



SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

W Bishop
N Batey
A Challiss
J Green
Mrs K Curtis
L Challiss
B Sparks
K Curtis

Trustees

K Curtis (resigned 8 October 2017)
L Challiss
B Sparks
J Hammond
J Crewe (resigned 21 July 2017)
Y Prodromou
A Tilbrook, Principal
P Batey (resigned 14 June 2017)
I Trafford, Staff Trustee
B Murphy, Staff Trustee (resigned 31 August 2017)
I Dickerson
I Falk (resigned 31 May 2017)
A Challiss, Chair (resigned 8 October 2017)
W Bishop (resigned 8 October 2017)
J Green
N Batey (resigned 8 October 2017)
Mrs K Curtis

Company registered number

07432586

Company name

SABRES Educational Trust

Principal and registered office

IES Breckland School, Crown Street, Brandon, Suffolk, IP27 0NJ

Senior Leadership Team

A Tilbrook, Principal
C Ingarfield, Vice Principal
L Foster, Assistant Principal
S Hibbert, Assistant Principal
A Bull, Business Manager and Chief Financial Officer
B Murphy, Staff Trustee

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditors

MA Partners LLP, 7 The Close, Norwich, Norfolk, NR1 4DJ

Solicitors

Greene and Greene Solicitors, 80 Guildhall Street, Bury St Edmunds, Suffolk, IP33 1QB

SABRES EDUCATIONAL TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of Sabres Educational Trust (the Trust) and auditor's report of the charitable company for the period for the ended 31 August 2017. The Trustees confirm that the Annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a Trustees report, and a director's report under company law.

The Trust operates an academy for pupils aged 11 to 16 serving the catchment area of Brandon. It has a capacity of 500 and had a school roll of 480 in the in the school census October 2017.

Structure, governance and management

a. CONSTITUTION

The Trust is a charitable company limited by guarantee and an exempt charity. It was set up by a Memorandum of Association on 26 October 2010. The Memorandum of Association was subsequently updated on 29 May 2012.

The Trustees of Sabres Educational Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

b. 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.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The number of Trustees shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. The members of the Trust may appoint any person who is willing to be a Trustee subject to the conditions set out in the Articles of Association. Under the Articles of Association, the Trustees shall also include the Principal and a minimum of two Parent Trustees. The term of office for any Trustee shall be four years. A Trustee may be re-elected by the members of the Trust on recommendation of the Board of Trustees.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Chair of Trustees meets all newly appointed Trustees prior to their first meeting. The Trustees receive induction training and Trustee training and development is a standing item on the board agenda. Trustees are encouraged to attend CPD courses administered by Suffolk County Council and the National Association of Governors.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

e. ORGANISATIONAL STRUCTURE

The Trustees are responsible for setting general policy, adopting the annual plan and budget, monitoring the school and making major decisions concerning the direction of the school, capital expenditure and staff appointments.

The Trustees approve the budget for the year and are mindful of the need to balance expenditure against income to ensure that the Trust remains a 'going concern'. The Trustees also receive and approve the Annual Accounts and the External Auditors Management Report and ensure that the school operates within the Financial Regulations set out in the Academies Financial Handbook.

The Trustees ensure:

- The staff structure is reviewed thoroughly each year before the preceding annual budget process and timetable planning.
- The payroll process is supported externally by Ensors Chartered Accountants and reconciliations of staff costs are reviewed by the Accounting Officer and Business Manager.
- The Accounting Officer together with the Business Manager, regularly review all service agreements and operating costs to identify areas where better value, cost savings or renegotiated contracts can be achieved, such as renegotiating contracts for photocopiers and printing costs and looking at energy pricing and ICT support costs.
- Management accounts are circulated to the finance working party on a monthly basis, expenditure is monitored against budget and any significant variances are reported accordingly. This is supplemented when necessary by external auditors' reports and independent reviews on key operational procedures such as payroll and purchasing.
- The Trust works with other local academies and schools to undertake cost comparison and benchmarking.
- The Trust explores opportunities to generate additional funding and this year has applied for several capital grants.
- A risk register is maintained to ensure that risks have been identified and monitored throughout the year.
- The Trust invests all surplus funds in low risk interest bearing accounts.

f. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The school Principal and the Business Manager are responsible for producing a list of suggested salary increases for a given period; based on an individual's performance during the year. An appraisal process forms the basis of this review. Any suggested increases are benchmarked against local and national payscales for each management position and from an integral part of the annual budgeting process. The Trust (as the employer) in conjunction with IES (the Education provider) are responsible for review and authorisation of all pay increases.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

IES International English Schools UK Limited ("IES UK"), via the Principal, is responsible for the day to day running of the school, implementing the policies laid down by the Trustees, reporting back to them and organising the teaching staff, facilities and students. During the 16/17 academic year, IES UK has re invested £98,240 of its management fee in activities designed to strengthen the schools management and improve the quality of teaching and learning. The management fee for 16/17 after credits was £6,841. This amount does not include the costs associated with IES UK or IES AB personnel involved with the management of the school.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

h. TRUSTEES' INDEMNITIES

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

Strategic report

Objectives and Activities

The principal object and activity of the Sabres Educational Trust is the operation of IES Breckland ("IESB" / "the school" / "the academy") to advance education for students of different abilities between the ages of 11 and 16.

a. OBJECTS AND AIMS

As a result of the issues raised by Ofsted (inspection 3-4 November 2015), despite being taken out of special measures to requires improvement, the Trust in partnership with its educational provider IES, has continued to focus on improving the quality of teaching and learning; behavioural management and driving rapid improvement at IES Breckland. Despite achieving a "good" for leadership and management, the Trustees are still committed to the improvement process (in all areas).

To underpin these aims there are supporting operational and financial objectives, which are:

- To ensure prudent financial management and planning of Trust funds.
- To ensure robust governance and challenge.
- To conduct regular reviews of teaching and learning and ensure resources are deployed to achieve this objective.
- To ensure the fabric of the site, the buildings, the classroom facilities and grounds of the school are maintained to an outstanding level and ensure the school is a comfortable, safe and inspiring environment in which to learn.
- To ensure that comparisons are made against other similar size academies to ensure costs are benchmarked for quality and appropriateness.
- Challenge existing arrangements and look for improvement process to improve whole school efficiency.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Our strategic development priorities for 2016/17 are as follows and a more detailed version is published in the school development plan. Having successfully achieved our objective of moving the school out of special measures; the focus continues to be on the improvement of teaching and learning; underpinned by staff development and coaching initiatives; to improve pupils achievement in core subjects; to close the attainment gaps between disadvantaged students and others; and to address any remaining areas of low level student behaviour issues to maximise student engagement.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. PUBLIC BENEFIT

The object of the Trust is 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 a school offering a broad and balanced curriculum.

The Trustees confirm they have referred to the guidance contained in the Charity Commissions general guidance on public benefit when reviewing the Trust's aims and objectives.

Achievements and performance

a. KEY PERFORMANCE INDICATORS

Key Stage 4 key performance indicators for 2016-17 showed continued improvement in outcomes for the third year in succession. The cohort were significantly below national average in terms of attainment on entry from Key Stage 2. National school data for 2017 was subject to a number of changes with the launch of reformed specifications (9-1) in English and in Maths. All other subjects remained on the unreformed A*-G grading structure. Points scores for these unreformed GCSEs were also changed for 2017, meaning attainment 8 scores were lower nationally this year.

	2014-15	2015-16	2016-17
Progress 8	N/A	+0.02	-0.04
Attainment 8	49	45	41
9 - 4 / A*-C English and Maths	40%	45%	51%
9 - 4 / A*-C English	47%	57%	71%
9 - 4 / A*-C Maths	65%	57%	57%

Financial review

a. GOING CONCERN

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the 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 Accounting Policies.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Trust continues to give consideration to the future planning / funding of the school and the possible impact on the schools ability to deliver the educational curriculum on offer. It sees the following as the principal risks:

- other organisations competing for the same source of income
- complying with legislative requirements
- financial risk – not operating within budget
- changes in funding
- insufficient financial controls
- financial commitments made without adequate authorisation.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. RESERVES POLICY

The Trust established its reserves policy in 2014. At the beginning of 16/17, its reserve account stood at £160,574. This reserve is designed for use in adverse conditions or when equipment needs repair or replacement. The aim continues to be to build this fund by £80,000 per annum until a reasonable amount has been put aside (this will be reviewed when the fund reaches £320,000). Unfortunately, since then, general repairs to and the extension of the car park area (safety concern) and a total rebuild the IT network that had become unreliable and unstable have resulted in additional expenditure. As of 31 August 2017 the reserve account had a balance of **£96,878**, however, it is envisaged that this will reduce to £95,500 within the first month of the 17/18 academic year. Furthermore, it is likely that there will be no transfer to reserve funds in the next 12 months.

As of 31 August 2017 the Trust has **£19,312** of restricted funds not available for general purposes. In addition, the Trust has a balance of **£177,115** in unrestricted funds.

d. DEFICIT

Under FRS 102 it is necessary to account for the projected pension liability on the Local Government Pension Scheme to a specific Pension reserve, reflecting the long term liability on the balance sheet. The deficit on this reserve as of 31 August 2017 was **£208,000**.

e. INVESTMENT POLICY

Due to the current growth of the school and its need for enhanced facilities and equipment and the fact it is rated as requires improvement which requires investment in remedial action / strategies; there is currently no policy to invest funds. In the future, if this were to become a policy, then the Trust would only invest in risk free immediately accessible deposit accounts. Any change in policy would require the approval of Trustees. Currently, the emphasis is on regularly monitoring cash flow and ensuring that the Trust's accounts have adequate balances to meet forthcoming commitments.

Plans for future periods

a. FUTURE DEVELOPMENTS

The Trustees intend to continue their current strategy of maintaining the schools position in a competitive environment by providing outstanding education for all students. Achieving high standards of academic results is a constant aim whilst maintaining the diversity of curriculum to develop every students potential. Our future plans are financed by income direct from the DfE, which is primarily related to student numbers. Maintaining, and where necessary, developing the fabric of the facilities of the school is central to this strategy. We have invested heavily in computer equipment and infrastructure to ensure our students and staff have access to the very best technology we can provide.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 20 December 2017 and signed on its behalf by:



Chair of Sabres Educational Trust

SABRES EDUCATIONAL TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of Trustees has delegated the day-to-day responsibility to the Tim Lakin, 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 Sabres Educational 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 year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee / Member	Meetings attended	Out of a possible
P Batey - Trustee, Chair	2	3
L Challiss - Trustee	3	4
J Crewe - Trustee, Staff Trustee	1	4
Mrs K Curtis	4	4
I Dickerson - Trustee	3	4
I Falk - Trustee	1	2
J Green - Member & Trustee	0	1
J Hammond - Trustee	4	4
B Murphy - Trustee	3	3
Y Prodromou - Trustee	2	4
B Sparks - Trustee, Principal	2	4
A Tilbrook - Trustee	4	4
I Trafford - Trustee	4	4
N Batey - Member & Trustee	2	4
W Bishop - Member & Trustee	1	4
A Challiss - Member & Trustee	3	4
K Curtis - Member & Trustee	3	4

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GOVERNANCE STATEMENT (continued)

The Finance and Leadership working party have formally met 3 times during the year. Attendance during the year at meetings of the Finance and Leadership working party was as follows:

Attendance at meetings in the year was as follows:

Working party member	Meetings attended	Out of a possible
N Batey	2	3
W Bishop	0	3
A Bull (Business Manager)	3	3
A Challiss	2	3
L Challiss	2	3
Mrs K Curtis	3	3
K Curtis	2	3
I Dickerson	1	3
J Green	3	3
T Lakin (Accounting Officer)	2	3
B Sparks	3	3
A Tilbrook	3	3
I Trafford	2	3
Y Prodromou	1	3

The terms of reference for the Finance and Leadership working party have been reviewed and agreed as:

- To approve the start budget for the financial year.
- To establish and maintain an up to date 3 year financial plan.
- To consider a budget position statement including virement decisions at least termly and report significant anomalies from the anticipated position to the governing body.
- To ensure that the school operates within the financial regulations set out in the Academies Financial Handbook.
- To annually review and appoint the independent auditor.
- To review appropriate financial benchmarking data, in order to compare the schools financial performance with other similar schools.
- To ensure ring fenced funding streams, such as pupil premium, will be used as directed and to maximum effect.
- To make decisions on expenditure following recommendations from other committees.
- To ensure, as far as practical, that health and safety issues are appropriately prioritised.
- To determine whether sufficient funds are available for staff pay increments and increases.
- To ensure that the academy is a going concern and will remain viable for the foreseeable future.

In terms of the Ofsted inspection (3-4 November 2015); the school achieved a "good" for leadership and management.

Strong leadership has transformed the school. Two years ago, the school was disorganised and leadership was absent; behaviour was poor and lessons were commonly inadequate. Under the leadership of the Principal, the senior team and the educational provider, the school is now on a very positive trajectory. Outcomes are improving in many subjects and almost all pupils behave well.

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GOVERNANCE STATEMENT (continued)

The governance of the Trust:

- *has a clear awareness of the strengths of the school and where it still needs to improve. Governors ask the right questions about the information that they receive from school leaders. Their regular presence in school helps them to understand and support the work that leaders, teachers and support staff are doing - works closely with the trust to oversee the school's development. They identify where additional help, including funding, is needed. Together, they have forged a very successful relationship with IES, the educational provider, for the benefit of the pupils. IES have provided good quality support for the improvement of teaching and equally effective leadership support. In addition, IES has provided financial support for the development of the school site, including, for example, the building of the new school library in the summer of 2015*
- *ensures that performance management systems are in place and are effective in rewarding strong performance and challenge where teaching needs to be better*
- *has an increasingly detailed understanding of precisely which subjects are improving and where weaknesses remain. The assessment information that they use to evaluate the school's ongoing performance has improved recently and is now clearer.*

We have continued to build on this report by investing in focused intervention; use of third party consultancy to identify and to provide advice on how to improve management and governance and enhanced the CPD offered to senior and middle Leaders.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Tim Lakin has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

Catering – continues to be reviewed to ensure that it meets the needs of the school whilst offering a more flexible and cost effective solution. The overall aim continues to be for the service to become zero cost, to ensure that the food is not only compliant with healthy eating, but fulfilling of student's needs. We have made inroads during 16/17 to ensuring that this becomes a reality.

IT Provision – The IT network has been completely rebuilt to ensure that we have a stable and reliable environment; at the same time we have reviewed our printing and photocopying requirements and have negotiated a new and more cost effective solution with a new supplier.

These and other contracts will be continuously reviewed to ensure the school optimises spending decisions, to maximise resources on teaching and learning, and achieve the best outcomes for their pupils

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 ongoing process designed to identify and prioritise the risks to the achievement of 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 Sabres Educational Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The board of Trustees has reviewed the key risks to which the 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 Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Joseph Green, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations

In addition, where necessary, Ensors Chartered Accountants provide advice on financial matters and perform a range of checks on the Trust's financial systems.

On a quarterly basis, the RO reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 and Leadership working party and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 20 December 2017 and signed on their behalf, by:



Chair of Sabres Educational Trust



T Lakin
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sabres Educational Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



T Lakin
Accounting Officer

Date: 20 December 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of Sabres Educational Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 20 December 2017 and signed on its behalf by:



Chair of Sabres Educational Trust

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SABRES
EDUCATIONAL TRUST**

OPINION

We have audited the financial statements of Sabres Educational Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SABRES EDUCATIONAL TRUST

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SABRES
EDUCATIONAL TRUST**

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Frank Shippam BSc FCA DChA (Senior statutory auditor)

for and on behalf of

MA Partners LLP

Chartered Accountants
Statutory Auditor

7 The Close
Norwich
Norfolk
NR1 4DJ
22 December 2017

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SABRES
EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sabres Educational Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF SABRES EDUCATIONAL TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Sabres Educational Trust's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the 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's income and expenditure.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SABRES
EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

Our procedures included, but were not limited to, the following:

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of Trustees and management;
- Performing an evaluation of the general control environment;
- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefitted from any transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing of restricted income to ensure it has been spent as the purposes intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with *Annex C: Schedule of requirements (the "musts")* of the Academies Financial Handbook 2016.

Where applicable, this work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

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



MA Partners LLP

Chartered Accountants
Statutory Auditor

7 The Close
Norwich
Norfolk
NR1 4DJ

22 December 2017

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	423	98,240	-	98,663	33,868
Charitable activities	3	70,683	2,299,269	-	2,369,952	2,191,259
Other trading activities	4	6,410	-	-	6,410	9,114
Investments	5	541	-	-	541	498
TOTAL INCOME		78,057	2,397,509	-	2,475,566	2,234,739
EXPENDITURE ON:						
Charitable activities		12,826	2,583,593	246,177	2,842,596	2,522,597
TOTAL EXPENDITURE	8	12,826	2,583,593	246,177	2,842,596	2,522,597
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	65,231 (129,712)	(186,084) 124,084	(246,177) 5,628	(367,030) -	(287,858) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(64,481)	(62,000)	(240,549)	(367,030)	(287,858)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	9,000	-	9,000	(103,000)
NET MOVEMENT IN FUNDS		(64,481)	(53,000)	(240,549)	(358,030)	(390,858)
RECONCILIATION OF FUNDS:						
Total funds brought forward		241,596	(135,688)	8,268,720	8,374,628	8,765,486
TOTAL FUNDS CARRIED FORWARD		177,115	(188,688)	8,028,171	8,016,598	8,374,628

The notes on pages 24 to 48 form part of these financial statements.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07432586

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		8,028,171		8,268,720
CURRENT ASSETS					
Stocks	15	13,316		13,329	
Debtors	16	95,586		91,497	
Cash at bank and in hand		237,160		372,494	
			<u>346,062</u>		<u>477,320</u>
CREDITORS: amounts falling due within one year	17		<u>(149,635)</u>		<u>(216,412)</u>
NET CURRENT ASSETS			<u>196,427</u>		<u>260,908</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,224,598</u>		<u>8,529,628</u>
Defined benefit pension scheme liability	22		<u>(208,000)</u>		<u>(155,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>8,016,598</u>		<u>8,374,628</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	19,312		19,312	
Restricted fixed asset funds	18	8,028,171		8,268,720	
Restricted income funds excluding pension liability		8,047,483		8,288,032	
Pension reserve		<u>(208,000)</u>		<u>(155,000)</u>	
Total restricted income funds			<u>7,839,483</u>		<u>8,133,032</u>
Unrestricted income funds	18		<u>177,115</u>		<u>241,596</u>
TOTAL FUNDS			<u>8,016,598</u>		<u>8,374,628</u>

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue, on 20 December 2017 and are signed on their behalf, by:



A Challiss
Chair of Sabres Educational Trust

The notes on pages 24 to 48 form part of these financial statements.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(130,247)</u>	<u>40,291</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		541	498
Purchase of tangible fixed assets		<u>(5,628)</u>	<u>(84,247)</u>
Net cash used in investing activities		<u>(5,087)</u>	<u>(83,749)</u>
Change in cash and cash equivalents in the year		(135,334)	(43,458)
Cash and cash equivalents brought forward		<u>372,494</u>	<u>415,952</u>
Cash and cash equivalents carried forward	21	<u><u>237,160</u></u>	<u><u>372,494</u></u>

The notes on pages 24 to 48 form part of these financial statements.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Sabres Educational Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The academy is a private company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included in expenditure under the relevant heading in the Statement of Financial Activities.

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land	-	2% straight line
Leasehold buildings	-	2% straight line
Furniture and equipment	-	15% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	33% straight line
Property improvements	-	2% straight line

On 1 September 2012, the Trust became party to a lease agreement for the school property. The lease is for a period of 125 years and substantially all the risks and rewards of ownership have been transferred to the Trust. As such, the school property has been recognised as a fixed asset on the Balance Sheet at a depreciated replacement cost of £5,011,000. The corresponding entry was recognised as voluntary income in the Statement of Financial Activities. The depreciated replacement cost was based on a desktop valuation carried out by MRBL Limited trading as Mouchel on behalf of the ESFA at 31 March 2013.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

Liabilities and provisions 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 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in note 17. 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 instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.15 Taxation

The academy 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 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.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In assessing the carrying value of tangible fixed assets the Trustees estimate the anticipated useful lives and residual values of the assets. There have been no significant revisions to these estimations in the current financial year.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	423	98,240	-	98,663	33,868
<i>Total 2016</i>	4,833	29,035	-	33,868	

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,114,128	2,114,128	1,993,502
Pupil Premium	-	106,142	106,142	98,928
Devolved Formula Capital	-	11,138	11,138	10,716
Rates Claim	-	827	827	711
	-	2,232,235	2,232,235	2,103,857
Other government grants				
Local authority grants	-	41,813	41,813	16,481
	-	41,813	41,813	16,481
Other income from the academy trust's educational operations				
Trips	50,354	-	50,354	30,116
Transport	-	25,221	25,221	20,178
Uniforms	16,469	-	16,469	19,171
Music tuition	3,860	-	3,860	1,456
	70,683	25,221	95,904	70,921
	70,683	2,299,269	2,369,952	2,191,259
<i>Total 2016</i>	50,743	2,140,516	2,191,259	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	4,900	-	4,900	6,335
Income from sale of educational resources	-	-	-	407
Other income	1,510	-	1,510	2,372
	6,410	-	6,410	9,114
<i>Total 2016</i>	9,114	-	9,114	

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	541	-	541	498
<i>Total 2016</i>	498	-	498	

6. DIRECT COSTS

	Total 2017 £	Total 2016 £
Educational supplies	37,406	45,663
Examination fees	30,372	28,614
Staff development	14,735	19,041
Educational consultancy	34,623	53,043
Educational visits	50,666	33,851
Management fees to Education Provider	105,081	49,675
Other direct costs	3,800	3,800
Wages and salaries	1,288,990	1,136,119
National insurance	124,479	95,800
Pension cost	187,733	181,638
	1,877,885	1,647,244
<i>At 31 August 2016</i>		1,647,244

SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

7. SUPPORT COSTS

	Total 2017 £	<i>Total 2016 £</i>
FRS 102 Pension interest cost	4,000	2,000
Technology costs	46,848	47,314
Recruitment and support	35,797	18,188
Maintenance of premises and equipment	34,732	22,158
Cleaning	6,175	5,839
Rates	5,944	6,176
Energy costs	35,123	31,228
Insurance	11,807	14,219
Security and transport	65,626	44,999
Catering	23,588	42,019
Bank interest and charges	1,199	1,210
School uniform	17,826	20,549
Other support costs	44,024	21,909
Donations	80	1,703
Auditor's remuneration - other services	500	500
Auditor's remuneration - audit	5,549	5,366
Legal and professional fees	10,030	14,959
Wages and salaries	244,720	212,768
National insurance	17,507	13,306
Pension cost	107,459	59,171
Depreciation	246,177	289,772
	964,711	<i>875,353</i>
	964,711	<i>875,353</i>
<i>At 31 August 2016</i>		<i>875,353</i>

During the year ended 31 August 2016, the Trust incurred Governance costs of **£16,079** (2016: £20,825).

8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Activities:					
Direct costs	1,601,202	-	276,683	1,877,885	1,647,244
Support costs	369,686	255,677	339,348	964,711	875,353
	1,970,888	255,677	616,031	2,842,596	<i>2,522,597</i>
	1,970,888	255,677	616,031	2,842,596	<i>2,522,597</i>
<i>Total 2016</i>	<i>1,698,802</i>	<i>238,119</i>	<i>585,676</i>	<i>2,522,597</i>	

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NOTES TO THE FINANCIAL STATEMENTS
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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	<i>2016</i>
	£	£
Depreciation of tangible fixed assets:		
- owned or leased	246,177	<i>289,772</i>
Auditors' remuneration - audit	5,549	<i>5,366</i>
Auditors' remuneration - other services	500	<i>500</i>
Operating lease rentals	9,837	<i>9,079</i>
	=====	=====

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

10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,511,352	1,348,887
Social security costs	141,986	109,106
Operating costs of defined benefit pension schemes	295,192	240,809
	1,948,530	1,698,802
Supply teacher costs	19,606	-
Staff restructuring costs	2,752	-
	1,970,888	1,698,802

Staff restructuring costs comprise:

Severance payments	2,752	-
	2,752	-

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

	2017	2016
	No.	No.
Management	1	1
Teachers	39	32
Administration and support	32	37
	72	70
	72	70

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Management	1	1
Teachers	36	32
Administration and support	27	21
	64	54
	64	54

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

	2017	2016
	No.	No.
In the band £70,001 - £80,000	1	1

The above employees participated in the Teachers' Pension Scheme.

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

10. STAFF COSTS (continued)

The key management personnel of the Trust comprises the Trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was **£412,444** (2016 - £394,074).

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	2016
		£	£
I Trafford, staff trustee	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
A Tilbrook, Principal	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
B Murphy, staff trustee (resigned 31 August 2017)	Remuneration	30,000-35,000	25,000-30,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL)

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. FRS 102 PENSION INTEREST COST

	2017	2016
	£	£
Interest income on pension scheme assets	7,000	8,000
Interest on pension scheme liabilities	(11,000)	(10,000)
	<u>(4,000)</u>	<u>(2,000)</u>

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

14. TANGIBLE FIXED ASSETS

	Leasehold Property £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Leasehold property impr'ments £	Total £
Cost						
At 1 September 2016	5,011,000	291,659	54,000	417,144	3,671,579	9,445,382
Additions	-	-	-	775	4,853	5,628
At 31 August 2017	<u>5,011,000</u>	<u>291,659</u>	<u>54,000</u>	<u>417,919</u>	<u>3,676,432</u>	<u>9,451,010</u>
Depreciation						
At 1 September 2016	392,720	149,548	36,225	381,011	217,158	1,176,662
Charge for the year	100,220	43,748	10,800	17,926	73,483	246,177
At 31 August 2017	<u>492,940</u>	<u>193,296</u>	<u>47,025</u>	<u>398,937</u>	<u>290,641</u>	<u>1,422,839</u>
Net book value						
At 31 August 2017	<u>4,518,060</u>	<u>98,363</u>	<u>6,975</u>	<u>18,982</u>	<u>3,385,791</u>	<u>8,028,171</u>
At 31 August 2016	<u>4,618,280</u>	<u>142,111</u>	<u>17,775</u>	<u>36,133</u>	<u>3,454,421</u>	<u>8,268,720</u>

15. STOCKS

	2017 £	2016 £
Uniform stock	<u>13,316</u>	<u>13,329</u>

16. DEBTORS

	2017 £	2016 £
Trade debtors	889	200
Other debtors	8,468	6,316
Prepayments and accrued income	70,047	67,202
VAT recoverable	16,182	17,779
	<u>95,586</u>	<u>91,497</u>

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FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	21,527	109,342
Other taxation and social security	37,331	30,223
Other creditors	33,778	26,040
Accruals	56,999	50,807
	<hr/> 149,635 <hr/>	<hr/> 216,412 <hr/>
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	24,368	12,824
Resources deferred during the year	39,747	24,368
Amounts released from previous years	(24,368)	(12,824)
	<hr/> 39,747 <hr/>	<hr/> 24,368 <hr/>

Income has been deferred in relation to contributions received for schools trips which had not yet taken place at 31 August 2017.

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

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	241,596	78,057	(12,826)	(129,712)	-	177,115
Restricted funds						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	-	2,114,128	(2,171,212)	57,084	-	-
Pupil Premium	15,889	106,142	(106,142)	-	-	15,889
Rates Claim	-	827	(827)	-	-	-
School Transport	-	25,221	(25,221)	-	-	-
Devolved Formula Capital	-	11,138	(11,138)	-	-	-
SCC - Higher Teaching Needs	-	10,569	(10,569)	-	-	-
NCC - Higher Teaching Needs	-	31,244	(31,244)	-	-	-
IES International English Schools UK Limited						
Donations	-	97,740	(97,740)	-	-	-
Friends of IES	-	500	(500)	-	-	-
Marketing and consultation strategy	807	-	-	-	-	807
Free School business case and plan	2,616	-	-	-	-	2,616
Pension reserve	(155,000)	-	(129,000)	67,000	9,000	(208,000)
	(135,688)	2,397,509	(2,583,593)	124,084	9,000	(188,688)

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

18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Capital expenditure from GAG	163,725	-	(35,708)	5,628	-	133,645
Capital expenditure from Start Up A grant	32,792	-	(5,081)	-	-	27,711
Building capital grant	3,432,614	-	(94,564)	-	-	3,338,050
ICT capital grant	3,104	-	(3,104)	-	-	-
Donation in kind - School Building	4,618,280	-	(100,220)	-	-	4,518,060
Donation in kind - Minibus FG12 MJF	4,550	-	(3,900)	-	-	650
Donation in kind - Minibus BJ12 XWV	6,612	-	(3,450)	-	-	3,162
Devolved Formula Capital	7,043	-	(150)	-	-	6,893
	<u>8,268,720</u>	<u>-</u>	<u>(246,177)</u>	<u>5,628</u>	<u>-</u>	<u>8,028,171</u>
Total restricted funds	<u>8,133,032</u>	<u>2,397,509</u>	<u>(2,829,770)</u>	<u>129,712</u>	<u>9,000</u>	<u>7,839,483</u>
Total of funds	<u><u>8,374,628</u></u>	<u><u>2,475,566</u></u>	<u><u>(2,842,596)</u></u>	<u><u>-</u></u>	<u><u>9,000</u></u>	<u><u>8,016,598</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Brought Forward £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Unrestricted funds						
General Funds - all funds	240,978	65,188	(19,109)	(45,461)	-	241,596
	<u>240,978</u>	<u>65,188</u>	<u>(19,109)</u>	<u>(45,461)</u>	<u>-</u>	<u>241,596</u>

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

18. STATEMENT OF FUNDS (continued)

Restricted funds

	<i>Balance at 1 September 2015</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2016</i>
	£	£	£	£	£	£
General Annual Grant (GAG)	77,056	1,993,502	(1,964,772)	(105,786)	-	-
Pupil Premium	2,705	98,928	(85,744)	-	-	15,889
Rates Claim	-	711	(711)	-	-	-
School Transport	1,079	20,178	(21,257)	-	-	-
Devolved Formula Capital	-	10,716	(10,716)	-	-	-
SCC - Higher Teaching Needs	-	4,750	(4,750)	-	-	-
NCC - Higher Teaching Needs	-	11,731	(11,731)	-	-	-
IES International English Schools UK Limited	-	-	-	-	-	-
Donations	-	29,035	(29,035)	-	-	-
Marketing and consultation strategy	807	-	-	-	-	807
Free School business case and plan	2,616	-	-	-	-	2,616
Pension reserve	(34,000)	-	(85,000)	67,000	(103,000)	(155,000)
	<u>50,263</u>	<u>2,169,551</u>	<u>(2,213,716)</u>	<u>(38,786)</u>	<u>(103,000)</u>	<u>(135,688)</u>

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

18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Capital expenditure from GAG	110,017	-	(30,539)	84,247	-	163,725
Capital expenditure from Start Up A grant	41,374	-	(8,582)	-	-	32,792
Building capital grant	3,527,178	-	(94,564)	-	-	3,432,614
ICT capital grant	51,471	-	(48,367)	-	-	3,104
Donation in kind - School Building	4,718,500	-	(100,220)	-	-	4,618,280
Donation in kind - Minibus FG12 MJF	8,450	-	(3,900)	-	-	4,550
Donation in kind - Minibus BJ12 XWV	10,062	-	(3,450)	-	-	6,612
Devolved Formula Capital	7,193	-	(150)	-	-	7,043
	<u>8,474,245</u>	<u>-</u>	<u>(289,772)</u>	<u>84,247</u>	<u>-</u>	<u>8,268,720</u>
Total restricted funds	<u>8,524,508</u>	<u>2,169,551</u>	<u>(2,503,488)</u>	<u>45,461</u>	<u>(103,000)</u>	<u>8,133,032</u>
Total of funds	<u><u>8,765,486</u></u>	<u><u>2,234,739</u></u>	<u><u>(2,522,597)</u></u>	<u><u>-</u></u>	<u><u>(103,000)</u></u>	<u><u>8,374,628</u></u>

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

The General Annual Grant (GAG) is for the normal running costs of the school. The following transfers have been made from the GAG: **£67,000** to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme, and **£5,628** for capital expenditure from the GAG fund. A transfer of **£129,711** has been made from unrestricted funds to GAG to clear the deficit arising.

The Pupil Premium income has been provided by the ESFA to help raise the attainment of disadvantaged pupils.

School transport funding was received to assist with the costs of transporting pupils to and from the school premises.

The Marketing and Consultation strategy funding was provided by the Secretary of State for the purposes of securing consultancy support to develop a robust marketing and consultation plan to help manage community engagement and interest in the Free School.

The Free School business case and plan funding was provided by the Secretary of State to support the procurement of an organisation to run the Free School project.

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

18. STATEMENT OF FUNDS (continued)

The Pension reserve deficit at the year end was **£208,000** and represents the school's share of the deficit of the Local Government Pension Scheme.

The Building capital grant was provided by the ESFA to enable the Trust to carry out various construction works to the existing premises.

The ICT capital grant was provided by the ESFA to fund the acquisition of ICT equipment for the Free School.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	8,028,171	8,028,171
Current assets	216,862	129,200	-	346,062
Creditors due within one year	(39,747)	(109,888)	-	(149,635)
Provisions for liabilities and charges	-	(208,000)	-	(208,000)
	<u>177,115</u>	<u>(188,688)</u>	<u>8,028,171</u>	<u>8,016,598</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	8,268,720	8,268,720
Current assets	265,964	211,356	-	477,320
Creditors due within one year	(24,368)	(192,044)	-	(216,412)
Provisions for liabilities and charges	-	(155,000)	-	(155,000)
	<u>241,596</u>	<u>(135,688)</u>	<u>8,268,720</u>	<u>8,374,628</u>

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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(367,030)	(287,858)
Adjustment for:		
Depreciation charges	246,177	289,772
Dividends, interest and rents from investments	(541)	(498)
Decrease/(increase) in stocks	12	(975)
Increase in debtors	(4,089)	(24,999)
(Decrease)/increase in creditors	(66,776)	46,849
Defined benefit pension scheme cost less contributions payable	58,000	16,000
Defined benefit pension scheme finance cost	4,000	2,000
	(130,247)	40,291
Net cash (used in)/provided by operating activities	(130,247)	40,291

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	237,160	372,494
Total	237,160	372,494
	237,160	372,494

22. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk Pension Fund. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £33,778 were payable to the schemes at 31 August 2017 (2016 - £26,040) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

22. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £181,969 (2016 - £158,183).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £86,000 (2016 - £85,000), of which employer's contributions totalled £67,000 (2016 - £67,000) and employees' contributions totalled £19,000 (2016 - £18,000). The agreed contribution rates for future years are 19.5% - 21.5% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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

22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	<i>2016</i>
Discount rate for scheme liabilities	2.40 %	<i>2.10 %</i>
Rate of increase in salaries	2.70 %	<i>4.10 %</i>
Rate of increase for pensions in payment / inflation	2.50 %	<i>2.10 %</i>

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

	2017	<i>2016</i>
Retiring today		
Males	21.9 years	<i>22.4 years</i>
Females	26.4 years	<i>24.4 years</i>
Retiring in 20 years		
Males	23.9 years	<i>24.3 years</i>
Females	26.4 years	<i>26.9 years</i>

	At 31 August 2017	<i>At 31 August 2016</i>
	£	<i>£</i>
Sensitivity analysis		
Discount rate -0.1%	28,800	<i>15,200</i>
Salary increase rate +0.1%	7,400	<i>2,600</i>
Pension increase rate +0.1%	20,800	<i>12,400</i>

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2017	<i>Fair value at 31 August 2016</i>
	£	<i>£</i>
Equities	383,520	<i>207,000</i>
Corporate bonds	118,440	<i>60,000</i>
Property	56,400	<i>30,000</i>
Cash and other liquid assets	5,640	<i>3,000</i>
Total market value of assets	564,000	<i>300,000</i>

The actual return on scheme assets was £178,000 (2016 - £38,000).

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22. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017	2016
	£	£
Current service cost	(125,000)	<i>(83,000)</i>
Interest income	7,000	<i>8,000</i>
Interest cost	(11,000)	<i>(10,000)</i>
	<hr/>	<hr/>
Total	(129,000)	<i>(85,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of the defined benefit obligation were as follows:

	2017	2016
	£	£
Opening defined benefit obligation	455,000	<i>211,000</i>
Current service cost	125,000	<i>83,000</i>
Interest cost	11,000	<i>10,000</i>
Employee contributions	19,000	<i>18,000</i>
Actuarial losses	162,000	<i>133,000</i>
	<hr/>	<hr/>
Closing defined benefit obligation	772,000	<i>455,000</i>
	<hr/> <hr/>	<hr/> <hr/>

Movements in the fair value of the academy's share of scheme assets:

	2017	2016
	£	£
Opening fair value of scheme assets	300,000	<i>177,000</i>
Actuarial losses	171,000	<i>30,000</i>
Employer contributions	67,000	<i>67,000</i>
Employee contributions	19,000	<i>18,000</i>
Return on plan assets (excluding net interest on the net defined pension liability)	7,000	<i>8,000</i>
	<hr/>	<hr/>
Closing fair value of scheme assets	564,000	<i>300,000</i>
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SABRES EDUCATIONAL TRUST
(A company limited by guarantee)

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

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	4,916	6,180
Between 1 and 5 years	9,832	3,147
Total	<u>14,748</u>	<u>9,327</u>

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year ended 31 August 2017, the Trust made payments to IES International English Schools UK Limited ("IES"), the education provider, totalling **£105,081** (2016: £49,675) in respect of management fees.

During the year ended 31 August 2017, the Trust received donations from IES of **£98,240** (2016: £29,035).

At the balance sheet date, the Trust was owed **£8,468** (2016: £6,316). This amount is shown within other debtors.