

Company Registration No. 08621310 (England and Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

SURREY HEATH EDUCATION TRUST

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SURREY HEATH EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr A Johnson Mr B Paton Mr P Wharrad Mr J Collingridge	
Trustees	Mr A Johnson (Chair & Community Trustee) Mr R Coyne (Chair of LGB) Mr I Hylan (Executive Principal; Accounting Officer; Resource Committee Member) (Resigned 31 August 2018) Mrs M Dawes (Community Trustee) (Resigned 31 August 2018) Mr D Harte (Community Trustee)	
Senior management team	Mr I Hylan Mr R Major Mrs J Tonkin Ms H Rushby Mr C Taylor Ms H Livesey Mr A Daniel Mr A Poole	- Executive Principal - Head of School - Vice Principal - Assistant Principal - Assistant Principal - Assistant Principal - Assistant Principal - School Business Manager
Company secretary	Mr A Poole	
Company registration number	08621310 (England and Wales)	
Principal and registered office	Tomlinscote School & Sixth Form College Tomlinscote Way Frimley Surrey GU16 8PY	
Independent auditor	Wilkins Kennedy Audit Services 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 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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 2018 the school had 1,550 students on roll, including 195 in the Sixth Form.

On 1 September 2018, the operations of Tomlinscote School and Sixth Form College transferred to The Prospect Trust (company registration number 10842315). Surrey Heath Education Trust has been dormant since this date.

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

The Academy Trust has opted into the Risk Protection Arrangements (RPA) which provides unlimited indemnity for employer's liability, third party liability, an unlimited professional indemnity and cover for buildings and contents limited to the reinstatement value. The RPA covers Trustees, Governors and other staff for liability arising from negligent acts, errors and omissions in good faith, notified during the insurance period. There were no third party indemnity provisions during the period September 2017 to August 2018.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 Academy 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 12.

Policies and procedures adopted for the induction and training of Trustees

The School continues to procure Governor Support Services from Babcock 4S. Maite Roel, Community Governor, had the responsibility for liaising with Governors to provide access to this support.

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 the Governing Body papers, terms of reference and committee work programmes for the respective committees.

The Governing Body delegates to the Executive 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.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

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	Mr P Mann Mrs H O'Connor Mrs R Davis	3	Elected by registered parents of students at the Academy	2.3.3
Community	Mr R Coyne Prof A Sterr Mr M Laurie Mrs M Roel Mr C Cavan	5	Appointed by Directors	2.3.4
Staff	Mr L Foley (Resigned 20/07/18) Mr L Rayner	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

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. One new member of SLT was appointed during this period (Mr A Daniel previously Associate Assistant Principal is now substantive Assistant Principal). The only changes to pay, or remuneration, were the result of 'annual increases' 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.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	1.60

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	6,090,000
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties and other connected charities and organisations

The Academy offers sixth form students a Football Coaching course. This is provided by a partnership with 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".

Objectives, strategies and activities

The Board of Trustees have set the Academy Trust's strategic aims through the School Development Plan. These aims are monitored closely by the Board of Trustees by way of Executive Principal and Senior Leadership Team Reports and through the work of the sub committees. During the Academic Year 2017-18, the Academy aimed to further raise the quality of Learning and Teaching through a development plan which had the following priorities:

1. Sixth Form Teaching & Learning
2. Maximise progress of students identified as Learning Support (K code)
3. Curriculum development
4. Challenge and differentiation
5. Technology
6. Closing the gaps

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 Trust 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 Trust 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.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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:

- This period saw the introduction of grades 9-1 for the majority of subjects. Despite the lack of guidance from examination boards, students performed strongly. 77% of Year 11 gaining grade 4 or above in both English and Mathematics (known as 'basics') and 57% gaining the more challenging measure of grade 5 in both areas. Figures are well above national averages. 88% of students gained a 4 or above in English with 80% reaching the same level in Mathematics.
- The progress measure is an excellent indication of the quality of education provided. The Progress 8 figure of +0.16 is likely to receive the second highest judgement, 'above average', in the language of the DfE Performance Tables. The value added figure is positive for all ability bands and particularly high for students with low prior attainment. The school expects the progress figures for all attainment bands to achieve these levels. A very high 42% of students gained the English Baccalaureate (EBacc). This reflects the school vision for provision of a very broad curriculum; for example 94% of students sat a GCSE in languages.
- There continues to be a performance gap between boys and girls of approximately half a grade per subject. While this is smaller than found nationally, it will continue to be a priority, alongside work to support disadvantaged students who, nationally, have found the demands of the new examination to be challenging.
- Sixth Form results combine A-levels and Vocational Courses. The prior attainment of Year 13 was significantly lower than comparable groups nationally and this is reflected in the highest attainment measures where figures are lower than national. The pass rate (A*-E) is at the national average. The ALPs value added system returned a score of 5, meeting the school target and in line with expectations nationally. Pass rates for vocational courses were high and the vast majority of students gained their places at their first choice university.
- Changes to the local funding formula have, for the first time, begun to address the significant underfunding the school has experienced – the second lowest per pupil rate in the county. The goal of reaching the half way point to the National Funding Formula was restricted by the requirement for a funding cap in order to minimise losses to other, more generously funded, Surrey schools. A successful application (the third in four years) was made to the 'Condition Improvement Fund', resulting in reinstatement of safety features, new ceilings, lights and fire doors. Together with refurbishment of a food room, this was a £1m+ capital investment.
- The most significant challenge has continued to be the retention and recruitment of high quality teachers. The fact that this is also impacting local independent schools has meant they have appointed a number of staff from the Academy Trust. For example a trainee science teacher was appointed as Head of Science on a much higher salary and with a much shorter working year.
- Extra-curricular provision is extensive with a range of clubs, teams and charity events broadening the student experience. The Academy Trust 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 Academy has had the prestigious International Schools Award renewed and has achieved Apple Distinguished School status.
- From 1 September 2017 the Academy Trust took over the running of Tomlinscote Sports Centre from Blue Leisure. The activities of the sports centre remain unchanged, providing sports and leisure facilities to the the local public.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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. It is likely that during the next reporting period, the exemption of 'outstanding' schools from inspection will be removed.

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

This is based on Outstanding teaching and broad provision. 72% of students were examined in the EBacc subjects, reflecting the school's ethos of languages for all students. This broad curriculum resulted in 42% of students gaining the EBacc. 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 radicalization while promotion of 'British Values' has been an on-going theme through the year. 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 significantly over recent years. 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 as the school believes students in Years 7-11 can make even more progress while the progress made on academic sixth form courses is not yet Outstanding.

Tables 1 and 2 provide a comparison summary of the school's performance in the Summer 2017 and 2018 examination seasons.

Table 1 Comparison of examination performance by Year 11 students

GCSE:	2018	2017
% achieving E+Ma Grade 4	77	80
% achieving E+Ma Grade 5	57	57
% achieving E+Ma Grade 7	16	15
Average A8	15	53
Progress 8	+0.16	+0.24
% achieving 5 strong inc E+Ma	50	57
% achieving Ebacc	27	37

The progress 8 Score is +0.16. This is judged as 'above average'.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Table 2 Examination performance by Year 13 students

A level	2018	2017	2016
Av points per student	83.5	76.3	91.6
Av points per L3 entry	27.3	30.6	25.5
% A* - B	38.3	32.0	32.3
% A* - C	64.3	61.9	65.7
% A* - E	96.5	96.6	96.5
ALPs Value Added Score	5	7	n/a

Going concern

On 1 September 2018, the entire operations, assets, liabilities and trade of the Academy Trust were transferred to The Prospect Trust (company number 10842315) at net book value. Since 1 September 2018, the Academy Trust has been dormant. As such, the Academy Trust is no longer a going concern.

However, the Trustees have concluded that Tomlinscote School and Sixth Form College as an operational unit has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about its ability to continue as a going concern. As such, the Trustees consider it appropriate to present the financial statements under the going concern basis, whilst noting that all operations are considered to be discontinued.

Financial review

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 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 ESFA. 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 2018, total expenditure of £10,413k (2017: £9,136k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds but including transfers from restricted fixed asset funds) was £755k (2017: £167k). Expenditure during the year included two significant one-off costs: the refurbishment of the Food Technology facilities, which cost £128k; and £91k of costs, incurred in 2016 and 2017, related to a potential capital project for which no definite implementation plans or timescale have yet been agreed.

At 31 August 2018 the net book value of fixed assets was £19,700k (2017: £20,199k). Movements in tangible fixed assets are shown in note 12 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 £2,395k at 31 August 2018 (2017: £2,582k). 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 2018 of £17,788k (2017: £18,558k) comprising £17,385k (2017: £17,705k) of restricted funds and £403k (2017: £853k) of unrestricted general funds. Of the restricted funds, £19,780k (2017: £20,287k) is represented by tangible fixed assets and unspent capital grants. The pension reserve which is considered part of restricted funds was £2,395k (2017: £2,582k) in deficit.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The Trustees have reviewed the reserves of the Trust. 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% of the operational expenditure has been identified. At the year ended 31 August 2018 this equated to £206k. The Trustees 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 2018 were £403k (2017: £853k).

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

The Trust's restricted pension reserve was £2,395k (2017: £2,582k) in deficit as at 31 August 2018. 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.

Investment policy

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.

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 Academy 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 Academy has an effective system of internal financial control as explained in the Statement on Internal Control.

Fundraising

The Trust does not generally undertake fundraising and specifically has not undertaken any fundraising during the reporting period 2017 to 2018. Consequently, there has been no engagement of commercial participators or professional fundraisers.

Plans for future periods

The Trust Board unanimously voted to transfer the operations of Tomlinscote School and Sixth Form College to The Prospect Trust, a relatively new local Trust that includes Farnborough Sixth Form College. As a result, the Surrey Heath Education Trust ceased to function as a Multi Academy Trust on 31st August 2018. This followed an extensive Due Diligence process and consultation process involving staff, local schools and the wider community. Academy staff have already worked with colleagues at the Sixth Form College to develop co-ordinated approaches to teaching and learning while the first shared services have been identified and begun to operate. The immediate priority is to test critical functions and then attention will move to developing systems across the Trust to meet the goals set out in the Trust Articles and Governance document.

SURREY HEATH EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

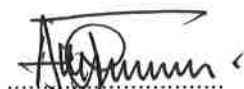
FOR THE YEAR ENDED 31 AUGUST 2018

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.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14/12/2018 and signed on its behalf by:



Mr A Johnson

Chair & Community Trustee

SURREY HEATH EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 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)	7	7
Mr R Coyne (Chair of LGB)	6	7
Mr I Hylan (Executive Principal; Accounting Officer; Resource Committee Member) (Resigned 31 August 2018)	7	7
Mrs M Dawes (Community Trustee) (Resigned 31 August 2018)	5	7
Mr D Harte (Community Trustee)	4	7

As noted in the Trustees' Report, the key issue faced by the Board during the year was the decision to transfer operation of Tomlinscote School to a Multi Academy Trust.

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 Academy has prioritised a managed reduction in staffing levels following the decision in September 2017 not to recruit to A-level courses for commencement at that time. This has been aided by the growth in numbers in the main school as the increase in the Pupil Admission Number to 300 has begun to work through the year groups. A small number of staff have been allocated teaching at the Sixth Form College and this has also helped avoid the need for compulsory staff changes.
- The Academy is pleased to have secured a Condition Improvement Fund grant for the third time in four years, resulting in improvements to safety and condition. Alongside this, a food room has been completely refurbished using Academy capital funds. At the same time, a planning application has been submitted to build a 3G, floodlit sports facility to enhance school and community use as well as generating revenue. The Academy is pleased to have achieved a balanced outturn to the budget this year. This is a significant achievement and reflects careful monitoring of the staffing budget.

SURREY HEATH EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 appointed Wilkins Kennedy as internal auditor for the year ended 31 August 2018. This work was carried out by a dedicated team from a separate office, completely independent of the external audit team.

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.

SURREY HEATH EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 14/12/2018 and signed on its behalf by:



Mr A Johnson
Chair & Community Trustee



Mr I Hylan
Executive Principal; Accounting Officer; Resource Committee Member

SURREY HEATH EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE


FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of Surrey Heath Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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.

Mr I Hylan
Accounting Officer


14/12/2018

SURREY HEATH EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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 financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the Trustees are required to:

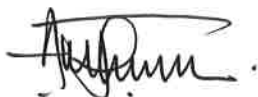
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 14/12/2018 and signed on its behalf by:



Mr A Johnson
Chair & Community Trustee

SURREY HEATH EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURREY HEATH EDUCATION TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Surrey Heath Education Trust for the year ended 31 August 2018 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 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 2017 to 2018.

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 Academy Trust 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.

Material uncertainty related to going concern

We draw attention to page 26, Accounting Policies within the Notes to the Financial Statements, which explains the transfer of operations of the Academy Trust to The Prospect Trust. This event indicates that a material uncertainty exists that may cast doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Trustees 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.

SURREY HEATH EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or 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.

SURREY HEATH EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Kevin Walmsley (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

17.12.2018
.....

Statutory Auditor

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

SURREY HEATH EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 19 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA 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 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 Surrey Heath Education Trust and ESFA, 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy Audit Services

Reporting Accountant

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

Dated: *17.12.2018*

SURREY HEATH EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Discontinued Unrestricted Funds £'000	Discontinued Restricted funds: General £'000	Discontinued Fixed asset £'000	Discontinued Total 2018 £'000	Total 2017 £'000
	Notes					
Income and endowments from:						
Donations and capital grants	3	12	165	826	1,003	368
Charitable activities:						
- Funding for educational operations	4	253	7,701	-	7,954	8,114
- Funding for operation of sports centre	4	155	-	-	155	-
Other trading activities	5	38	-	-	38	50
Investments	6	1	-	-	1	1
Total		459	7,866	826	9,151	8,533
Expenditure on:						
Charitable activities:						
- Educational operations	8	786	8,918	589	10,293	9,136
- Operation of Sports Centre	8	120	-	-	120	-
Total	7	906	8,918	589	10,413	9,136
Net income/(expenditure)		(447)	(1,052)	237	(1,262)	(603)
Transfers between funds	16	(3)	747	(744)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	18	-	492	-	492	677
Net movement in funds		(450)	187	(507)	(770)	74
Reconciliation of funds						
Total funds brought forward		853	(2,582)	20,287	18,558	18,484
Total funds carried forward		403	(2,395)	19,780	17,788	18,558

SURREY HEATH EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2017 £'000
Income and endowments from:					
Donations and capital grants	3	21	170	177	368
Charitable activities:					
- Funding for educational operations	4	82	8,032	-	8,114
Other trading activities	5	50	-	-	50
Investments	6	1	-	-	1
Total		154	8,202	177	8,533
Expenditure on:					
Charitable activities:					
- Educational operations	8	174	8,399	563	9,136
Total	7	174	8,399	563	9,136
Net expenditure		(20)	(197)	(386)	(603)
Transfers between funds	16	-	50	(50)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	677	-	677
Net movement in funds		(20)	530	(436)	74
Reconciliation of funds					
Total funds brought forward		873	(3,112)	20,723	18,484
Total funds carried forward		853	(2,582)	20,287	18,558

SURREY HEATH EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	19,700	20,199
Current assets			
Debtors	13	459	473
Cash at bank and in hand		766	1,270
		1,225	1,743
Current liabilities			
Creditors: amounts falling due within one year	14	(742)	(802)
Net current assets		483	941
Net assets excluding pension liability		20,183	21,140
Defined benefit pension scheme liability	18	(2,395)	(2,582)
Net assets		17,788	18,558
Funds of the Academy Trust:			
Restricted funds	16		
- Fixed asset funds		19,780	20,287
- Pension reserve		(2,395)	(2,582)
Total restricted funds		17,385	17,705
Unrestricted income funds	16	403	853
Total funds		17,788	18,558

The financial statements on pages 22 to 44 were approved by the Trustees and authorised for issue on 14/12/2018 and are signed on their behalf by:



Mr A Johnson
Chair & Community Trustee

Company Number 08621310

SURREY HEATH EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	19		(1,241)		(14)
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE Group		826		177	
Purchase of tangible fixed assets		(98)		(143)	
Proceeds from sale of tangible fixed assets		8		-	
Net cash provided by investing activities			737		35
Net (decrease)/increase in cash and cash equivalents in the reporting period			(504)		21
Cash and cash equivalents at beginning of the year			1,270		1,249
Cash and cash equivalents at end of the year			766		1,270

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Surrey Heath Education Trust is a charitable company, limited by guarantee and registered in England and Wales. 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 financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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.

On 1 September 2018, the entire operations, assets, liabilities and trade of the Academy Trust were transferred to The Prospect Trust (company number 10842315) at net book value. Since 1 September 2018, the Academy Trust has been dormant. As such, the Academy Trust is no longer a going concern.

However, the Trustees have concluded that Tomlinscote School and Sixth Form College as an operational unit has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about its ability to continue as a going concern. As such, the trustees consider it appropriate to present the financial statements under the going concern basis, whilst noting that all operations are considered to be discontinued.

1.3 Income

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

Grants

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

Where income is received in advance of meeting any performance-related conditions, 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.

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.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

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 and income generated by the Sports Centre, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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. These assets were 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.

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.

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.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line 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 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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.

1.11 Fund accounting

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

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

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

1.12 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA 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 24.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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 18, 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 2018. 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.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	826	826	177
Other donations	12	165	177	191
	<u>12</u>	<u>991</u>	<u>1,003</u>	<u>368</u>

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	7,211	7,211	7,391
Other DfE group grants	-	139	139	136
	-	7,350	7,350	7,527
Other government grants				
Local authority grants	-	74	74	103
Other funding				
Sports centre income income	155	-	155	-
Other incoming resources	253	277	530	484
	408	277	685	484
Total funding	408	7,701	8,109	8,114

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	38	-	38	30
Other income	-	-	-	20
	38	-	38	50

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	1

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	5,586	404	1,259	7,249	7,256
- Allocated support costs	914	1,743	387	3,044	1,880
Operation of Sports Centre					
- Direct costs	-	-	50	50	-
- Allocated support costs	70	-	-	70	-
	<u>6,570</u>	<u>2,147</u>	<u>1,696</u>	<u>10,413</u>	<u>9,136</u>

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	13	15
- Other services	3	3
Operating lease rentals	133	136
Depreciation of tangible fixed assets	597	563
Gain on disposal of fixed assets	(8)	-
Net interest on defined benefit pension liability	68	63
	<u></u>	<u></u>

Included within expenditure are the following transactions:

	2018 £'000
Fixed asset losses - total	<u>8</u>

In addition, cash totalling £150 was stolen from the Academy during the year.

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	786	6,463	7,249	7,256
Operation of Sports Centre	50	-	50	-
Support costs				
Educational operations	-	3,044	3,044	1,880
Operation of Sports Centre	70	-	70	-
	<u>906</u>	<u>9,507</u>	<u>10,413</u>	<u>9,136</u>

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

(Continued)

	Sports Centre £'000	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
Analysis of support costs				
Support staff costs	70	914	984	782
Depreciation	-	185	185	159
Technology costs	-	81	81	30
Premises costs	-	1,558	1,558	654
Other support costs	-	269	269	207
Governance costs	-	37	37	48
	<u>70</u>	<u>3,044</u>	<u>3,114</u>	<u>1,880</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	4,753	4,685
Social security costs	458	458
Pension costs	1,058	927
Staff costs	<u>6,269</u>	<u>6,070</u>
Agency staff costs	209	147
Staff development and other staff costs	92	86
Total staff expenditure	<u>6,570</u>	<u>6,303</u>

Staff numbers

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

	2018 Number	2017 Number
Teachers	87	92
Administration and support	128	95
Management	8	8
	<u>223</u>	<u>195</u>

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	3
£80,001 - £90,000	1	1
£130,001 - £140,000	1	1

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 £639,000 (2017: £665,000)

10 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 £130,000 - £135,000 (2017: £130,000 - £135,000)
- Employer's Pension Contributions £20,000 - £25,000 (2017: £20,000 - £25,000)

During the year, expenses totalling £131 were reimbursed to two trustee (2017: £144 to one trustee).

11 Trustees and officers insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2017	21,465	502	367	7	22,341
Additions	3	68	13	14	98
Disposals	-	(9)	-	-	(9)
At 31 August 2018	21,468	561	380	21	22,430
Depreciation					
At 1 September 2017	1,616	306	214	6	2,142
On disposals	-	(9)	-	-	(9)
Charge for the year	404	126	63	4	597
At 31 August 2018	2,020	423	277	10	2,730
Net book value					
At 31 August 2018	19,448	138	103	11	19,700
At 31 August 2017	19,849	196	153	1	20,199

Included within Land and Buildings above is £7.631 million relating to freehold land, which is not depreciated.

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	13	-
VAT recoverable	121	23
Prepayments and accrued income	325	450
	459	473

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	-	243
Other taxation and social security	215	225
Other creditors	8	4
Accruals and deferred income	519	330
	742	802

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

15 Deferred income	2018	2017
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	346	290
	<hr/>	<hr/>
Deferred income at 1 September 2017	290	325
Released from previous years	(290)	(325)
Resources deferred in the year	346	290
	<hr/>	<hr/>
Deferred income at 31 August 2018	346	290
	<hr/>	<hr/>

Deferred income comprises funds received for trips taking place in the 2018-19 financial year and grant funding received in advance.

16 Funds	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	7,211	(7,958)	747	-
Other DfE / ESFA grants	-	139	(139)	-	-
Other government grants	-	74	(74)	-	-
Other restricted funds	-	442	(442)	-	-
Pension reserve	(2,582)	-	(305)	492	(2,395)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(2,582)	7,866	(8,918)	1,239	(2,395)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted fixed asset funds					
DfE group capital grants	20,287	826	(589)	(744)	19,780
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	17,705	8,692	(9,507)	495	17,385
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds					
General funds	853	304	(786)	(3)	368
Operation of Sports Centre	-	155	(120)	-	35
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	853	459	(906)	(3)	403
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	18,558	9,151	(10,413)	492	17,788
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

General Annual Grant: Income received from the ESFA 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 2018.

Other DfE/ESFA grants: This includes all other funding received from the ESFA 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.

Transfers

A transfer of £747,000 was made from the fixed asset fund to the General Annual Grant fund to reallocate the CIF funding received for the repair works to the windows and cladding.

A transfer of £3,000 was made from unrestricted funds to the fixed assets fund, being the revenue contribution to capital costs in the year.

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	-	7,391	(7,441)	50	-
Other DfE / ESFA grants	-	136	(136)	-	-
Other government grants	-	103	(103)	-	-
Other restricted funds	-	572	(572)	-	-
Pension reserve	(3,112)	-	(147)	677	(2,582)
	<u>(3,112)</u>	<u>8,202</u>	<u>(8,399)</u>	<u>727</u>	<u>(2,582)</u>
Restricted fixed asset funds					
DfE group capital grants	20,723	177	(563)	(50)	20,287
	<u>20,723</u>	<u>177</u>	<u>(563)</u>	<u>(50)</u>	<u>20,287</u>
Total restricted funds	<u>17,611</u>	<u>8,379</u>	<u>(8,962)</u>	<u>677</u>	<u>17,705</u>
Unrestricted funds					
General funds	873	154	(174)	-	853
	<u>873</u>	<u>154</u>	<u>(174)</u>	<u>-</u>	<u>853</u>
Total funds	<u>18,484</u>	<u>8,533</u>	<u>(9,136)</u>	<u>677</u>	<u>18,558</u>

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	14,602	(15,399)	797	-
Other DfE / ESFA grants	-	275	(275)	-	-
Other government grants	-	177	(177)	-	-
Other restricted funds	-	1,014	(1,014)	-	-
Pension reserve	(3,112)	-	(452)	1,169	(2,395)
	(3,112)	16,068	(17,317)	1,966	(2,395)
Restricted fixed asset funds					
DfE group capital grants	20,723	1,003	(1,152)	(794)	19,780
Total restricted funds	17,611	17,071	(18,469)	1,172	17,385
Unrestricted funds					
General funds	873	458	(960)	(3)	368
Operation of Sports Centre	-	155	(120)	-	35
	873	613	(1,080)	(3)	403
Total funds	18,484	17,684	(19,549)	1,169	17,788

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	19,700	19,700
Current assets	1,145	-	80	1,225
Creditors falling due within one year	(742)	-	-	(742)
Defined benefit pension liability	-	(2,395)	-	(2,395)
Total net assets	403	(2,395)	19,780	17,788

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	20,199	20,199
Current assets	1,655	-	88	1,743
Creditors falling due within one year	(802)	-	-	(802)
Defined benefit pension liability	-	(2,582)	-	(2,582)
Total net assets	853	(2,582)	20,287	18,558

18 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 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 2016.

Contributions amounting to £101,000 (2017: £107,000) were payable to the schemes at 31 August 2018 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £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 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 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 £547,000 (2017: £537,000).

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 an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 £273,000.

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.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	273	304
Employees' contributions	76	71
Total contributions	349	375
 Principal actuarial assumptions	 2018 %	 2017 %
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.7	2.7

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

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

	2018 Years	2017 Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.4	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £'000	2017 £'000
0.5% decrease in discount rate	673	633
0.5% increase in the salary increase rate	103	108
0.5% in the pension increase rate	562	515

Defined benefit pension scheme net liability

Scheme assets	3,656	3,188
Scheme obligations	(6,051)	(5,770)
Net liability	(2,395)	(2,582)

The Academy Trust's share of the assets in the scheme

	2018 Fair value £'000	2017 Fair value £'000
Equities	2,632	2,360
Bonds	622	478
Cash	146	128
Property	256	222
Total market value of assets	3,656	3,188

The actual return on scheme assets was £178,000 (2017: £101,000).

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	510	388
Interest income	(83)	(59)
Interest cost	151	122
Total operating charge	578	451

Changes in the present value of defined benefit obligations	2018 £'000
At 1 September 2017	5,770
Current service cost	510
Interest cost	151
Employee contributions	76
Actuarial gain	(397)
Benefits paid	(59)
At 31 August 2018	6,051

Changes in the fair value of the Academy Trust's share of scheme assets	2018 £'000
At 1 September 2017	3,188
Interest income	83
Actuarial gain	95
Employer contributions	273
Employee contributions	76
Benefits paid	(59)
At 31 August 2018	3,656

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £'000	2017 £'000
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(1,262)	(603)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(826)	(177)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	237	84
Defined benefit pension net finance cost	68	63
Depreciation of tangible fixed assets	597	563
Profit on disposal of fixed assets	(8)	-
Decrease/(increase) in debtors	14	(74)
(Decrease)/increase in creditors	(60)	131
Net cash used in operating activities	(1,241)	(14)

20 Commitments under operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	80	94
Amounts due in two and five years	37	55
	<u>117</u>	<u>149</u>

21 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	587	-

The capital commitment relates to the remainder of the contracted works in relation to the fire cladding.

SURREY HEATH EDUCATION TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Related party transactions

P Wharrad, a Member of the Academy Trust, is an elder of The Beacon Church, Camberley. In the year to 31 August 2018, The Beacon Church, Camberley paid the Academy Trust £3,387 for rental of the school hall. As at 31 August 2018, no amounts were outstanding. Lettings were charged to The Beacon Church, Camberley at the Academy Trust's standard rates.

Related party transactions involving certain Trustees' remuneration and expenses are already disclosed in note 10.

23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.

24 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2018, the Trust received £22,763 and disbursed £13,226 from the fund. An amount of £7,805 is included in other creditors relating to undistributed funds that are repayable to the ESFA.