

Company Registration No. 08276210 (England and Wales)

**SOUTH DOWNS EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021**

SOUTH DOWNS EDUCATION TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 17
Governance statement	18 - 22
Statement on regularity, propriety and compliance	23
Statement of trustees' responsibilities	24
Independent auditor's report on the accounts	25 - 29
Independent reporting accountant's report on regularity	30 - 31
Statement of financial activities including income and expenditure account	32 - 33
Balance sheet	34
Statement of cash flows	35
Notes to the accounts including accounting policies	36 - 57

SOUTH DOWNS EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs R Tonks (Vice Chair)
Dr J Bull
Dr P Jones
Mr P Riley
Canon K Windslow (Appointed 1 November 2020)

Trustees

Mr R Cohen (Chair)
Ms R Fleming-Nulty (Former Chair) (Resigned 20 October 2021)
Mr T Parkin
Mr A Sparsis
Mr I Hughes
Reverend H M Buque (Appointed 1 November 2020)
Mr J Gilbert (Appointed 1 November 2020)

Senior management team

- Headteacher
- Deputy Headteacher
- Deputy Headteacher
- Core Assistant Headteacher
- Core Assistant Headteacher
- Business Development Manager

Mr P Panayiotou
Mr S Swift
Mr A Cook
Mr N Mariosa
Mr M Smith
Mrs K Hayler

Company secretary

Mrs K Hayler

Company registration number

08276210 (England and Wales)

Principal and registered office

South Farm Road
Worthing
West Sussex
BN14 7AR

SOUTH DOWNS EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

Worthing High School

Clapham and Patching CofE Primary School

Central Services

Location

Worthing

Clapham

Worthing

Principal

Pan Panayiotou

Justine Chubb

Pan Panayiotou

Independent auditor

Moore (South) LLP

City Gates

2 - 4 Southgate

Chichester

West Sussex

PO19 8DJ

Solicitors

Stone King LLP

16 St John's Lane

LONDON

EC1M 4BS

Browne Jacobson

77 Gracechurch Street

London

EC3V 0AS

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates 2 academies in Worthing (Worthing High School) for pupils aged 11 to 16, years 7 – 11 and Clapham and Patching C of E Primary School for pupils aged 4-11 years. Worthing High School has a published admission number (PAN) of 1,050 and a roll of 1,055 as at 31st August 2021. Clapham and Patching C of E Primary School has a PAN of 56 with 32 children on roll as at 31st August 2021.

Worthing High is a mixed comprehensive school and one of six secondary schools in the town of Worthing. Worthing High School converted to academy status in December 2012, became a multi academy trust in May 2018 and has a non-selective policy.

Set in the South Downs, Clapham and Patching C of E Primary school is an inclusive school with high expectations, with a PAN of just 56. As a Church of England School they provide an education that focuses on Christian values.

The Trust changed its name to South Downs Education Trust on the 6 February 2018. South Downs Education Trust welcomed Clapham and Patching Church of England Primary School into the trust on 1 November 2020.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of South Downs 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, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

There were no indemnities in place during the accounting period.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Method of recruitment and appointment or election of trustees

The membership of the Trustees and the Board is determined by the Memorandum and Articles of Association of the company.

The membership of the board may also include one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose, and the Secretary of State shall have the right from time to time by written notice to the Office to remove any Member appointed by him and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise. It also includes the Diocesan Corporate Member.

The Members of the Trust must be a minimum of three and ideally five accordance with Clause 12.

An employee of the Academy Trust cannot be a Member of the Academy Trust (Clause 12a).

Subject to the Articles the Academy Trust shall have the following Trustees:

- No fewer than 5 Trustees appointed under Article 50 & 50A combined
- A minimum of 2 Parent Trustees in the event that no Local Governing Bodies are established

The Academy Trust may also have any co-opted Trustee appointed under Article 58.

Members may appoint by ordinary resolution a minimum of 3 Trustees. The Member will seek to recruit Trustees that are able to bring the necessary skills to the Trust Board to enable the Trustees to carry out their duties effectively. Members will identify new Trustees and request that they complete an application form – outlining their skills and experience. This will then be reviewed by the Members prior to them confirming the appointment of the new Trustee formally.

The Diocesan Corporate Member shall appoint at least 2 Directors in accordance with Article 50A.

Employees of the Academy Trust must not exceed one third of the total number of Trustees.

Policies and procedures adopted for the induction and training of trustees

South Downs Education Trust provides a comprehensive programme of training and support for all Local Governors, Trustees and Members. South Downs Education Trust is also a member of The Key and NGA for professional support and training. All Members and Trustees are subject to a DBS check.

The Headteacher, Trust & Board Chairmen, Link Governor and Company Secretary/Clerk to Governors provide a comprehensive induction for all new Governors, Members and Trustees as outlined in the Trust's Academy New Governor Induction Checklist.

Organisational structure

The Trustees are constituted under the Memorandum and Articles of Association (Multi Denominational Articles) which govern South Downs Education Trust. The Trustees are responsible for ensuring that high standards of corporate governance are maintained.

For the Academic Year 20/21, the Board of Trustees met three times. There were two committees in place: Finance, Audit & Compliance Committee and Staffing, Pay and Performance. The Terms of Reference for these committees has been agreed by the Trustees and are published on the school website.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The CEO/Headteacher is the Accounting Officer for the Multi Academy Trust. The CEO/Headteacher is appointed by the Trustees to manage the day to day operation of South Downs Education Trust and Worthing High School. The Head of School at Clapham and Patching C of E Primary School manages the day to day operations at that site. In order to facilitate effective operations the Headteacher and the Business Manager have delegated authority within the terms approved by the Trustees for operational matters including educational, finance and employment matters; the Business Manager also holds the role of Chief Financial Officer.

The decision making structure is summarised in the Policy for the Delegation of Financial Powers and Duties of the Trustees and Governing Body – which is reviewed annually. The Scheme of Delegation was also reviewed in 20/21 as part of an external governance review.

The membership of two committees was as follows:

Audit Committee	Staffing, Pay and Performance Committee
Mrs R Fleming-Nulty (Chair of Trustees – resigned 20.10.21) Mr A Cohen (WHS Governor) Mr A Sparsis Mr R Cohen (Chairman of Committee and Vice Chairman of Trustees until 20.10.21. Chairman of Trustees from 20.10.21) Mrs M Somerset (C&P Governor)	Mr I Hughes (Trustee and Committee Chairman) Mr J Gilbert (Trustee from 1.11.20) Rev'd H Buque (Trustee from 1.11.20) Mr T Parkin (Trustee) Mrs R Fleming-Nulty (Chairman Trustees – resigned 1.11.20)

Arrangements for setting pay and remuneration of key management personnel

The Staffing, Pay and Performance Committee meets every November to review the pay recommendations for all staff (including staff holding the role of Trustee). This also includes the Senior Leadership Team (Headteacher, Deputy Headteachers, Business Manager and Extended Leadership Team).

Targets are set in accordance with the school's Pay Policy and Performance Management Policy.

The Staffing, Pay and Performance Committee then formally proposes to the Trustees all staff increments for approval by the end of November annually. Pay is back dated to the previous September in accordance with Teachers Pay and Conditions.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

100

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

5,636,810

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

-

Related parties and other connected charities and organisations

South Downs Education Trust is a Multi Academy Trust with two schools. It has no sponsoring partner. South Downs Education Trust is a member of Confederation of School Trusts, The Key and NGA.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities

Objects and aims

The Academy Trust's principal activities ("**the Objects**") are outlined in the Articles of Association.

At South Downs Education Trust we believe that we can offer all of the following:

- a. to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which:
 - i. shall include Church of England Academies ("Church Academies" and each a "Church Academy") designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and
 - ii. may include other Academies whether with or without a designated religious character;

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

Where an Academy is designated as or recognised as a Church Academy, in relation to the ethos and religious education provided at the Academy the Directors shall have regard to any advice and follow any directives issued by the Diocesan Corporate Member.

- a. To promote for the benefit of the inhabitants of West Sussex and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants. Such facilities may be situated on land provided by the Trustees only if this is permitted by the terms of the Trustees' trust and subject to the written consent of the Trustees and such conditions as the Trustees, after taking advice shall impose.

Everyone at South Downs Education Trust has worked hard to create a close community of learners in which there is a clear focus upon raising standards of student achievement. The Trust continues to gain an excellent reputation for the achievements of our children and students whether academic, sporting or cultural. Worthing High School and Clapham and Patching are greatly valued by the community they serve and are both a very popular choice for prospective children, students and their parents. In September 2021 Worthing High School continued to be oversubscribed.

We believe that this is vital if children and students are to achieve their full potential. As a Trust we have high standards for our children/students— maximum effort and excellent levels of achievement are encouraged and expected. It is through such expectations that our children/students are set high targets which they go on to achieve. A marked feature of our schools is the happy, friendly, caring family ethos which enables our children and students to settle quickly.

Our schools thrive on being a community in the true sense of the term and they seek to achieve a partnership between governors, teachers, parents, children and students as well as with our wider partners.

Children and students also gain from an outstanding programme of enrichment activities that are extensive, fulfilling and diverse. The broad, balanced and relevant curriculum provided by the school serves to ensure that opportunities are available to enable children and students to fully develop their interests and talents.

Our school websites provides much more information on the achievements of our students both academic and through enrichment experiences www.worthinghigh.net and www.claphamandpatching.co.uk

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Objectives, strategies and activities

School Development Plan Priorities 2021-22

1. Student Progress
 - Literacy for all
 - Higher Prior Attaining/Disadvantaged Pupils/Low prior attaining students
2. Send Provision
3. Personal Development
4. Behaviour and Standards for all
 - Alternative approach to FTE
 - Attendance
5. Curriculum Development
6. Leadership & Outreach

1. Student Progress

1.1 Students are provided with a literacy programme that encourages promotion of reading for pleasure, at all ages. Positive reading habits will support reading fluency

1.2 Interventions to support students that have not reached KS2 benchmarks or are behind chronological reading age expectation. These will be delivered through bespoke intervention in literacy and in inclusion, where appropriate

1.3 Emphasis in all lessons on stretch and challenge for all students, particularly those deemed HPA and DP. Bespoke intervention to support these two target groups

1.4 Support students, not deemed SEND, but with LPA through intervention to improve progress

2. Send Provision

2.1 Students with ACE's, early childhood trauma and autism are supported by staff who implement relevant and appropriate strategies of support.

2.2 Students with SEND and who are placed in the SSC are supported through a bespoke key stage 3 curriculum to include interventions whereby all core, EBACC and PHSE subjects have adapted SoW and resources.

2.3 Reward process for EHCP and SEN K students to be individualised to offer precision support and ensure all students are aware of their individual targets.

2.4 Students within key stage 4 access and complete relevant qualifications to enable the next phase of education, training or employment at an appropriate level post 16. This may include access to alternative provision.

3. Personal Development

3.1 Students are provided a broad enrichment and work-related learning offer and are inspired to continue their learning beyond the classroom as global citizens.

3.2 Students regularly contribute to school life and are encouraged to share their feedback to enhance its development.

3.3 Programme to support mental health and well-being for students, staff and parent/carers.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4. Behaviour and Standards for all

4.1 Students' attitudes demonstrate "The Worthing Way - Core Values", in all aspects of school life, taking pride in their achievements which are regularly recognised.
4.2 Alternative provision engages students and has a positive impact on the behaviour of students in school
4.3 Reduction in the sanctions applied by the school (Covid-19 context)
4.4 Attendance 96% and above
4.5 Diminish the difference between DP and non-DP attendance.
4.6 Reduction to persistent absentees to 13% or below.

5. Curriculum Development

5.1 Monitor new Green and Green+ pathways to ensure qualifications and teaching is high quality
5.2 Develop literacy programme, through English curriculum, to support and stretch higher number of high attaining students in Year 9
5.3 Support growth of new subjects
5.4 Subject led CPD to support curriculum development

6. Leadership and Outreach

6.1 Continued support for Clapham & Patching- Head of school
6.2 Development of links with locality Trusts
6.3 Increase SLT Capacity with AHT and Associate posts
6.4 Development of National & International links – Covid permitting
6.5 Continue work with GLF teaching hub through NPQs delivery

Public benefit

Public Benefit

The trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission section 17(5) of the Charity Act and the Charities (Accounts and Reports) Regulations 2008. Trustees consider that the Academy Trust's aims are demonstrably to benefit the public, as the academy meets the education needs of young people living in the local community. In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

The Trustees have:

- provided a review in the Trustees' Annual Report of the significant activities undertaken by the charity to carry out its charitable purposes for the public benefit
- provided details of purposes and objectives
- provided details of strategies adopted and activities undertaken to achieve those purposes and objectives
- provided details of the achievements by reference to the purposes and objectives set
- included a statement as to whether they have complied with their duty to have due regard to our public benefit guidance when exercising any powers or duties to which the guidance is relevant

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

The Trustees measure the academy's success partly through a series of performance objectives which are owned by either the Trustees or members of the senior and Extended Leadership Team and the targets and progress of the School Development Plan.

Key performance indicators

Our key performance indicators for the last three reportable years were:

	2017	2018	2019
Progress 8 Score	0.03	0.15	0.12
Attainment 8 Score	45.7	45.74	48.54
% of students Grade 4 and above in English and Maths	59%	58%	74%
% of students Grade 5 and above in English and Maths	41%	39%	46%
% of students entered for EBacc	65%	60%	67.50%
% of students who achieved EBacc	27%	26%	26%
% of students staying in education or employment after KS4	96%	92%	99.5%

* 2020 was not assessed and therefore has not been reported above.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Achievements for the Year ended 31 August 2021

Admissions and Transition

- As at 31.08.21 - 1057 students on roll
- Taster Events in Summer 21 for Year 5 students
- Saturday Open Event and morning tour events provided for all potential Sept. 22 starters
- FREE Summer School offered for all new Year 7 due to Intake Day not taking place in July 21
- September 2021 oversubscribed with first preferences against PAN of 210
- In year admissions during 2020/21 were as follows:

2020/21 In Year Admissions			
Year Group	F	M	Grand Total
Year 7	9	1	10
Year 8	6	5	11
Year 9	3	2	5
Year 10	10	2	12
Year 11	0	4	4
Grand Total	28	14	42

- In year leavers during 2020/21 were as follows:

2020/21 In Year Leavers			
Year Group	F	M	Grand Total
Year 7	1	6	7
Year 8	7	9	16
Year 9	3	3	6
Year 10	6	4	10
Year 11	0	0	0
Grand Total	17	22	39

Key Performance Indicators (Financial)

Total salary costs (including agency and excluding LGPS service costs) to restricted revenue income 80% (2020: 81%)

Teaching and educational support staff costs to restricted revenue income 69% (2020:68%).

Support staff costs to restricted revenue income 16% (2020: 17%)

Total salary costs (including agency and excluding LGPS service costs) as % of total restricted revenue expenditure 80% (2020: 80%)

Pupil teacher / management ratio 15:1 (2020: 17:1)

Pupil admin/ education support staff ratio 16:1 (2020: 20:1)

Going concern

The Board of Trustees is aware that the academy trust has limited retained earnings to continue in operational existence for the short term. The Trust will be working to ensure that reserves of a minimum £400,000 are created over the next 3 years period to achieve our reserve target of at least one months income circa. £400,000.

However, the expectations from the DFE financial modeling tables available for 2021 and beyond, the maximising of lettings income, seeking of external grants and the continued careful budgeting by the Trust and 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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Financial review

The in year surplus figure of £294,746 (2020: £254,833) (consisting of restricted and unrestricted general fund movements excluding pension) was achieved with prudent budgeting – October 2019 census data provided AWPU funding for 1068 students for the financial year 2020/21.

Continued prudent budgeting has enabled the academy to retain an unrestricted fund surplus of £173,268 (2020: £138,870) at the end of 2020/21.

A balanced budget has been set for 2021/22.

The principal Financial Management Policies reviewed during the year were SSOPC Tendering Requirements, Governors Expenses Policy, Scheme of Financial Delegation and Charging and Remission Policy.

The principal sources of restricted income are from the ESFA, based mainly on pupil numbers and key stage, and WSCC for the Special Support Centre and High Needs SEN support for some individual students.

In addition, unrestricted income is usually supplemented by a broad Lettings Programme. However, Covid implications has severely reduced this income stream. Externally sourced grant income has continued to be chased. Unrestricted reserves in 2020/21 were affected adversely due to the Coronavirus outbreak and all lettings had to be stopped from March 2020 but restarted in September 2020 until December 2020 until lockdown 3.

The deficit in the Local Government Pension Scheme (LGPS) is recognized on the balance sheet in accordance with FRS 102. At 31 August 2021, the deficit was (£676,000) (2020 £227,000). The existence of the pension scheme does not mean an immediate liability crystallises and is addressed over a services of years through pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme. Note 19 details the assumptions and movements during the year on the scheme.

Reserves policy

For the financial year ended 31 August 2021 South Downs Education Trust retained a restricted reserve balance of £12,921,449 (2020: £13,367,197) and an unrestricted reserve balance of £173,268 (2020: £138,870) carried forward into 2021/22.

The Trust will be working to ensure that reserves of a minimum £400,000 are created over the next 3 years period.

Investment policy

In the year ended 31 August 2021 a balance of £10,360 (2020: £10,354) was held in a higher interest deposit account with a 32 day notice period.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

The key high level risks that face the trustees are documented in our Risk Register and they are:

ID	Risk Category	Risk Description	Risk Trigger What is event that would trigger contingency plans	Contingency Actions for the Risk	Residual Risk Score post mitigation	Treated Risk Ranking RAG
1	Financial	Reduction in government spending on education in general and the continued lack of decisions on the Fair Funding plans beyond 2022.	Communication from ESFA, weekly Gov email, SSAT, Unions, WSCC etc. advising of potential/planned or actual change in funding policy	Comprehensive budgeting over a rolling 3 year period is completed by the CFO and overseen by Trustees and Audit	18	Red
2	Operational	Failure to provide high standard Safeguarding policies and procedures to protect students and staff.	The DSL or ODSL would report to the Chair of Trustees/ Chair of LGB or HT that we were failing in our duties. OFSTED may report following an Inspection. West Sx Child Safeguarding Board may report on alleged failings.	Fully trained DSL and ODSL in place. Link Governor completes regular reviews Use of CPOMs by all staff CPOMS/ Safeguarding reports to LGB Induction training programme On line training such as Prevent SCR used to record all training dates etc.	12	Red
3	Financial	Student roll numbers change in a negative way based on budget predictions - in year admissions.	Meetings with parents/students looking to remove students from the school. Monthly student number data reports to LGB	Projections for 3 year budget cycle are at 210 max. Planning places data regularly reviewed by CEO and CFO. All roll number assumptions shared with LGB and Trustees Regular re budgeting basis on actual pupil numbers Lagged funding allow some preparation time.	12	Red

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4	External	Demographic changes impact the numbers of students requiring educational provision within the area - increase or decrease.	Autumn meetings with WSCC Admissions department reporting changes to expected student numbers to HT.	WSCC Planning places data shared with CEO regularly PAN of 240 maximum buildings could absorb (once development complete) Use of temp/fixed term staffing contracts if required. Active marketing campaign with Taster Mornings and Open Evenings to maintain demand levels.	12	Red
5	Governance	Governing Body/ Trustees/ Members resign and governance levels are not quorate nor skilled to support the school.	Clerk to Governors/ Trustees & Company Secretary would report a resignation to the relevant governance	Strong Board Membership who will identify replacement Trustees. Strong Trustee membership to identify LGB members Parent Forum provides opportunity to identify parent governor reps.	12	Red
6	Operational	The academy fails to deliver positive progress outcomes for all students by the end of Year 11.	LGB escalates concern to the Trustees following the presentation of interim data at any point in the year. Year 11 year end formal examination results evidence under performance SIP/WSCC Advisory visits etc identify failings to perform.	Subject Leader sessions to LGB members and Trustees 4 times a year Robust annual presentation of Year 11 results in Sept. Cycle of interim results presented to LGB for both KS3 and KS4 Deputy Head ACO attends LGB to present on data outcomes Use of Arbor reporting package for LGB and SLT	12	Red

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Risk Management

A comprehensive Business Continuity and Risk Management Policy has been put in place working in partnership with our Trustees, which is reviewed by Audit Panel, Trustees and Senior Leadership Team on a regular basis. The major risks that South Downs Education Trust is exposed to are linked to the seven critical activities, products and services we deliver:

1. Provision of education;
2. Inclusion Support;
3. Business Administration;
4. Safe-guarding;
5. Pastoral Care and Student Well-being;
6. Estate Management including catering and cleaning; and
7. Exams.

A risk register has been developed which identifies the actions and procedures to mitigate these risks which is reviewed regularly by the Senior Leadership Team and the trustees.

Financial Risk Management

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 financial delegation. In particular it includes:

- Comprehensive budgeting and monitoring systems with monthly reports to Trustees
- Clearly defined purchasing and tendering processes
- Identification and management of risks
- Reviews by the Audit Panel and IRO
- Annual external audit

Fundraising

During 2020/21 South Downs Education Trust continued to raise money for local and national charities despite the school being in lock down from December 2020 to March 2021 followed by severe socialisation restrictions within school. The Trust still managed to raise over £20,000 for over 8 different charities during the year.

The Student Charity Representative Group works alongside the lead teacher for Community and Charity events. Students determine a programme of events for each academic year which include:

- Non uniform days – 3 in 2020/21 where each student and staff member pays a minimum of £1 donation
- Annual national events such as Children in Need, Comic Relief, Macmillan Coffee event and Remembrance
- Bi-annual sponsored walk for Chestnut Tree House Children's Hospice – held every 2 years and raised over £14k in summer 2021
- Christmas Hampers, cake sales and music concerts including Remembrance and Christmas

The Trust did not work alongside any commercial or professional fundraisers during 2020/21. All fundraising is monitored by the Local Governing Body and Trustees. There were no fundraising complaints during 2020/21.

The Trust has a Parental Donation Fund – which parents/carers are asked to donate to if they are financial able to do so. In 2020/21 £380 was donated by parents and carers.

The Trusts Charging and Remission Policy makes it clear that when donations are requested from parents and carers there is always financial support available. The Policy follows DFE policy requirements "Charging for School Activities".

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Streamlined energy and carbon reporting

Energy consumption

Aggregate of energy consumption in the year

kWh

1,083,531

Emissions of CO2 equivalent

Scope 1 - direct emissions

- Gas combustion

metric tonnes

134.96

- Fuel consumed for owned transport

0.09

metric tonnes

135.05

Scope 2 - indirect emissions

- Electricity purchased

63.06

Scope 3 - other indirect emissions

- Fuel consumed for transport not owned by the academy trust

0.24

Total gross emissions

198.35

Intensity ratio

Tonnes CO2e per pupil

0.18

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2 equivalent per pupil, the recommended ratio for the sector.

Plans for future periods

South Downs Education Trust produces a detailed annual School Development Plan which focuses on the key objectives and activities for the forthcoming year.

During 2018/19 we secured planning permission for a £3.8m project to develop a new Performing Arts Centre, Inclusion/SSC Centre and 7 new classrooms. We have been seeking CIF funding for the project. However, after three failed application rounds Trustees have now decided to cancel the project.

WSCC have committed £670k to invest in our Special Support Facility which we hope to see commence during 2021/22.

The key focus for South Downs Education Trust Trustees over the next twelve month period is to develop our Multi Academy Trust, continue to support Clapham and Patching to restore to PAN and introduce further schools into the trust.

Funds held as custodian trustee on behalf of others

No funds are held as a custodian trustee on behalf of others.

SOUTH DOWNS EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 Moore (South) 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 06 December 2021 and signed on its behalf by:

Mr R Cohen

Chair

SOUTH DOWNS EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that South Downs 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance by completing an External Review which concluded in Spring 2020.

The board of trustees has delegated the day-to-day responsibility to the CEO as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Downs Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trustee Board of South Downs Education Trust has formally met 3 times during the 12 month period of these accounts.

Trustees	Meetings attended	Out of possible
Mr R Cohen (Chair)	3	3
Ms R Fleming-Nulty (Former Chair) (Resigned 20 October 2021)	3	3
Mr T Parkin	3	3
Mr A Sparsis	3	3
Mr I Hughes	3	3
Reverend H M Buque (Appointed 1 November 2020)	2	3
Mr J Gilbert (Appointed 1 November 2020)	1	3

During 2020/21, no Trustees resigned. Two new Trustee joined, Rev'd H Buque and Mr J Gilbert both appointed by the Diocesan Corporate Board Member. The Trustees are currently working to fill the vacant Trustee position created on 20th October 2021.

A comprehensive external review of governance completed in autumn 2019 through to spring 2020. This resulted in a new Scheme of Delegation, Committee Structure and Local Governing Body Committee structure.

SOUTH DOWNS EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Audit Committee

The audit committee is a sub-committee of the main board of trustees. The audit committee has an overarching role of oversight and scrutiny. It is responsible for reviewing the risks to internal control at South Downs Education Trust. The committee delivers an agreed programme of work that addresses any risks, to inform the governance statement that accompanies the school's annual accounts and so far as it is possible, provide assurance to the external auditors.

The audit committee has no executive powers or operational responsibilities.

The audit committee was supported by the internal audit function of Moore (South) LLP for 19/20. The Internal Audit programme is agreed with the Chair of Trustees annually and the IA reports are presented to the audit committee and trustees. The role of Internal Auditor has now been passed to Kreston Reeves from September 2020, to ensure a delineation from the role of Auditor and Internal Auditor.

Staff Pay and Performance Committee

The committee is a subcommittee of the main board of trustees. The term of reference for the committee are available on the school website. Responsibilities include recommending the staffing performance and pay awards each autumn term to the trustees. Ensuring that the school is staffed sufficiently for the fulfilment of the school's development plan and the effective operation of the school. It also oversees the operation of the school's appraisal policy - including the arrangements and operation of the school's appraisal procedures for the Headteacher and it establishes the annual and longer-term salary budgets and other costs relating to personnel, e.g. training.

Attendance at the audit committee and staff pay and performance committee meetings in 2020/21 was as follows:

Audit Committee (and Finance and Resources)			Staff Pay and Performance Committee		
	Meeting attended	Out of a possible		Meeting attended	Out of a possible
Mrs R Nulty until 20.10.21	2	3	Mrs R Nulty until 20.10.21	1	1
Mr A Cohen (WHS LGB Chairman) until 31.8.21	2	3	Mr I Hughes	1	1
Mr A Sparsis	3	3	Rev'd H Buque from 1.11.21	1	1
Mr R Cohen (Chairman of Audit)	3	3	Mr J Gilbert from 1.11.21	1	1
Mrs M Somerset (C&P Chairman)	2	3	Mr T Parkin	1	1

Finance, Audit and Compliance Committee (forms part of Audit Committee)

The Committee is a subcommittee of the main Board of Trustees and forms part of the Audit Committee. The Term of Reference for the Committee are available on the school website. The responsibilities of the Committee include to review, adopt and monitor a Finance Policy. To review, adopt and monitor all additional financial policies, including a charging and remissions policy. To establish and maintain a five year financial plan, taking into account priorities of the Academy Development Plan, roll projection and signals from central government and (if applicable) the LA regarding future years' budgets, within the constraints of available information.

SOUTH DOWNS EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Review of value for money

As accounting officer the CEO 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Use of consortium buying organisations such as Crescent Purchasing and Kent County Council (KCC).
- Best value purchase policy delivered by the trust finance team – ordering the most cost effective materials and equipment.
- The CEO/Headteacher and Business Manager are delegated with the authority to award contracts with a total contractual value of £75,000 or less over the life of the contract. Tenders and Contracts over this value must be approved by the Trustees who also participate in the tendering process.
- In addition the Trust volunteered for an SRMA – ESFA audit in December 2020 which resulted in a full and detailed review of resource management.

The key financial aim is for South Downs Education Trust to achieve value for money by ensuring our resources are used effectively and efficiently and with probity. This enables us to continuously improve for the benefit of our students.

The trust has kept staffing resources under constant review during the financial period. A staffing report is presented monthly to trustees which enables them to discuss current and future vacancies and opportunities to maximise resourcing demands.

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 South Downs Education Trust for the period 1 September 2020 to 31 August 2021 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 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

SOUTH DOWNS EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and appointed Kreston Reeves, as internal auditor from September 2020. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period (2020/21) included:

- November 2020:
 - Transfer of financial data to new accounting software
 - Month end reconciliations
 - Management accounts
 - Other financial management considerations
- May 2021 Safeguarding Audit

On a regular basis the internal auditor reports to the board of trustees, through the Audit committee on the operation of the systems of control and in the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Three internal audit visits are planned each financial year. During 2020/21 two Internal Audit visits were completed.

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

SOUTH DOWNS EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 06 December 2021 and signed on its behalf by:

Mr R Cohen
Chair

Mr P Panayiotou
Headteacher

SOUTH DOWNS EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2021

As accounting officer of South Downs Education Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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 2020.

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 2020.

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 P Panayiotou
Accounting Officer

06 December 2021

SOUTH DOWNS EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors of South Downs Education Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 06 December 2021 and signed on its behalf by:

Mr R Cohen
Chair

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH DOWNS EDUCATION TRUST

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of South Downs Education Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021.

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 accounts' 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 accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes the trustees' report (incorporating the directors' report) the governance statement and the statement of regularity, propriety and compliance. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH DOWNS EDUCATION TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 (which includes the directors' report) for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report, included within the trustees' 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 strategic report or directors' report, included within the trustees' 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 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the academy 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, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 academy trust, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH DOWNS EDUCATION TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the accounts due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Academy Trust.

Our approach was as follows:

- The engagement partner selected staff for the audit, led by persons who it was deemed had sufficient experience and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of income was identified as a significant risk to the audit, as grant income may not be recognised in accordance with the SORP.
- The completeness and classification of the newly converted school, Clapham and Patching CofE Primary School, was identified as a significant risk to the audit. There is a risk that an asset or liability on conversion may be misrecorded, especially given that this is the first transfer the Multi-Academy Trust has dealt with.
- The completeness of transactional postings was also recognised as a significant risk specifically in respect of a mid-year transfer of accounting system. There is an increased risk that accounting records have not been fully transferred in year.
- We obtained an understanding of the legal and regulatory requirements applicable to the charity and we considered the most significant to be Academies Accounts Direction, the Charity SORP, Companies Act 2006 and UK financial reporting standards as issued by the Financial Reporting Council. We considered how the Academy Trust complies with these requirements by discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.
- We obtained an understanding and assessed the impact of Covid-19 on the operations of the Academy Trust and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption and reviewed support received through the Coronavirus support schemes, dovetailed with work undertaken on management override.

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH DOWNS EDUCATION TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

To address the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- tested items of expenditure to ensure that they were valid and appropriate;
- confirmed monthly management accounts were reviewed by the board;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed the disclosures within the accounts to ensure they meet the requirements of the accounting standards and relevant legislation.

In response to the risk of irregularities with regards to completeness of income we:

- completed analytical work, to include comparison with prior periods;
- agreed a sample of income received to supporting documentation and
- reviewed minutes of trustees meetings and confirmed income sources mentioned were included correctly within the accounts.

In response to the risk of irregularities with regards to the transfer in of Clapham and Patching CofE Primary School we:

- reviewed source documentation obtained from the local authority to ascertain the net assets received on conversion and agreed the posting into the nominal ledger;
- reviewed the Church of England academies supplemental funding agreement signed on conversion to establish the control over the land and buildings at the newly converted school;
- reviewed the classification of the transfers within the financial statements against the requirements of the Academies Accounts Direction.

In response to the risk of irregularities due to the implementation of a new accounting system we:

- obtained transactional data from the prior accounting system and compared the respective closing and opening position on each system;
- we reviewed both SOFA and balance sheet codes to ensure that data was complete and where reclassifications had been made as a result of nominal ledger restructures, the classification was appropriate and the data was complete.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH DOWNS EDUCATION TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Use of our report

This report is made solely to the academy trust'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 academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Bather (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP

.....

Chartered Accountants
Statutory Auditor

City Gates
2 - 4 Southgate
Chichester
West Sussex
PO19 8DJ

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH DOWNS EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 24 October 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Downs Education Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South Downs 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 South Downs 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 South Downs Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Downs Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Downs Education Trust's funding agreement with the Secretary of State for Education dated 3 December 2012 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the academy trust;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- consideration of discussions with key personnel including the accounting officer and governing body;
- tests of control have been carried out on a control activity which are relevant to regularity.

SOUTH DOWNS EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH DOWNS EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Moore (South) LLP

Dated:

SOUTH DOWNS EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2021 £	Total 2020 £
Income and endowments from:					
Donations and capital grants	3	26,211	-	26,309	52,520
Donations - transfer from local authority on conversion	26	-	69,128	4,910	74,038
Charitable activities:					
- Funding for educational operations	4	-	6,683,563	-	6,683,563
Other trading activities	5	109,762	-	-	109,762
Investments	6	137	-	-	137
Total		136,110	6,752,691	31,219	6,920,020
Expenditure on:					
Charitable activities:					
- Educational operations	9	93,489	6,753,615	309,525	7,156,629
Total	7	93,489	6,753,615	309,525	7,156,629
Net income/(expenditure)		42,621	(924)	(278,306)	(236,609)
Transfers between funds	18	(8,223)	(32,728)	40,951	-
Other recognised gains/(losses)					
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(155,000)	-	(155,000)
Net movement in funds		34,398	(188,652)	(237,355)	(391,609)
Reconciliation of funds					
Total funds brought forward		138,870	(8,471)	13,355,927	13,486,326
Total funds carried forward		173,268	(197,123)	13,118,572	13,094,717

SOUTH DOWNS EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £
Income and endowments from:					
Donations and capital grants	3	38,069	-	21,601	59,670
Charitable activities:					
- Funding for educational operations	4	-	5,767,234	-	5,767,234
Other trading activities	5	299,677	4,125	-	303,802
Investments	6	58	312	-	370
Total		337,804	5,771,671	21,601	6,131,076
Expenditure on:					
Charitable activities:					
- Educational operations	9	253,751	5,828,536	321,062	6,403,349
Total	7	253,751	5,828,536	321,062	6,403,349
Net income/(expenditure)		84,053	(56,865)	(299,461)	(272,273)
Transfers between funds	18	-	(22,355)	22,355	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	103,000	-	103,000
Net movement in funds		84,053	23,780	(277,106)	(169,273)
Reconciliation of funds					
Total funds brought forward		54,817	(32,251)	13,633,033	13,655,599
Total funds carried forward		138,870	(8,471)	13,355,927	13,486,326

SOUTH DOWNS EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	13		13,112,955		13,367,197
Current assets					
Debtors	14	231,848		222,839	
Cash at bank and in hand		920,381		636,359	
		1,152,229		859,198	
Current liabilities					
Creditors: amounts falling due within one year	15	(494,467)		(509,314)	
Net current assets			657,762		349,884
Total assets less current liabilities			13,770,717		13,717,081
Creditors: amounts falling due after more than one year	16		-		(3,755)
Net assets before defined benefit pension scheme liability			13,770,717		13,713,326
Defined benefit pension scheme liability	20		(676,000)		(227,000)
Total net assets			13,094,717		13,486,326
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			13,118,572		13,355,927
- Restricted income funds			478,877		218,529
- Pension reserve			(676,000)		(227,000)
Total restricted funds			12,921,449		13,347,456
Unrestricted income funds	18		173,268		138,870
Total funds			13,094,717		13,486,326

The accounts on pages 32 to 57 were approved by the trustees and authorised for issue on 06 December 2021 and are signed on their behalf by:

Mr R Cohen
Chair

Company Number 08276210

SOUTH DOWNS EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21	237,335		306,450	
Cash funds transferred on conversion		83,038		-	
		<u>320,373</u>		<u>306,450</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		137		370	
Capital grants from DfE Group		26,309		21,601	
Purchase of tangible fixed assets		(55,284)		(36,452)	
Proceeds from sale of tangible fixed assets		-		10	
		<u>(28,838)</u>		<u>(14,471)</u>	
Net cash used in investing activities			(28,838)		(14,471)
Cash flows from financing activities					
Repayment of other loan		(7,513)		(7,514)	
		<u>(7,513)</u>		<u>(7,514)</u>	
Net cash used in financing activities			(7,513)		(7,514)
Net increase in cash and cash equivalents in the reporting period			284,022		284,465
Cash and cash equivalents at beginning of the year			636,359		351,894
Cash and cash equivalents at end of the year			<u>920,381</u>		<u>636,359</u>

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

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

1.1 Basis of preparation

The 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

After making appropriate enquiries, the Board of Trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. At the end of the year the academy trust has £592,145 (2020: £357,399) funds held in revenue reserves and £920,381 (2020: £636,359) cash at bank. The trust has been suffering for the past few years from the effects of lagged funding due to an increasing roll and have undergone several major capital projects which have required contributions from the trusts reserves.

The trust is budgeting a surplus for 2021-22 as the effects of the fall in roll reverse and through careful budgeting. The board of trustees are working to ensure that reserves of a minimum of £250k are created over the next 3 year period moving to a final reserves figure of £400k, representing one months income.

The trustees therefore feel that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern and the use of the going concern basis is appropriate. 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. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Clapham and Patching CofE Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The Diocese retain ownership and control of the school site at Clapham and Patching CofE Primary School and so this does not meet the definition of a fixed asset. As a result, no transfer on conversion has been recognised in respect of Clapham and Patching CofE Primary School's land and buildings in the financial statements. See further details per note 13.

Further details of the transaction are set out in note 26.

1.4 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.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2021**

1 Accounting policies

(Continued)

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

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.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.5 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.

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, 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	2 - 7%
Computer equipment	10 - 20%
Fixtures, fittings & equipment	20%
Motor vehicles	25%

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.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.7 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.

1.8 Leased assets

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

1.9 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.

1.10 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.

1.11 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 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 based on quadrennial valuations using a prospective unit credit 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.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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 net income or expenditure 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.

1.12 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 and include grants from the Education and Skills Funding Agency.

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 20, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Capital grants	-	26,309	26,309	21,601
Other donations	26,211	-	26,211	38,069
	<u>26,211</u>	<u>26,309</u>	<u>52,520</u>	<u>59,670</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE/ESFA grants				
General annual grant (GAG)	-	5,707,018	5,707,018	5,100,553
Other DfE/ESFA grants:				
Pupil premium	-	197,945	197,945	191,610
Teachers pay grant	-	75,557	75,557	42,187
Teachers pension grant	-	213,508	213,508	237,046
Others	-	8,944	8,944	21,876
	<u>-</u>	<u>6,202,972</u>	<u>6,202,972</u>	<u>5,593,272</u>
Other government grants				
Local authority grants	-	251,828	251,828	170,109
Other educational grants	-	25,674	25,674	3,853
	<u>-</u>	<u>277,502</u>	<u>277,502</u>	<u>173,962</u>
COVID-19 additional funding				
DfE/ESFA				
Catch-up premium	-	88,100	88,100	-
Other DfE/ESFA COVID-19 funding	-	71,129	71,129	-
Non-DfE/ESFA				
Other COVID-19 funding	-	43,860	43,860	-
	<u>-</u>	<u>203,089</u>	<u>203,089</u>	<u>-</u>
Total funding	<u>-</u>	<u>6,683,563</u>	<u>6,683,563</u>	<u>5,767,234</u>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium and other material grants are no longer reported under the Other DfE group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	26,299	-	26,299	34,544
Catering income	-	-	-	781
Trip income	70,553	-	70,553	146,395
Other income	12,910	-	12,910	122,082
	<u>109,762</u>	<u>-</u>	<u>109,762</u>	<u>303,802</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Other investment income	137	-	137	370
	<u>137</u>	<u>-</u>	<u>137</u>	<u>370</u>

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	4,625,226	309,525	507,074	5,441,825	4,796,264
- Allocated support costs	1,054,768	429,721	230,315	1,714,804	1,607,085
	<u>5,679,994</u>	<u>739,246</u>	<u>737,389</u>	<u>7,156,629</u>	<u>6,403,349</u>

Net income/(expenditure) for the year includes:	2021 £	2020 £
Fees payable to auditor for:		
- Audit	9,500	7,350
- Other services	5,100	5,525
Operating lease rentals	21,973	15,505
Depreciation of tangible fixed assets	307,705	318,670
Loss on disposal of fixed assets	1,820	2,392
Net interest on defined benefit pension liability	6,000	4,000
	<u>342,598</u>	<u>362,442</u>

8 Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Direct costs				
Educational operations	84,186	5,357,639	5,441,825	4,796,264
Support costs				
Educational operations	9,303	1,705,501	1,714,804	1,607,085
	<u>93,489</u>	<u>7,063,140</u>	<u>7,156,629</u>	<u>6,403,349</u>
Analysis of costs			2021 £	2020 £
Direct costs				
Teaching and educational support staff costs			4,632,655	3,934,724
Staff development			26,101	24,170
Depreciation			309,525	318,669
Technology costs			139,093	130,395
Educational supplies and services			141,005	56,812
Examination fees			47,239	69,843
Other direct costs			146,207	261,651
			<u>5,441,825</u>	<u>4,796,264</u>
Support costs				
Support staff costs			1,054,768	975,113
Depreciation			-	2,393
Technology costs			14,354	26,392
Maintenance of premises and equipment			134,014	145,653
Cleaning			114,578	102,407
Energy costs			62,995	63,162
Rent, rates and other occupancy costs			40,164	36,256
Insurance			77,970	65,928
Security and transport			3,433	20,311
Catering			50,760	32,627
Finance costs			6,000	4,000
Legal costs			109,663	85,559
Other support costs			46,105	47,284
			<u>1,714,804</u>	<u>1,607,085</u>

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	4,106,122	3,569,526
Social security costs	399,042	338,057
Pension costs	1,131,646	973,402
Staff costs - employees	5,636,810	4,880,985
Agency staff costs	43,184	15,165
	5,679,994	4,896,150
Staff development and other staff costs	33,530	37,857
Total staff expenditure	5,713,524	4,934,007

Staff numbers

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

	2021 Number	2020 Number
Teachers	63	56
Administration and support	64	52
Management	7	6
	134	114

Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	2	4
£70,001 - £80,000	3	-
£90,001 - £100,000	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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £610,442 (2020: £565,000).

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

11 Trustees' remuneration and expenses

No trustee received remuneration or other benefits from employment with the academy trust.

During the period ended 31 August 2021, no travel and subsistence expenses were reimbursed or paid directly to any trustee (2020: £194 to one trustee).

12 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 of this insurance is included in the total insurance cost.

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2020	14,663,901	491,050	407,901	24,352	15,587,204
Additions	-	11,495	43,789	-	55,284
Disposals	-	(18,267)	(3,341)	-	(21,608)
At 31 August 2021	14,663,901	484,278	448,349	24,352	15,620,880
Depreciation					
At 1 September 2020	1,469,887	362,423	363,345	24,352	2,220,007
On disposals	-	(16,732)	(3,055)	-	(19,787)
Charge for the year	230,978	38,838	37,889	-	307,705
At 31 August 2021	1,700,865	384,529	398,179	24,352	2,507,925
Net book value					
At 31 August 2021	12,963,036	99,749	50,170	-	13,112,955
At 31 August 2020	13,194,014	128,627	44,556	-	13,367,197

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

13 Tangible fixed assets

(Continued)

Clapham and Patching CofE Land and Buildings

The freehold of Clapham and Patching CofE Primary School's land and buildings are owned by the Diocese of Chichester (the Diocese Board of Finance). The Academy Trust holds its sites under a licence. The Supplemental Agreement includes the right for the Diocesan Trustees to give not less than 2 years' written notice to the Trust and Secretary of State for Education to terminate the agreement. No such written notice has been received as at the date of the approval of the financial statements. In accordance with the terms of the Supplemental Agreement with the Diocese of Chichester, the Trust pays no rent. A notional rent value has not been included in the financial statements as it cannot be reliably measured at this stage.

The Diocese retain ownership and control of the school site at Clapham and Patching CofE Primary School and so this does not meet the definition of a fixed asset. As a result, no transfer on conversion has been recognised in respect of Clapham and Patching CofE Primary School's land and buildings in the financial statements.

14 Debtors

	2021 £	2020 £
Trade debtors	17,229	14,522
Other debtors	42,072	26,380
Prepayments and accrued income	172,547	181,937
	<u>231,848</u>	<u>222,839</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Other loans	3,756	7,514
Trade creditors	8,297	11,351
Other creditors	198,689	170,469
Accruals and deferred income	283,725	319,980
	<u>494,467</u>	<u>509,314</u>

16 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other loans	-	3,755
	<u>-</u>	<u>3,755</u>

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

16 Creditors: amounts falling due after more than one year	(Continued)	
	2021	2020
Analysis of loans		
Wholly repayable within five years	3,756	11,269
Less: included in current liabilities	(3,756)	(7,514)
	<hr/>	<hr/>
Amounts included above	-	3,755
	<hr/>	<hr/>

The loan relates to a Salix loan with an interest rate of 0%. The loan is repayable within five years, with repayments being made twice a year.

17 Deferred income	2021	2020
	£	£
Deferred income is included within:		
Creditors due within one year	174,946	226,718
	<hr/>	<hr/>
Deferred income at 1 September 2020	226,718	210,409
Released from previous years	(226,718)	(210,409)
Resources deferred in the year	174,946	226,718
	<hr/>	<hr/>
Deferred income at 31 August 2021	174,946	226,718
	<hr/>	<hr/>

The academy received the following income and funding in relation to 2021/22 and has been deferred into the next academic year:

LA Growth Funding	£44,610
SEN funding	£99,848
Trip deposits	£30,488

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	218,529	5,707,018	(5,413,942)	(32,728)	478,877
Pupil premium	-	197,945	(197,945)	-	-
Catch-up premium	-	88,100	(88,100)	-	-
Other DfE/ESFA COVID-19 funding	-	71,129	(71,129)	-	-
Other Coronavirus funding	-	43,860	(43,860)	-	-
Other DfE/ESFA grants	-	87,072	(87,072)	-	-
Other government grants	-	277,502	(277,502)	-	-
Teachers pay grant	-	75,557	(75,557)	-	-
Teachers pension grant	-	213,508	(213,508)	-	-
Pension reserve	(227,000)	(9,000)	(285,000)	(155,000)	(676,000)
	(8,471)	6,752,691	(6,753,615)	(187,728)	(197,123)
Restricted fixed asset funds					
Inherited on conversion	-	4,910	-	(4,910)	-
DfE group capital grants	13,355,927	26,309	(309,525)	45,861	13,118,572
	13,355,927	31,219	(309,525)	40,951	13,118,572
Total restricted funds	13,347,456	6,783,910	(7,063,140)	(146,777)	12,921,449
Unrestricted funds					
General funds	138,870	136,110	(93,489)	(8,223)	173,268
Total funds	13,486,326	6,920,020	(7,156,629)	(155,000)	13,094,717

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

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

Restricted Revenue Funds

The General Annual Grant (GAG) represents the core funding for the educational activities of the schools that has been provided to the Trust via the Education and Skills Funding Agency (ESFA) by the Department of Education (DfE). Funds carried forward to help meet the Academy Trust's running costs in future years.

Pupil Premium; Catch-up Premium; Other DfE/ESFA Covid-19 funding; Other DfE/ESFA grants; Teachers' Pay; and Teachers' Pension grants represent funding received via the ESFA by the DfE. The relevant restricted expenditure has been allocated through this fund. There are no balances carried forward at the year end.

Pension reserve

The pension reserve relates to the Academy Trust's share of the West Sussex County Council Local Government Pension Scheme.

Restricted Fixed Asset Fund

The difference to the total included within tangible fixed assets (note 13) has arisen due to Salix loans payable as well as unspent capital grant income carried forward. Inherited on conversion represents unspent DfE capital income transferred on conversion of Clapham and Patching CofE Primary School. Amounts have been transferred to DfE group capital grants in year.

Unrestricted reserve

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

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	47,749	5,100,553	(4,907,418)	(22,355)	218,529
Pupil premium	-	191,610	(191,610)	-	-
Other DfE/ESFA grants	-	301,109	(301,109)	-	-
Other government grants	-	173,962	(173,962)	-	-
Other restricted funds	-	4,437	(4,437)	-	-
Pension reserve	(80,000)	-	(250,000)	103,000	(227,000)
	(32,251)	5,771,671	(5,828,536)	80,645	(8,471)
Restricted fixed asset funds					
DfE group capital grants	13,633,033	21,601	(321,062)	22,355	13,355,927
Total restricted funds	13,600,782	5,793,272	(6,149,598)	103,000	13,347,456
Unrestricted funds					
General funds	54,817	337,804	(253,751)	-	138,870
Total funds	13,655,599	6,131,076	(6,403,349)	103,000	13,486,326

Total funds analysis by academy

	2021 £	2020 £
Fund balances at 31 August 2021 were allocated as follows:		
Worthing High School	582,108	357,399
Clapham and Patching CofE Primary School	70,037	-
Central Services	-	-
Total before fixed assets fund and pension reserve	652,145	357,399
Restricted fixed asset fund	13,118,572	13,355,927
Pension reserve	(676,000)	(227,000)
Total funds	13,094,717	13,486,326

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
Worthing High School	4,444,909	751,245	457,873	584,946	6,238,973	5,832,287
Clapham and Patching CofE Primary School	197,610	40,761	15,560	69,200	323,131	-
Central Services	-	-	-	-	-	-
	<u>4,642,519</u>	<u>792,006</u>	<u>473,433</u>	<u>654,146</u>	<u>6,562,104</u>	<u>5,832,287</u>

Expenditure not included in the above being depreciation; LGPS service costs; and LGPS finance costs totalling £594,525 (2020: £571,062).

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	13,112,955	13,112,955
Current assets	203,756	939,100	9,373	1,152,229
Creditors falling due within one year	(30,488)	(460,223)	(3,756)	(494,467)
Defined benefit pension liability	-	(676,000)	-	(676,000)
Total net assets	<u>173,268</u>	<u>(197,123)</u>	<u>13,118,572</u>	<u>13,094,717</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	13,367,197	13,367,197
Current assets	264,001	595,197	-	859,198
Creditors falling due within one year	(125,131)	(376,668)	(7,515)	(509,314)
Creditors falling due after one year	-	-	(3,755)	(3,755)
Defined benefit pension liability	-	(227,000)	-	(227,000)
Total net assets	<u>138,870</u>	<u>(8,471)</u>	<u>13,355,927</u>	<u>13,486,326</u>

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2021**

20 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 West Sussex 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £91,953 (2020: £85,383) were payable to the schemes at 31 August 2021 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 teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £622,677 (2020: £544,761).

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.

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Pension and similar obligations

(Continued)

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 22.30% for employers and between 5.5% - 12.5% for employees.

The academy has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid. Additional contributions in respect of the year ended 31 August 2021 were £nil (2020: £nil).

As described in note 26 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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	2021 £	2020 £
Employer's contributions	213,000	192,000
Employees' contributions	63,000	56,000
	<hr/>	<hr/>
Total contributions	276,000	248,000
	<hr/>	<hr/>

Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	3.4	2.7
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7
	<hr/>	<hr/>

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

	2021 Years	2020 Years
Retiring today		
- Males	22.1	22.2
- Females	24.4	24.2
Retiring in 20 years		
- Males	23.1	23.3
- Females	26.1	25.9
	<hr/>	<hr/>

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Pension and similar obligations

(Continued)

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

	2021	2020
	£	£
Discount rate - 0.5%	407,500	636,000
Mortality assumption + 1 year	139,500	
CPI rate + 0.5%	372,500	575,000
Salary increase rate + 0.5%	30,000	51,000

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

	2021 Fair value £	2020 Fair value £
Equities	3,279,120	2,735,640
Bonds	2,270,160	1,722,440
Cash	252,240	253,300
Property	504,480	354,620
Total market value of assets	6,306,000	5,066,000

The actual return on scheme assets was £968,000 (2020: £278,000).

Amount recognised in the statement of financial activities

	2021 £	2020 £
Current service cost	279,000	246,000
Interest income	(89,000)	(84,000)
Interest cost	95,000	88,000
Total operating charge	285,000	250,000

Changes in the present value of defined benefit obligations

	2021 £
At 1 September 2020	5,293,000
Obligations acquired on conversion	52,000
Current service cost	492,000
Interest cost	95,000
Employee contributions	63,000
Actuarial loss	1,034,000
Benefits paid	(47,000)
At 31 August 2021	6,982,000

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20	Pension and similar obligations	(Continued)		
Changes in the fair value of the academy trust's share of scheme assets				
		2021		
		£		
	At 1 September 2020	5,066,000		
	Assets acquired on conversion	43,000		
	Interest income	89,000		
	Actuarial gain	879,000		
	Employer contributions	213,000		
	Employee contributions	63,000		
	Benefits paid	(47,000)		
	At 31 August 2021	6,306,000		
21	Reconciliation of net expenditure to net cash flows from operating activities	2021	2020	
		£	£	
	Net expenditure for the reporting period	(236,609)	(272,273)	
	Adjusted for:			
	Net surplus on conversion to academy	(74,038)	-	
	Capital grants from DfE/ESFA and other capital income	(26,309)	(20,048)	
	Investment income receivable	(137)	(370)	
	Defined benefit pension costs less contributions payable	279,000	246,000	
	Defined benefit pension net finance cost	6,000	23,000	
	Depreciation of tangible fixed assets	307,705	318,670	
	Loss on disposal of fixed assets	1,821	2,392	
	(Increase)/decrease in debtors	(9,009)	1,558,647	
	(Decrease) in creditors	(11,089)	(37,048)	
	Net cash provided by operating activities	237,335	1,818,970	
22	Analysis of changes in net funds	1 September 2020	Cash flows	31 August 2021
		£	£	£
	Cash	636,359	284,022	920,381
	Loans falling due within one year	(7,514)	3,758	(3,756)
	Loans falling due after more than one year	(3,755)	3,755	-
		625,090	291,535	916,625

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

23 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	4,643	3,818
Amounts due in two and five years	706	706
	<u>5,349</u>	<u>4,524</u>

24 Related party transactions

Outgoing related party transactions

During the year a company controlled by trustee, A Sparsis, provided catering services to the Trust totalling £2,046 (2020: £nil). No amounts were outstanding at year end (2020: n/a). Services provided fall below the £2,500 at cost disclosure requirements.

No further related party transactions took place in the period of account other than certain trustees' expenses already disclosed in note 10. Trustees' do not receive remuneration or benefits for their services.

25 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.

26 Conversion to an academy

On 1 November 2020 the Clapham and Patching CofE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to South Downs Education Trust from the West Sussex County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Clapham and Patching CofE Primary School	Clapham	1 November 2020

SOUTH DOWNS EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

26 Conversion to an academy

(Continued)

	Unrestricted funds	Restricted funds:		Total 2021
	£	General	Fixed asset	£
Net assets transferred:				
Cash	-	78,128	4,910	83,038
Pension scheme deficit	-	(9,000)	-	(9,000)
	<u>-</u>	<u>69,128</u>	<u>4,910</u>	<u>74,038</u>
	<u><u>-</u></u>	<u><u>69,128</u></u>	<u><u>4,910</u></u>	<u><u>74,038</u></u>
	Unrestricted funds	Restricted funds:		Total 2021
	£	General	Fixed asset	£
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	4,910	4,910
LA budget funds	-	78,128	-	78,128
LGPS pension funds	-	(9,000)	-	(9,000)
	<u>-</u>	<u>69,128</u>	<u>4,910</u>	<u>74,038</u>
	<u><u>-</u></u>	<u><u>69,128</u></u>	<u><u>4,910</u></u>	<u><u>74,038</u></u>

Land and Buildings have not been transferred on conversion, see further details per note 13.