

Company registration number 08276210 (England and Wales)

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

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

# **SOUTH DOWNS EDUCATION TRUST**

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# **SOUTH DOWNS EDUCATION TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Members**

Dr J Bull  
Mr R Cohen  
Dr P Jones  
Mr P Riley  
Canon K Windslow

### **Trustees**

Mr R Cohen (Chair)  
Mr T Parkin  
Mr A Sparsis  
Mr I Hughes  
Reverend H M Buque  
Mr J Gilbert  
Mrs Amanda Baker

### **Senior management team**

- Chief Executive Officer
- Head of School - Worthing High School
- Head of School - Clapham & Patching
- Core Assistant Headteacher
- Assistant Headteacher - Worthing High School
- Assistant Headteacher - Worthing High School
- Assistant Headteacher - Worthing High School
- Assistant Headteacher - Worthing High School
- Assistant Headteacher - Worthing High School
- CFO & Operations Director

Mr P Panayiotou  
Mr A Cook  
Mrs J Chubb  
Mr S Swift  
Mrs E Hopkins  
  
Mr N Mariosa  
  
Mr M Smith (until 31 December 2022)  
  
Mr A Simpson  
  
Mrs C Vilday  
  
Mrs S Jones

### **Company secretary**

Ms T J Reed

### **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**

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### **Academies operated**

Central Services

Worthing High School

Clapham and Patching CofE Primary School

### **Location**

Worthing

Worthing

Clapham

### **Principal**

Pan Panayiotou

Adrian Cook

Justine Chubb

### **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 2023***

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The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic 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 R - 6. Worthing High School has a published admission number (PAN) of 1,050 and a roll of 1075 as at 31st August 2023. Clapham and Patching C of E Primary School has a PAN of 56 with 52 children on roll as at 31 August 2023.

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. The charitable company operates as South Downs Education Trust.

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 2023***

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#### 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 2022/23, the Board of Trustees met four times and the Board of Members met once. 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 2023***

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The CEO is the Accounting Officer for the Multi Academy Trust. The CEO 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 CEO and the CFOO have delegated authority within the terms approved by the Trustees for operational matters including educational, finance and employment matters; the finance manager has been appointed to 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 2022/23 as part of an external governance review.

The membership of two committees was as follows:

<b>Finance, Audit and Compliance Committee</b>	<b>Staffing, Pay and Performance Committee</b>
Mrs A Baker (Chair from 23.11.22) Mr A Sparsis (Vice Chair from 23.11.22) Mr R Cohen (Acting Chair until 23.11.22)	Mr I Hughes (Chair) Mr T Parkin (Vice Chair) Mr J Gilbert (Trustee) Rev'd H Buque (Trustee)

#### 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 (CEO/Executive Headteacher, Head of Schools, Deputy Headteachers, COO 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 2023

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#### Trade union facility time

##### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

##### *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	6,031,658
Percentage of the total pay bill spent on facility time	-

##### *Paid trade union activities*

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

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.

#### **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:
- 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
  - 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.

- B) 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.

# SOUTH DOWNS EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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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 2023 Worthing High School continued to be oversubscribed and Clapham and Patching was oversubscribed. We believe that this objective 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 Trustees, 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 each 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](http://www.worthinghigh.net) and [www.claphamandpatching.co.uk](http://www.claphamandpatching.co.uk)

#### Objectives, strategies and activities

#### **School Development Plan Priorities 2023-24**

1. Quality of Education
2. Behaviour and attitudes
3. Personal Development
4. Leadership and management

#### **1. Quality of Education**

- |  |
|--|
| 1.1 An expertly sequenced curriculum     |
| 1.2 Outstanding literacy for all         |
| 1.3 Consistent high quality adaptive gap |
| 1.4 Diminishing the DP attainment gap    |
| 1.5 Positive progress for HPA students   |

#### **2. Behaviour and Attitudes**

- |   |
|---|
| 2.1 PA Positive parental engagement                             |
| 2.2 Outstanding attendance for all                              |
| 2.3 Continuing trend of reduced internal and external sanctions |

#### **3. Personal Development**

- |  |
|--|
| 3.1 All pupils, including DP students, benefit from varied and enriching experiences both inside and outside of the classroom. |
| 3.2 All pupils' talents, interests and experiences are developed through the Tutor programme and the PSHE curriculum offer     |
| 3.3 All pupils are prepared for future success in education, employment or training through an exemplary careers service.      |
| 3.4 Consistent and diverse student leadership embedded and involved in strategic planning of the school                        |

# **SOUTH DOWNS EDUCATION TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2023***

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<b>4. Leadership and Management</b>
4.1 Supporting the wellbeing of staff and students
4.2 High quality CPD programme for all staff
4.3 Robust safeguarding practices
4.4 Outstanding outcomes, experience and behaviour for SEND students

### 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's 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 2023***

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### **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:

	<b>2019</b>	<b>2022</b>	<b>2023</b> <b>(unvalidated)</b>
Progress 8 Score	0.12	0.16	0.08
Attainment 8 Score	48.54	52.40	47.70
% of students Grade 4 and above in English and Maths	74%	78%	66%
% of students Grade 5 and above in English and Maths	46%	57%	41%
% of students entered for EBacc	67.5%	61%	48%
% of students who achieved EBacc	26%	47%	25%
% of students staying in education or employment after KS4	99.5%	95%	94%

# SOUTH DOWNS EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### Achievements for the Year ended 31 August 2023

##### Admissions and Transition

- As at 31 August 2023 - 1075 students on roll at Worthing High School
- As at 31 August 2023 - 52 students on roll at Clapham and Patching
- Taster Events in Summer 2023 for Year 5 students
- Saturday Open Event and morning tour events at Worthing High School provided for all potential September 2023 starters
- Open morning event at Clapham and Patching in November 2022 provided for all potential September 2023 starters
- Summer School offered for all September 2023 Year 7 starters
- September 2023 oversubscribed with first preferences against PAN of 210

In year admissions during 2022/23 were as follows:

2022/23 In Year Admissions - Worthing High School			
Year Group	F	M	Grand Total
Year 7	2	10	12
Year 8	5	10	15
Year 9	4	8	12
Year 10	3	6	9
Year 11	1	4	5
Grand Total	15	38	53

2022/23 In Year Admissions - Clapham & Patching			
Year Group	F	M	Grand Total
Year R	1	0	0
Year 1	2	0	2
Year 2	1	1	2
Year 3	1	0	1
Year 4	4	1	5
Year 5	0	0	0
Year 6	0	1	1
Grand Total	9	3	12

In year leavers during 2022/23 were as follows:

2022/23 In Year Leavers - Worthing High School			
Year Group	F	M	Grand Total
Year 7	2	9	11
Year 8	8	4	12
Year 9	8	7	15
Year 10	4	4	8
Year 11	2	0	2
Grand Total	24	24	48

2022/23 In Year Leavers - Clapham & Patching			
Year Group	F	M	Grand Total
Year R	0	0	0
Year 1	0	0	0
Year 2	0	1	1
Year 3	1	1	2
Year 4	0	0	0
Year 5	0	1	1
Year 6	0	1	1
Grand Total	1	4	5



# **SOUTH DOWNS EDUCATION TRUST**

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

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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#### **Key Performance Indicators (Financial)**

Total salary costs (incl. agency and excl. LGPS service costs) to restricted revenue income 81% (2022: 83%)

Teaching and educational support staff costs to restricted revenue income 67% (2022: 72%).

Support staff costs (excluding LGPS service costs) to restricted revenue income 16% (2022: 12%)

Total salary costs (including agency and excluding LGPS service costs) as % of total restricted revenue expenditure 82% (2022: 78%)

Pupil teacher / management ratio 16:1 (2022: 15:1)

Pupil admin/ education support staff ratio 12:1 (2022: 14:1)

#### 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 of one month's salary costs are kept. This will be increasingly challenging in the current financial climate. Some difficult decisions may need to be made in the future.

Despite this, given 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.

#### **Financial review**

The in year surplus/deficit figure is £32,589 (2022: £78,397) (consisting of restricted and unrestricted general fund movements). Continued prudent budgeting has enabled the academy to retain a small unrestricted fund surplus of £314,876 (2022: £243,510) at the end of 2022/23.

A prudent deficit budget was set for 2023/24 in 2022/23. With further information regarding teachers pay award funding being released after the 2023/24 budget was set, the budget is now likely to balance in 2023/24.

The principal Financial Management Policies reviewed during the year were Scheme of Financial Delegation, Finance Policy, Anti-Fraud and Corruption Policy, Charging and Remission Policy, Governor and Trustee Allowances Policy and the Lettings 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, Worthing High School's unrestricted income is usually supplemented by a broad Lettings Programme. Externally sourced grant income has continued to be chased.

A deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with FRS 102. Under FRS 102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus. As this cannot be reliably quantified, the trustees have elected not to recognise the defined benefit plan asset at the year end value. Surpluses and deficits are addressed on an adhoc basis with additional contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme. Note 20 details the assumptions and movements during the year on the scheme.

#### Reserves policy

For the financial year ended 31 August 2023 South Downs Education Trust retained a restricted reserve balance of £13,367,888 (2022: £13,545,539) and an unrestricted reserve balance of £314,876 (2022: £243,510) carried forward into 2023/24.

The Trust will be working to ensure that reserves of a minimum one month's salary costs are maintained.

#### Investment policy

In the year ended 31 August 2023 a balance of £10,529 (2022: £10,367) 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 2023**

### Principal risks and uncertainties

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

Risk ID	Risk Description	Score	Risk Trigger What is event that would trigger contingency plans	Contingency Actions for the Risk	Score post actions
100001	Underfunding	15	<p>DfE announcements re: teacher/ support staff pay. Funding cut, particularly relating to top up funding e.g. pupil premium, sports premium, recovery premium. Risk that cuts are announced after budgets set. Could impact on reserve levels</p> <p>Communication from ESFA, weekly Gov email, SSAT, Unions, WSCC etc. advising of potential/planned or actual change in funding policy</p>	<ul style="list-style-type: none"> <li>• Comprehensive budgeting over a rolling 3 year period is completed by the CFOO/ CFO and overseen by Trustees and FACC</li> <li>• Member of Confederation of Schools Trusts for regular information about developments. CFOO and CEO members of industry sector forums to try to keep ahead of sector developments.</li> <li>• where possible contingency to be built into budgets to allow for adaptation to changing circumstances</li> <li>• try to preserve reserves to allow for unforeseen circumstances</li> </ul>	15
100002	Safeguarding failures	18	<p>The DSL or ODSL would report to the Chair of Trustees/Chair of LGB or HT that we were failing in our duties.</p> <p>OFSTED may report following an Inspection.</p> <p>West Sx Child Safeguarding Board may report on alleged failings.</p>	<ul style="list-style-type: none"> <li>• Fully trained DSL and ODSL in place.</li> <li>• Link Governor completes regular reviews</li> <li>• Use of CPOMs by all staff</li> <li>• CPOMS/Safeguarding reports to LGB</li> <li>• Induction training programme</li> <li>• On line training such as Prevent</li> <li>• SCR used to record all training dates etc.</li> <li>• Annual staff DBS compliance statement required to be signed</li> <li>• Contractor DBS/ Safeguarding confirmation letters received and filed</li> </ul>	12
100003	Student roll rise in-year without budget cover	15	<p>Meetings with parents/students looking to remove students from the school.</p> <p>Monthly student number data reports to LGB</p>	<ul style="list-style-type: none"> <li>• Projections for 3 year budget cycle are at 210 max/C&amp;P projections.</li> <li>• Planning places data regularly reviewed by CEO and CFOO.</li> <li>• All roll number assumptions shared with LGB and Trustees</li> <li>• Regular re budgeting basis on actual pupil numbers</li> <li>• Lagged funding allow some preparation time.</li> </ul>	10

# SOUTH DOWNS EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

100004	Demographic changes impacting Year 7/R intake	15	Autumn meetings with WSCC Admissions department reporting changes to expected student numbers to HT.	<ul style="list-style-type: none"> <li>• WSCC Planning places data shared by CEO regularly</li> <li>• PAN TO BE REVIEWED following departure of bulge year</li> <li>• Use of temp/fixed term staffing contracts if required.</li> <li>• Active marketing campaign with Open Days, Taster Mornings and Open Evenings to maintain demand levels.</li> </ul>	10
100007	Failure of IT systems and/ or cyber attack/ ransomware	20	Unable to log in to the system within the individual school or temp loss of broadband connection - this would also impact phone system.	<ul style="list-style-type: none"> <li>• Barracuda backup system in place for WHS</li> <li>• Broadband provided by Virgin and regular customer account management in place</li> <li>• Registered for new "city infrastructure" when available</li> <li>• Strong ICT filtering systems. Regular staff training/ information on risks of ICT</li> </ul>	10
100008	Financial pressure of new schools joining the Trust	20	Financial due diligence report outcome reported to HT and Trustees.	<ul style="list-style-type: none"> <li>• Use of external organisation Moore South - to complete financial diligence checks</li> <li>• Trustees to approve move into MAT once in receipt of all due diligence check information</li> <li>• analysis of reserves to be undertaken along with "going concern" assessment</li> <li>• clear analysis and understanding of costs associated to schools joining the Trust</li> </ul>	10
100011	Premises failure means loss of teaching space	12	A loss of teaching space due to planned or unplanned event.	<ul style="list-style-type: none"> <li>• Use of company who provide temp classrooms (as per science build).however cost implication</li> <li>• Potential use of C&amp;P Village Hall/Worthing College/Glynn Owen Centre for KS4 lessons (immediate requirement)</li> <li>• Issue due to lack of capacity in current number of classrooms.</li> <li>• Insurance in place to assist costs</li> </ul>	10
100031	End-year deficit exceeds reserves.	30	Monthly Management Accounts would provide an early indication Interim External Internal Audit visits Interim end of year audit visit October Audit visit projections	<ul style="list-style-type: none"> <li>• Effective and robust monthly budget projections</li> <li>• Robust budget management.</li> <li>• Regular management reporting to Trustees and Chair of Trustees</li> </ul>	4

# **SOUTH DOWNS EDUCATION TRUST**

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

### ***FOR THE YEAR ENDED 31 AUGUST 2023***

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#### **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 2022/23 South Downs Education Trust continued to fundraise for local and national charities. The Trust managed to raise over £7k for 7 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 – 4 in 2022/23 where each student and staff member pays a minimum of £1 donation
- Annual national events such as Children in Need, Comic Relief and Macmillan Coffee event
- Biennial whole School Sponsored Walk in June 2023 for Chestnut Tree House

The Trust did not work alongside any commercial or professional fundraisers during 2022/23. All fundraising is monitored by the Local Governing Body and Trustees. There were no fundraising complaints during 2022/23.

The Trust has a Parental Donation Fund – which parents/carers are asked to donate to if they are financial able to do so. In 2022/23 £4,875 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 2023

#### Streamlined energy and carbon reporting

##### Energy consumption

Aggregate of energy consumption in the year	kWh
	1,120,135

##### Emissions of CO2 equivalent

	metric tonnes	metric tonnes
Scope 1 - direct emissions		
- Gas combustion	155.78	
- Fuel consumed for owned transport	0.51	
		156.29
Scope 2 - indirect emissions		
- Electricity purchased		45.32
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the academy trust		1.36
Total gross emissions		202.97
Intensity ratio		
Tonnes CO2e per pupil		0.18

##### Quantification and reporting methodology

We have followed the 2023 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's conversion factors for company reporting.

##### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

##### Measures taken to improve energy efficiency

We have increased video conferencing technology for some meetings to reduce travel emissions. All external contractors are encouraged to use local providers to help reduce emissions and their carbon footprint. Our facilities manager also produces a monthly energy comparison report that goes to SLT and trustees. We have over 100 solar panels installed on the science block roof on site at Worthing High School which produces solar power which contributes 9% renewable energy for the school. We have some AMRs installed and a building management system which allows for a 30% reduction in gas consumption at Worthing High School. The Worthing High School building energy performance operational rating, which is based on carbon dioxide emissions has a typical rating for a public building of 100, for Worthing High School it is 68. We have replaced three boilers and a water heater in Worthing High School's South Boiler House which has increased energy efficiency across the school. All lighting in the sports hall, LRC and two classrooms at Worthing High School were replaced to LED lighting in Summer 2022. At Clapham and Patching we have replaced 9 original windows from 1844.

# **SOUTH DOWNS EDUCATION TRUST**

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

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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#### *Comparative information*

Aggregate of energy consumption for the 2022 year:	970,119 kWh
Direct emissions	
Gas combustion	114.97 metric tonnes
Fuel consumed for owned transport	0.39 metric tonnes
Indirect emissions	
Electricity purchased	63.17 metric tonnes
Other indirect emissions	
Fuel consumed for transport not owned by the academy trust	1.41 metric tonnes
Total gross emissions	179.93 metric tonnes
Intensity ratio	
Tonnes CO <sub>2</sub> e per pupil	0.16 metric tonnes

#### **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.

WSCC have committed to invest in our Special Support Facility which we hope to see commence during 2023/24.

In 2021/22 the trust was successful in securing two CIF grants from the ESFA for significant capital projects which were completed in 2022/23. One was for the boiler house refurbishment at Worthing High School and one was to refurbish the windows at Clapham and Patching. Work has been paused on the student services entrance capital improvement project due to the uncertain financial economic climate that is affecting schools.

The key focus for South Downs Education Trust Trustees over the next twelve month period is to develop our Multi Academy Trust by introducing further schools and to continue to support Clapham and Patching Primary School. In 2023 SDET was awarded Sponsor Academy status and is supporting a Primary School under the Trust and School Improvement Offer. SDET has also submitted a bid to open a SEND Free School in West Sussex. Worthing High School will continue its work as a DfE Behaviour Hub in 2023.

#### **Funds held as custodian trustee on behalf of others**

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

#### **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 15 December 2023 and signed on its behalf by:



Mr R Cohen  
**Chair**

# **SOUTH DOWNS EDUCATION TRUST**

## **GOVERNANCE STATEMENT**

***FOR THE YEAR ENDED 31 AUGUST 2023***

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### **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.

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 board of Trustees has formally met 4 times during the 12 month period of these accounts.

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr R Cohen (Chair)	4	4
Mr T Parkin	3	4
Mr A Sparsis	3	4
Mr I Hughes	3	4
Reverend H M Buque	3	4
Mr J Gilbert	3	4
Mrs Amanda Baker	4	4

The academy trust manages conflicts of interest by:

- maintaining an up-to-date and complete list of related parties
- determining which of these related parties may present a possible conflict of interest and should therefore be included in the register of interests
- publishing the register of interests on the school website
- ensuring conflicts of interest are avoided, for example, a trustee with a relevant interest will not participate in the discussion or vote during a Board meeting, or a trustee with a relevant interest will not participate during a tendering process

### **Meetings**

The board of Trustees met only 4 times in 2022-23 but maintained effective oversight of funds due to shared information between Governing bodies, finance, audit and compliance committee and staff pay and performance committee. Chair of Trustees also sits on the Worthing High School Governing Body.

### **Governance reviews**

In 2021/22 an internal audit of SDET took place to look at Governance, 4 recommendations were made but the report gave substantial assurance that the Trust has sufficient controls in place. An independent review of Governance at Clapham and Patching also took place in 2021-22. Recommendations have been reviewed during the current period.

# **SOUTH DOWNS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **Staff Pay and Performance Committee**

The committee is a sub-committee 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 Trust's appraisal procedures for the CEO and it establishes the annual and longer-term salary budgets and other costs relating to personnel, e.g. training.

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr T Parkin	0	1
Mr I Hughes	1	1
Reverend H M Buque	0	1
Mr J Gilbert	0	1

### **Finance, Audit and Compliance Committee**

The Finance, Audit and Compliance committee is a sub-committee of the main board of trustees. The Finance, Audit and Compliance 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 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.

The Finance, Audit and Compliance committee has no executive powers or operational responsibilities.

The audit committee was supported by the internal audit function of Carpenter Box for 22/23. The Internal Audit programme is agreed with the Chair of Trustees annually and the IA reports are presented to the audit committee and trustees. Three internal audits took place in 2022/23 on the following: Financial Management Reporting, Restricted Income Reporting and Policies.

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr R Cohen (Chair)	3	3
Mr A Sparsis	3	3
Mrs Amanda Baker	3	3

### **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.



# **SOUTH DOWNS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2023***

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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 Kent County Council (KCC)
- best value purchase policy delivered by the trust finance team – ordering the most cost effective materials and equipment.
- The CEO and Operations Director 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.

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 2022 to 31 August 2023 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 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the 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
- identification and management of risks.

# **SOUTH DOWNS EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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The board of trustees has considered the need for a specific internal audit function and appointed Carpenter Box, as internal auditor from September 2022. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period (2022/23) included:

- January 2023 – Financial Procedures and Financial Monitoring Reports
  - Review of General Financial Procedures
  - Sampled payroll data
  - Review Income and Expenditure
  - Review the Month end procedures including the management accounts given to Trustees
- May 2023 – Restricted Income
  - Review GAG funding, CIF Funding, PP Funding, Sports Funding and CLA funding
  - Sample of income remittances to ensure posting into correct nominal codes
  - Review of internal reporting procedures
- July 2023 - Trust policies review

The internal auditor reports to the board of trustees, through the Finance, Audit and Compliance committee on the operation of the systems of control and in the discharge of the board of trustees' financial responsibilities and prepared a 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 2021/22 an audit tender took place and it was agreed that the Academy would reappoint Moore (South) LLP as the external auditor for 2022/23's accounts and Carpenter Box were appointed as the internal auditors of the trust from 2022/23.

#### **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:

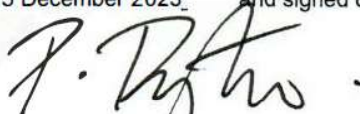
- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the executive managers within the academy trust who have responsibility for the development and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

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

Approved by order of the board of trustees on 15 December 2023, and signed on its behalf by:



Mr R Cohen  
Chair



Mr P Panayiotou  
Accounting Officer

# **SOUTH DOWNS EDUCATION TRUST**

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


***FOR THE YEAR ENDED 31 AUGUST 2023***

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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, including for estates safety and management, 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2022.

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**

15 December 2023

# **SOUTH DOWNS EDUCATION TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2023***

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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 2022 to 2023 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 2022 to 2023;
- 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 15 December 2023 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 2023***

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### **Opinion**

We have audited the accounts of South Downs Education Trust for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including 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 2022 to 2023 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 2023 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 2022 to 2023.

### **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 2023***

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### **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 trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 charitable company, 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.

### **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.

# **SOUTH DOWNS EDUCATION TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2023***

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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.
- 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, UK financial reporting standards as issued by the Financial Reporting Council, the Companies Act 2006 and UK Taxation legislation. 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.

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 from source documentation to the accounting records to ensure that income is complete and recognised in the correct accounting period;
- reviewed minutes of trustees meetings and confirmed income sources mentioned were included correctly within the accounts.

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 2023***

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### **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**

15 December 2023

**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 2023***

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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 2022 to 2023, 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 2022 to 31 August 2023 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 Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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 2023***

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Moore (South) LLP*

### **Reporting Accountant**

Moore (South) LLP

Dated: 15 December 2023

# SOUTH DOWNS EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2023 £	Total 2022 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	32,313	-	75,072	107,385	246,208
Charitable activities:						
- Funding for educational operations	4	-	7,379,036	-	7,379,036	6,840,468
Other trading activities	5	257,477	80,217	-	337,694	208,412
Investments	6	256	-	-	256	248
<b>Total</b>		<b>290,046</b>	<b>7,459,253</b>	<b>75,072</b>	<b>7,824,371</b>	<b>7,295,336</b>
<b>Expenditure on:</b>						
Charitable activities:						
- Grants	9	-	34,430	-	34,430	8,940
- Educational operations	10	218,680	7,350,618	309,928	7,879,226	7,746,064
<b>Total</b>	<b>7</b>	<b>218,680</b>	<b>7,385,048</b>	<b>309,928</b>	<b>7,913,656</b>	<b>7,755,004</b>
<b>Net income/(expenditure)</b>		<b>71,366</b>	<b>74,205</b>	<b>(234,856)</b>	<b>(89,285)</b>	<b>(459,668)</b>
Transfers between funds	18	-	(95,982)	95,982	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(17,000)	-	(17,000)	1,154,000
<b>Net movement in funds</b>		<b>71,366</b>	<b>(38,777)</b>	<b>(138,874)</b>	<b>(106,285)</b>	<b>694,332</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		243,510	487,032	13,058,507	13,789,049	13,094,717
Total funds carried forward		314,876	448,255	12,919,633	13,682,764	13,789,049

# SOUTH DOWNS EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

Comparative year information Year ended 31 August 2022		Unrestricted funds	Restricted funds:		Total 2022
	Notes	£	General £	Fixed asset £	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	29,625	-	216,583	246,208
Charitable activities:					
- Funding for educational operations	4	-	6,840,468	-	6,840,468
Other trading activities	5	208,412	-	-	208,412
Investments	6	248	-	-	248
<b>Total</b>		238,285	6,840,468	216,583	7,295,336
<b>Expenditure on:</b>					
Charitable activities:					
- Grants	9	-	8,940	-	8,940
- Educational operations	10	168,043	7,278,765	299,256	7,746,064
<b>Total</b>	7	168,043	7,287,705	299,256	7,755,004
<b>Net income/(expenditure)</b>		70,242	(447,237)	(82,673)	(459,668)
Transfers between funds	18	-	(22,608)	22,608	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	1,154,000	-	1,154,000
<b>Net movement in funds</b>		70,242	684,155	(60,065)	694,332
<b>Reconciliation of funds</b>					
Total funds brought forward		173,268	(197,123)	13,118,572	13,094,717
Total funds carried forward		243,510	487,032	13,058,507	13,789,049

# SOUTH DOWNS EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		12,919,633		12,997,588
<b>Current assets</b>					
Debtors	15	213,546		332,961	
Cash at bank and in hand		1,198,485		1,248,587	
		1,412,031		1,581,548	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(648,900)		(790,087)	
<b>Net current assets</b>			763,131		791,461
<b>Net assets</b>			13,682,764		13,789,049
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	18				
- Fixed asset funds			12,919,633		13,058,507
- Restricted income funds			448,255		487,032
<b>Total restricted funds</b>			13,367,888		13,545,539
<b>Unrestricted income funds</b>	18		314,876		243,510
<b>Total funds</b>			13,682,764		13,789,049

The accounts on pages 29 to 54 were approved by the trustees and authorised for issue on 15 December 2023 and are signed on their behalf by:



Mr R Cohen  
Chair

Company registration number 08276210 (England and Wales)

# SOUTH DOWNS EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	21		9,375		398,189
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		256		248	
Capital grants from DfE Group		174,239		92,404	
Capital funding received from sponsors and others		-		1,010	
Purchase of tangible fixed assets		(231,972)		(159,889)	
<b>Net cash used in investing activities</b>			(57,477)		(66,227)
<b>Cash flows from financing activities</b>					
Repayment of other loan		-		(3,756)	
Finance costs		(2,000)		-	
<b>Net cash used in financing activities</b>			(2,000)		(3,756)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(50,102)		328,206
Cash and cash equivalents at beginning of the year			1,248,587		920,381
<b>Cash and cash equivalents at end of the year</b>			1,198,485		1,248,587

# **SOUTH DOWNS EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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#### **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 2022 to 2023 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 £763,131 (2022: £730,542) funds held in revenue reserves and £1,198,485 (2022: £1,248,587) cash at bank.

The trust are budgeting a small deficit for 2023/24 (£76,911) however, this is subject to change depending on funding announcements. The trust has sufficient carried forward revenue reserves to meet this forecasted deficit and any further potential deficits arising in the 12 month period following the approval of the accounts.

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 Income**

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

###### Grants

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

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

Capital grants are recognised 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.

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

---

#### 1 Accounting policies

(Continued)

##### Donations

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

##### Other income

Other income, including the hire of facilities, is recognised 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.

#### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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



# **SOUTH DOWNS EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.5 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%
Assets under construction	Not subject to depreciation until brought into use
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.

#### **1.6 Liabilities**

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

#### **1.7 Leased assets**

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

#### **1.8 Financial instruments**

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

##### Financial assets

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

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

##### Financial liabilities

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

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

# **SOUTH DOWNS EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.9 Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **1.10 Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated 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.

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.

#### **1.11 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder 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.

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 2 Critical accounting estimates and areas of judgement

(Continued)

#### 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Capital grants	-	75,072	75,072	216,583
Other donations	32,313	-	32,313	29,625
	<u>32,313</u>	<u>75,072</u>	<u>107,385</u>	<u>246,208</u>

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	6,362,224	6,362,224	6,144,568
Other DfE/ESFA grants:				
- Pupil premium	-	200,883	200,883	191,385
- Supplementary grant	-	183,997	183,997	76,665
- Others	-	125,917	125,917	14,985
	-	6,873,021	6,873,021	6,427,603
<b>Other government grants</b>				
Local authority grants	-	414,667	414,667	339,333
Other educational grants	-	17,925	17,925	24,162
	-	432,592	432,592	363,495
<b>COVID-19 additional funding</b>				
<b>DfE/ESFA</b>				
Other DfE/ESFA COVID-19 funding	-	73,423	73,423	41,030
<b>Non-DfE/ESFA</b>				
Other COVID-19 funding	-	-	-	8,340
	-	73,423	73,423	49,370
<b>Total funding</b>	-	7,379,036	7,379,036	6,840,468

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Hire of facilities	82,204	-	82,204	70,896
Trip income	168,798	-	168,798	130,259
Other income	6,475	80,217	86,692	7,257
	257,477	80,217	337,694	208,412

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Other investment income	256	-	256	248

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 7 Expenditure

	Staff costs	Non-pay expenditure		Total	Total
	£	Premises	Other	2023	2022
	£	£	£	£	£
Academy's educational operations					
- Direct costs	4,961,469	309,928	677,962	5,949,359	5,736,071
- Allocated support costs	1,179,418	541,085	209,364	1,929,867	2,009,993
Grants - support costs	-	34,430	-	34,430	8,940
	<u>6,140,887</u>	<u>885,443</u>	<u>887,326</u>	<u>7,913,656</u>	<u>7,755,004</u>

Net income/(expenditure) for the year includes:

	2023	2022
	£	£
Operating lease rentals	23,192	41,280
Depreciation of tangible fixed assets	309,831	298,559
Loss on disposal of fixed assets	97	697
Fees payable to auditor for:		
- Audit	11,190	9,785
- Other services	4,595	5,255
Bank and loan interest	2,000	-
Net interest on defined benefit pension liability	(87,000)	15,000
	<u>(87,000)</u>	<u>15,000</u>

### 8 Central services

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

### 9 Analysis of grant expenditure

	Unrestricted funds	Restricted funds	Total	Total
	£	£	2023	2022
	£	£	£	£
Improvements to diocesan property occupied by the academy trust	-	34,430	34,430	8,940
	<u>-</u>	<u>34,430</u>	<u>34,430</u>	<u>8,940</u>

Improvements to diocesan property occupied by the academy trust have been funded from Condition Improvement Funding. A corresponding transfer has been made from the restricted fixed asset fund to support this expenditure.

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 10 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<b>Direct costs</b>				
Educational operations	211,825	5,737,534	5,949,359	5,736,071
<b>Support costs</b>				
Educational operations	6,855	1,957,442	1,964,297	2,018,933
	<u>218,680</u>	<u>7,694,976</u>	<u>7,913,656</u>	<u>7,755,004</u>
<b>Analysis of costs</b>			<b>2023 £</b>	<b>2022 £</b>
<b>Direct costs</b>				
Teaching and educational support staff costs			4,977,473	4,893,830
Staff development			16,723	19,347
Depreciation			309,928	299,256
Technology costs			133,415	133,956
Educational supplies and services			83,985	66,295
Examination fees			108,263	103,865
Educational consultancy			95,946	56,058
Other direct costs			223,626	163,464
			<u>5,949,359</u>	<u>5,736,071</u>
<b>Support costs</b>				
Support staff costs			1,230,652	1,262,087
Technology costs			13,914	7,551
Maintenance of premises and equipment			177,277	156,457
Cleaning			139,076	127,239
Energy costs			150,428	98,908
Rent, rates and other occupancy costs			33,685	45,989
Insurance			73,424	65,149
Security and transport			13,586	15,539
Catering			62,773	49,205
Finance costs			(85,000)	15,000
Legal costs			95,457	110,532
Other support costs			47,827	55,492
Governance costs			11,198	9,785
			<u>1,964,297</u>	<u>2,018,933</u>

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 11 Staff

#### Staff costs

Staff costs during the year were:

	2023 £	2022 £
Wages and salaries	4,640,461	4,364,765
Social security costs	459,381	432,274
Pension costs	1,001,816	1,339,181
Staff costs - employees	6,101,658	6,136,220
Agency staff costs	34,825	18,997
Staff restructuring costs	4,404	-
Staff development and other staff costs	6,140,887 83,961	6,155,217 20,047
Total staff expenditure	6,224,848	6,175,264

Staff restructuring costs comprise:

Redundancy payments	4,404	-
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LGPS service costs included within pension costs amounted to £70,000 (2022: £463,000).

#### Severance payments

The academy trust paid 2 severance payments in the year, disclosed in the following bands:

£0 - £25,000	2
--------------	---

#### Staff numbers

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

	2023 Number	2022 Number
Teachers	61	68
Administration and support	91	80
Management	8	7
	160	155

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 11 Staff

(Continued)

#### Higher paid staff

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

	2023 Number	2022 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	-	2
£80,001 - £90,000	2	-
£100,001 - £110,000	-	1
£120,001 - £130,000	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 £898,962 (2022: £710,128).

### 12 Trustees' remuneration and expenses

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

During the period ended 31 August 2023, no travel and subsistence expenses were reimbursed or paid directly to any trustee (2022: £nil).

### 13 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.



# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 14 Tangible fixed assets

	Land and buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2022	14,663,901	95,422	487,702	507,060	24,352	15,778,437
Transferred from assets under construction	95,422	(95,422)	-	-	-	-
Additions	77,435	3,250	115,930	35,357	-	231,972
Disposals	-	-	(31,466)	-	-	(31,466)
At 31 August 2023	14,836,758	3,250	572,166	542,417	24,352	15,978,943
<b>Depreciation</b>						
At 1 September 2022	1,931,843	-	399,925	424,729	24,352	2,780,849
On disposals	-	-	(31,370)	-	-	(31,370)
Charge for the year	234,435	-	40,162	35,234	-	309,831
At 31 August 2023	2,166,278	-	408,717	459,963	24,352	3,059,310
<b>Net book value</b>						
At 31 August 2023	12,670,480	3,250	163,449	82,454	-	12,919,633
At 31 August 2022	12,732,058	95,422	87,777	82,331	-	12,997,588

### 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.

### 15 Debtors

	2023 £	2022 £
Trade debtors	2,592	23,355
VAT recoverable	60,852	53,292
Prepayments and accrued income	150,102	256,314
	213,546	332,961

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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**16 Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade creditors	55,685	12,640
Other creditors	239,879	219,676
Accruals and deferred income	353,336	557,771
	<u>648,900</u>	<u>790,087</u>

**17 Deferred income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	226,420	320,403
	<u>226,420</u>	<u>320,403</u>
Deferred income at 1 September 2022	320,403	174,946
Released from previous years	(320,403)	(174,946)
Resources deferred in the year	226,420	320,403
	<u>226,420</u>	<u>320,403</u>
Deferred income at 31 August 2023	226,420	320,403

The academy received the following income and funding in relation to 2023/24 and has been deferred into the next academic year:

SEN funding	£164,735
Trip deposits	£59,099
Other trivial deferrals	£2,586

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 18 Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2023 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	487,032	6,362,224	(6,358,622)	(95,982)	394,652
Pupil premium	-	200,883	(147,280)	-	53,603
Other DfE/ESFA COVID-19 funding	-	73,423	(73,423)	-	-
Other DfE/ESFA grants	-	125,917	(125,917)	-	-
Other government grants	-	432,592	(432,592)	-	-
Supplementary grant	-	183,997	(183,997)	-	-
Other restricted funds	-	80,217	(80,217)	-	-
Pension reserve	-	-	17,000	(17,000)	-
	<u>487,032</u>	<u>7,459,253</u>	<u>(7,385,048)</u>	<u>(112,982)</u>	<u>448,255</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	<u>13,058,507</u>	<u>75,072</u>	<u>(309,928)</u>	<u>95,982</u>	<u>12,919,633</u>
<b>Total restricted funds</b>	<u>13,545,539</u>	<u>7,534,325</u>	<u>(7,694,976)</u>	<u>(17,000)</u>	<u>13,367,888</u>
<b>Unrestricted funds</b>					
General funds	<u>243,510</u>	<u>290,046</u>	<u>(218,680)</u>	<u>-</u>	<u>314,876</u>
<b>Total funds</b>	<u>13,789,049</u>	<u>7,824,371</u>	<u>(7,913,656)</u>	<u>(17,000)</u>	<u>13,682,764</u>

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; Other DfE/ESFA Covid-19 funding; Other DfE/ESFA grants represent funding received via the ESFA by the DfE. The relevant restricted expenditure has been allocated through this fund. With the exception of Pupil Premium, 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 year end balance represents the net book value of fixed assets as at 31 August 2023. No unspent capital grants carried forward at the year end.

#### 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 2023

### 18 Funds

(Continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	478,877	6,144,568	(6,113,805)	(22,608)	487,032
Pupil premium	-	191,385	(191,385)	-	-
Other DfE/ESFA COVID-19 funding	-	41,030	(41,030)	-	-
Other Coronavirus funding	-	8,340	(8,340)	-	-
Other DfE/ESFA grants	-	91,650	(91,650)	-	-
Other government grants	-	363,495	(363,495)	-	-
Pension reserve	(676,000)	-	(478,000)	1,154,000	-
	(197,123)	6,840,468	(7,287,705)	1,131,392	487,032
<b>Restricted fixed asset funds</b>					
DfE group capital grants	13,118,572	216,583	(299,256)	22,608	13,058,507
<b>Total restricted funds</b>	12,921,449	7,057,051	(7,586,961)	1,154,000	13,545,539
<b>Unrestricted funds</b>					
General funds	173,268	238,285	(168,043)	-	243,510
<b>Total funds</b>	13,094,717	7,295,336	(7,755,004)	1,154,000	13,789,049

#### Total funds analysis by academy

	2023 £	2022 £
Fund balances at 31 August 2023 were allocated as follows:		
Central Services	-	-
Worthing High School	784,702	713,608
Clapham and Patching CofE Primary School	(21,571)	16,934
Total before fixed assets fund and pension reserve	763,131	730,542
Restricted fixed asset fund	12,919,633	13,058,507
Pension reserve	-	-
Total funds	13,682,764	13,789,049

The current revenue deficit at Clapham and Patching CofE Primary School has arisen due to lagged funding. The academy targets a return to a revenue surplus position by 2026/27.

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 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 2023 £	Total 2022 £
Central Services	-	-	-	-	-	-
Worthing High School	4,990,259	845,477	569,799	762,947	7,168,482	6,571,282
Clapham and Patching CofE Primary School	263,080	47,141	39,086	102,939	452,246	406,466
	<u>5,253,339</u>	<u>892,618</u>	<u>608,885</u>	<u>865,886</u>	<u>7,620,728</u>	<u>6,977,748</u>

Expenditure not included in the above being depreciation; loss on disposal of tangible fixed assets; LGPS service costs; and LGPS finance costs totalling £292,928 (2022: £777,256).

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2023 are represented by:</b>				
Tangible fixed assets	-	-	12,919,633	12,919,633
Current assets	373,975	1,038,056	-	1,412,031
Current liabilities	(59,099)	(589,801)	-	(648,900)
<b>Total net assets</b>	<u>314,876</u>	<u>448,255</u>	<u>12,919,633</u>	<u>13,682,764</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2022 are represented by:</b>				
Tangible fixed assets	-	-	12,997,588	12,997,588
Current assets	324,345	1,196,284	60,919	1,581,548
Current liabilities	(80,835)	(709,252)	-	(790,087)
<b>Total net assets</b>	<u>243,510</u>	<u>487,032</u>	<u>13,058,507</u>	<u>13,789,049</u>

# **SOUTH DOWNS EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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#### **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 2022.

Contributions amounting to £107,740 (2022: £100,002) were payable to the schemes at 31 August 2023 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 academy trusts. 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, relevant to the year ended 31 August 2023, 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 were:

- 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%.

# **SOUTH DOWNS EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **20 Pension and similar obligations**

**(Continued)**

A subsequent actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 27 October 2023 with the valuation results due to be implemented from 1 April 2024.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates increasing to 28.68% from 1 April 2024 (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for the service to the effective date of £262,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI.

The employer's pension costs paid to the TPS in the period amounted to £694,748 (2022: £645,136).

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

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

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below.

The agreed contribution rates for future years are:

Employers: 19.2% for 2023/24

Employees: 5.5% - 12.5%

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 20 Pension and similar obligations

(Continued)

Local Government Pension Scheme funding valuations are completed every three years with the latest triennial valuation related to the period ended 31 March 2022. In the years succeeding this valuation, the accounting valuation methodology is adopted. The aim of the funding valuation is to ensure that each employer's share of the Fund's assets alongside future expected investment returns and contributions will be sufficient to meet future benefit payments from the Fund. The purpose of an accounting valuation, as conducted in the current and prior year, is to facilitate a consistent comparison of pension positions between employers. An accounting valuation has no effect on the cash contributions that will be certified for an employer.

In conducting an accounting valuation, actuaries have used the projected unit credit method of valuation as required by FRS 102 accounting standards. Results have been projected forward from the latest 2022 funding valuation using approximate roll forward methods to the accounting date of 31 August 2023. Allowances are made for changes in financial and demographic assumptions, benefit accrual, actual pension increases and estimated cashflows over the period. Allowances are also made for bulk transfers, business combinations and settlements where applicable.

Actuaries cannot assess the accuracy of roll forward estimates without another full funding valuation being undertaken. This is due to take place in respect of the period ending 31 March 2025 with results therefore impacting the financial statements for the year ended 31 August 2026.

Financial and demographic assumptions are detailed below and are assessed specifically to the accounting date of 31 August 2023. As at the accounting date, the net discount rate (discount rate net of inflation) has significantly increased compared to the prior year from 4.25% to 5.20%. Conversely, the rate of CPI has fallen from 3.20% to 3.00% resulting in a marginal decrease in the pension scheme asset at the period end.

Under FRS 102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The trustees acknowledge their responsibilities requiring them to make judgements and estimates that are reasonable and prudent. As such, the trustees deem it prudent not to recognise a defined benefit plan asset at the year end on the basis that the extent of future contributions cannot be reliably quantified.

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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023 £	2022 £
Employer's contributions	224,000	263,000
Employees' contributions	70,000	59,000
	<hr/>	<hr/>
Total contributions	294,000	322,000
	<hr/>	<hr/>
Principal actuarial assumptions	2023 %	2022 %
Rate of increase in salaries	4.00	3.70
Rate of increase for pensions in payment/inflation	3.00	3.20
Discount rate for scheme liabilities	5.20	4.25
	<hr/>	<hr/>



# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 20 Pension and similar obligations

(Continued)

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

	2023 Years	2022 Years
Retiring today		
- Males	20.1	21.9
- Females	23.4	24.2
Retiring in 20 years		
- Males	20.7	22.8
- Females	25.1	25.9

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

	2023 £	2022 £
Discount rate - 0.5%	460,000	510,000
Mortality assumption + 1 year	168,000	176,000
CPI rate + 0.5%	435,000	475,000
Salary increase rate + 0.5%	30,000	35,000

#### Defined benefit pension scheme net asset

	2023 £	2022 £
Scheme assets	6,340,000	6,465,000
Scheme obligations	(4,198,000)	(4,393,000)
Effect of changes in the amount of surplus deemed irrecoverable brought forward	(2,072,000)	
Effect of changes in the amount of surplus deemed irrecoverable	(70,000)	(2,072,000)
Net asset	-	-

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

	2023 Fair value £	2022 Fair value £
Equities	3,360,200	3,167,850
Bonds	1,965,400	2,068,800
Cash	126,800	193,950
Property	887,600	1,034,400
Total market value of assets	6,340,000	6,465,000

The actual return on scheme assets was £(344,000) (2022: £(108,000)).

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

<b>20 Pension and similar obligations</b>	<b>(Continued)</b>	
<b>Amount recognised in the statement of financial activities</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Current service cost	70,000	463,000
Interest income	(279,000)	(106,000)
Interest cost	192,000	121,000
Total operating charge	(17,000)	478,000
<b>Changes in the present value of defined benefit obligations</b>	<b>2023</b>	
	<b>£</b>	
At 1 September 2022	4,393,000	
Current service cost	294,000	
Interest cost	192,000	
Employee contributions	70,000	
Actuarial gain	(676,000)	
Benefits paid	(75,000)	
At 31 August 2023	4,198,000	
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2023</b>	
	<b>£</b>	
At 1 September 2022	6,465,000	
Interest income	279,000	
Actuarial loss	(623,000)	
Employer contributions	224,000	
Employee contributions	70,000	
Benefits paid	(75,000)	
At 31 August 2023	6,340,000	

# SOUTH DOWNS EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 21 Reconciliation of net expenditure to net cash flow from operating activities

	Notes	2023 £	2022 £
Net expenditure for the reporting period (as per the statement of financial activities)		(89,285)	(459,668)
Adjusted for:			
Capital grants from DfE and other capital income		(75,072)	(216,583)
Investment income receivable	6	(256)	(248)
Finance costs payable		2,000	-
Defined benefit pension costs less contributions payable	20	70,000	463,000
Defined benefit pension scheme finance (income)/cost	20	(87,000)	15,000
Depreciation of tangible fixed assets		309,831	298,559
Loss on disposal of fixed assets		97	697
Decrease/(increase) in debtors		20,247	(1,945)
(Decrease)/increase in creditors		(141,187)	299,376
<b>Net cash provided by operating activities</b>		<b>9,375</b>	<b>398,188</b>

### 22 Analysis of changes in net funds

	1 September 2022 £	Cash flows £	31 August 2023 £
Cash	1,248,587	(50,102)	1,198,485

### 23 Long-term commitments

#### Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Amounts due within one year	16,009	19,167
Amounts due in two and five years	19,687	35,696
	<b>35,696</b>	<b>54,863</b>

# **SOUTH DOWNS EDUCATION TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2023***

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### **24 Capital commitments**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Expenditure contracted for but not provided in the accounts	-	118,828
	<u>          </u>	<u>          </u>

The prior year capital commitments figure above comprises of amounts contracted for but not provided in the 2022 financial statements in respect of ongoing capital projects funded by Condition Improvement Funding.

### **25 Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

No further related party transactions took place in the period of account other than certain trustees' expenses already disclosed in note 12. Trustees' do not receive remuneration or benefits for their services.

### **26 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.