operations	3	332	8,032	-	8,364	8,466
Other trading activities	4	25	-	-	25	24
Investments	5	1	-	-	1	2
<b>Total income and endowments</b>		<u>377</u>	<u>8,230</u>	<u>60</u>	<u>8,667</u>	<u>9,242</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	354	8,276	535	9,165	9,934
<b>Total expenditure</b>	6	<u>354</u>	<u>8,276</u>	<u>535</u>	<u>9,165</u>	<u>9,934</u>
<b>Net income/(expenditure)</b>		23	(46)	(475)	(498)	(692)
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(709)	-	(709)	(41)
<b>Net movement in funds</b>		23	(755)	(475)	(1,207)	(733)
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>850</u>	<u>(2,357)</u>	<u>21,198</u>	<u>19,691</u>	<u>20,424</u>
Total funds carried forward		<u>873</u>	<u>(3,112)</u>	<u>20,723</u>	<u>18,484</u>	<u>19,691</u>

# SURREY HEATH EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information Year ended 31 August 2015		Unrestricted Funds	Restricted funds: General    Fixed asset		Total 2015
	Notes	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>					
Donations and capital grants	2	53	147	550	750
Charitable activities:					
- Funding for educational operations	3	343	8,123	-	8,466
Other trading activities	4	24	-	-	24
Investments	5	2	-	-	2
<b>Total income and endowments</b>		422	8,270	550	9,242
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	420	8,978	536	9,934
<b>Total expenditure</b>	6	420	8,978	536	9,934
<b>Net income/(expenditure)</b>		2	(708)	14	(692)
Transfers between funds		-	357	(357)	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(41)	-	(41)
<b>Net movement in funds</b>		2	(392)	(343)	(733)
<b>Reconciliation of funds</b>					
Total funds brought forward		848	(1,965)	21,541	20,424
Total funds carried forward		850	(2,357)	21,198	19,691

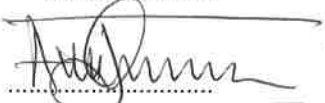
# SURREY HEATH EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	11	20,619	21,106
<b>Current assets</b>			
Debtors	12	399	308
Cash at bank and in hand		1,249	1,268
		1,648	1,576
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(671)	(634)
<b>Net current assets</b>		977	942
<b>Net assets excluding pension liability</b>		21,596	22,048
Defined benefit pension liability	17	(3,112)	(2,357)
<b>Net assets</b>		18,484	19,691
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>	15		
- Fixed asset funds		20,723	21,198
- Pension reserve		(3,112)	(2,357)
<b>Total restricted funds</b>		17,611	18,841
<b>Unrestricted income funds</b>	15	873	850
<b>Total funds</b>		18,484	19,691

The accounts set out on pages 20 to 39 were approved by the Board of Trustees and authorised for issue on 15 Dec 16 and are signed on its behalf by:



Mr A Johnson  
Chair

Company Number 08621310



# SURREY HEATH EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	Restated £'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	18		(33)		(550)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		2	
Capital grants from DfE and EFA		60		550	
Payments to acquire tangible fixed assets		(47)		(101)	
			14		451
<b>Change in cash and cash equivalents in the reporting period</b>			(19)		(99)
Cash and cash equivalents at 1 September 2015			1,268		1,367
<b>Cash and cash equivalents at 31 August 2016</b>			1,249		1,268

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 1 Accounting policies

Surrey Heath Education 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 Trustees' 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.

##### 1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Surrey Heath Education Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Surrey Heath Education Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

Comparative figures have been restated to reflect the adjustments made.

##### 1.2 Going concern

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

##### 1.3 Income

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

###### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Where income is received in advance of meeting any performance-related conditions, the Trust does not have unconditional entitlement to the income. Recognition of the income is deferred and the amount is included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

#### Donations

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

#### Other income

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

#### Donated goods, facilities and services

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

Upon becoming an academy trust, ownership of the school site transferred to the charitable company. This asset was recognised in the financial statements at its valuation under the depreciated replacement cost model.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Land and buildings	over 15 to 50 years
Computer equipment	over 5 years
Fixtures, fittings & equipment	over 10 years
Motor vehicles	over 5 years

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

#### 1.6 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.

#### 1.7 Leasing commitments

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

#### 1.8 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.

#### 1.9 Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

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

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

#### 1.10 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

#### 1.11 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administrative costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 22.

#### 1.12 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.

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of judgement

No judgements have been made in determining the amounts reported in the financial statements.

### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	60	60	550
Other donations	19	198	217	200
	<u>19</u>	<u>258</u>	<u>277</u>	<u>750</u>

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	7,370	7,370	7,416
Other DfE / EFA grants	-	287	287	348
	<u>-</u>	<u>7,657</u>	<u>7,657</u>	<u>7,764</u>
<b>Other government grants</b>				
Local authority grants	-	92	92	88
	<u>-</u>	<u>92</u>	<u>92</u>	<u>88</u>
<b>Other funds</b>				
Other incoming resources	332	283	615	614
	<u>332</u>	<u>283</u>	<u>615</u>	<u>614</u>
<b>Total funding</b>	<u>332</u>	<u>8,032</u>	<u>8,364</u>	<u>8,466</u>

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	25	-	25	24

### 5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	1	-	1	2

### 6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
<b>Academy's educational operations</b>					
- Direct costs	5,667	404	1,349	7,420	7,568
- Allocated support costs	659	275	811	1,745	2,366
	6,326	679	2,160	9,165	9,934
<b>Total expenditure</b>	6,326	679	2,160	9,165	9,934

Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	9	9
- Other services	4	2
Operating lease rentals	154	154
Depreciation of tangible fixed assets	535	536

### 7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	342	7,078	7,420	7,568
Support costs - educational operations	12	1,733	1,745	2,366
	354	8,811	9,165	9,934
			2016 £'000	2015 £'000

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 7 Charitable activities (Continued)

#### Analysis of support costs

Support staff costs	659	637
Depreciation and amortisation	131	132
Technology costs	51	32
Premises costs	552	1,141
Other support costs	305	396
Governance costs	47	28
	<u>1,745</u>	<u>2,366</u>

### 8 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	4,855	5,184
Social security costs	411	380
Operating costs of defined benefit pension schemes	875	820
Staff costs	<u>6,141</u>	<u>6,384</u>
Supply staff costs	106	138
Staff development and other staff costs	79	76
Total staff expenditure	<u>6,326</u>	<u>6,598</u>

#### Staff numbers

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

	2016 Number	2015 Number
Teachers	87	93
Administration and support	48	53
Management	8	7
	<u>143</u>	<u>153</u>

#### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	3	1
£80,001 - £90,000	1	1
£120,000 - £130,000	1	1
	<u>5</u>	<u>3</u>



# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Staff costs

(Continued)

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £650,000 (2015: £647,000)

### 9 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Executive Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Principal and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

#### I Hylan (Executive Principal)

- Remuneration £125,000 - £130,000 (2015: £125,000 - £130,000)
- Employer's Pension Contributions £20,000 - £25,000 (2015: £15,000 - £20,000)

#### Staff trustees:

- Remuneration £nil (2015: £84,330)
- Employer's Pension Contributions £nil (2015: £12,683)

The disclosure of staff remuneration covers only the period for which they were trustees. The comparative figures comprise remuneration for I Jarrett (resigned from the Board on 21 October 2014), H Livesey (resigned from the Board on 19 December 2014) and L Foley (appointed to the Board on 23 March 2015 and resigned 16 July 2015).

The salaries of staff trustees have been aggregated as the trustees believe any further breakdown would be prejudicial to the structure of the Governing Body and the recruitment and retention of future staff governors.

During the year, travel expenses totalling £801 were reimbursed to two trustees (2015: £1,117 to two trustees).

### 10 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,712 (2015: £1,662).

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 September 2015	21,465	364	314	7	22,150
Additions	-	29	18	-	47
At 31 August 2016	21,465	393	332	7	22,197
<b>Depreciation</b>					
At 1 September 2015	808	133	101	2	1,044
Charge for the year	404	76	52	2	534
At 31 August 2016	1,212	209	153	4	1,578
<b>Net book value</b>					
At 31 August 2016	20,253	184	179	3	20,619
At 31 August 2015	20,657	231	213	5	21,106

### 12 Debtors

	2016 £'000	2015 £'000
VAT recoverable	99	63
Prepayments and accrued income	300	245
	399	308

### 13 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	89	183
Other taxation and social security	227	221
Accruals and deferred income	355	230
	671	634

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

14	Deferred income	2016 £'000	2015 £'000
	Deferred income is included within:		
	Creditors due within one year	325	203
	Deferred income at 1 September 2015	203	198
	Released from previous years	(203)	(198)
	Amounts deferred in the year	325	203
	<b>Deferred income at 31 August 2016</b>	<b>325</b>	<b>203</b>

Deferred income comprises funds received for trips taking place in the 2016-17 financial year and grant funding received in advance.

15	Funds	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
	<b>Restricted general funds</b>					
	General Annual Grant	-	7,370	(7,370)	-	-
	Other DfE / EFA grants	-	287	(287)	-	-
	Other government grants	-	92	(92)	-	-
	Other restricted funds	-	481	(481)	-	-
	Funds excluding pensions	-	8,230	(8,230)	-	-
	Pension reserve	(2,357)	-	(46)	(709)	(3,112)
		(2,357)	8,230	(8,276)	(709)	(3,112)
	<b>Restricted fixed asset funds</b>					
	DfE / EFA capital grants	21,198	60	(535)	-	20,723
	<b>Total restricted funds</b>	<b>18,841</b>	<b>8,290</b>	<b>(8,811)</b>	<b>(709)</b>	<b>17,611</b>
	<b>Unrestricted funds</b>					
	General funds	850	377	(354)	-	873
	<b>Total funds</b>	<b>19,691</b>	<b>8,667</b>	<b>(9,165)</b>	<b>(709)</b>	<b>18,484</b>

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 15 Funds

(Continued)

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

General Annual Grant: Income received from the EFA to cover the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other DFE/EFA grants: This includes all other funding received from the EFA and DFE, excluding capital grants.

Other government grants: This includes all funding received from Surrey County Council and grant from other government bodies.

Other restricted funds: This includes all non-grant restricted income, including donations to the laptop fund.

### 16 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General      Fixed asset £'000      £'000		Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	20,619	20,619
Current assets	1,544	-	104	1,648
Creditors falling due within one year	(671)	-	-	(671)
Defined benefit pension liability	-	(3,112)	-	(3,112)
	<u>873</u>	<u>(3,112)</u>	<u>20,723</u>	<u>18,484</u>

### 17 Pensions 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 Surrey County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £110,000 (2015: £Nil) were payable to the schemes at 31 August 2016 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 Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 17 Pensions and similar obligations

(Continued)

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

##### **Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £573,000 (2015: £439,000).

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

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

##### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit 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 30.4% for employers and a variable rate for each employee based on salary. The estimated value of employer contributions for the forthcoming year is £275,000.

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.

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Pensions and similar obligations (Continued)

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	323	381
Employees' contributions	71	78
Total contributions	394	459
Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	2.4	4.0
Rate of increase for pensions in payment	2.1	2.6
Discount rate	2.0	3.7
Inflation assumption (CPI)	2.4	4.0

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

	2016 Years	2015 Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.5	24.5
- Females	26.9	26.9

The Academy Trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	2,111	1,516
Bonds	478	348
Cash	56	41
Property	169	143
Total market value of assets	2,814	2,048
Actual return on scheme assets - gain/(loss)	372	(54)

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations	(Continued)	
Amounts recognised in the statement of financial activities	2016	2015
	£'000	£'000
Current service cost (net of employee contributions)	283	335
Net interest cost	86	84
	<hr/>	<hr/>
<b>Changes in the present value of defined benefit obligations</b>		<b>2016</b>
		<b>£'000</b>
Obligations at 1 September 2015		4,405
Current service cost		283
Interest cost		169
Employee contributions		71
Actuarial loss		998
		<hr/>
At 31 August 2016		5,926
		<hr/>
<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>		<b>2016</b>
		<b>£'000</b>
Assets at 1 September 2015		2,048
Interest income		83
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain		289
Employer contributions		323
Employee contributions		71
		<hr/>
At 31 August 2016		2,814
		<hr/>

# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(498)	(692)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(60)	(550)
Investment income	(1)	(2)
Defined benefit pension costs less contributions payable	(40)	(46)
Defined benefit pension net finance cost/(income)	86	84
Depreciation of tangible fixed assets	535	536
(Increase)/decrease in debtors	(92)	172
Increase/(decrease) in creditors	37	(52)
<b>Net cash used in operating activities</b>	<b>(33)</b>	<b>(550)</b>

### 19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	93	154
Amounts due in two and five years	20	113
	<b>113</b>	<b>267</b>

### 20 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

During the year, the Trust made recharges of £83,357 to Surrey Health Area Partnership for Education (SHAPE), which related to staff costs and the use of facilities; purchases of £43,726 in respect of the recharge of expenses and staff costs were also made from SHAPE. SHAPE is a consortium of five schools and one further education college of which the Trust is a member.

### 21 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.



# SURREY HEATH EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 22 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ended 31 August 2016, the trust received £25,134 and disbursed £22,865 from the fund. An amount of £2,269 is included in other creditors relating to undistributed funds that are repayable to the EFA.

### 23 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

#### Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	20,424	19,691

#### Reconciliation of net movement in funds for the previous financial period

	2015 £'000
Net movement in funds as reported under previous UK GAAP and under FRS 102	(733)

### Notes to reconciliations on adoption of FRS 102

#### Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £35,000 and decrease the credit in other recognised gains and losses in the SoFA by an equivalent amount.

#### classification of capital grants

Under previous UK GAAP, capital grants received from the Education Funding Agency (EFA) were classified as part of resources from charitable activities. Under FRS 102, such grants are recognised under donations and capital grants. The effect of this change was to reduce resources from charitable activities by £550,000 and increase donations and capital grants by an equivalent amount.