

**SELBY EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

SELBY EDUCATIONAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	J Tupper I C White J L Campbell (Resigned 18 th October 2017) Rt Rev Dr John Thomson – Bishop of Selby (Appointed 12 th December 2017) M Green Selby College Corporation
Trustees	I Clennan S Lewis (resigned 24 th July 2018) Rev F Loftus P S A Olbison J Pick (appointed 12 th December 2017) S Slinger (appointed 12 th December 2017) A Stewart J Tupper I C White J B Warburton
Senior management team	
Trustee	I Clennan
Chief Executive and Accounting Officer	F Loftus
Trustee	Miss P S A Olbison
Trustee	J Pick (appointed 12 th December 2017)
Trustee	S Slinger (appointed 12 th December 2017)
Trustee	A Stewart
Trustee	Mrs J Tupper (Chair from 3 rd October 2018)
Trustee	J B Warburton
Chair	I C White (Chair to 2 nd October 2018)
Company secretary	P S A Olbison
Company registered number	09950422 (England and Wales)
Registered office	Abbot's Road Selby North Yorkshire YO8 8AT
Independent auditor	RSM UK Audit LLP Chartered Accountants Two Humber Quays Wellington Street West Hull HU1 2BN
Bankers	Lloyds Bank plc 5 Market Place Selby North Yorkshire YO8 4NT
Solicitors	Rollits Citadel House 58 High Street Hull HU1 1QE

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust currently operates one primary academy which completed the conversion process and joined the trust on 1st December 2017. Selby Community Primary School provides education to pupils aged 2 to 11 serving a catchment area in Selby District. It has a pupil capacity of 418 and a roll of 378.

Selby Community Primary school is a designated National Support School and supports schools in order to improve the quality of education for their pupils.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Trust.

The Trustees of Selby Educational Trust are the directors of the charitable company for the purposes of company law. The charitable company is known as Selby Educational Trust (SET). Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Subject to the provisions of the Companies Act 2006, every Trustee of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or trust in relation to the affairs of the Trust.

A Trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover the liability of Trust which by virtue of any law would otherwise attach to them. This is in respect of any negligence, default or breach of trust or duty of which they may be guilty in relation to the Trust.

Method of recruitment and appointment or election of Trustees

The Trust has ten trustees as shown on page 1. New Trustees are appointed by the Members. When new Trustees or Governors are appointed, the Members and Board of Trustees approves at that time an appropriate process and criteria for recruitment based on an analysis of the current skill and capability requirements of the Board or Governing Body, the current needs of the Trust and governance good practice at Trust level.

Policies and procedures adopted for the induction and training of Trustees

All Trustees are provided with copies of the DfE Governors' Handbook on appointment. When new Trustees are appointed, an analysis of the requirements of their role and their current skills determines their induction process. The induction process is outlined in the Governance Handbook.

All trustees are provided with the Trust handbook which encompasses the ESFA latest Academy handbooks and other documents they require to undertake their role effectively as trustees.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Academy to publish information on facility time arrangements for trade union officials at the Academy.

Relevant union officials

Numbers of employees who were union officials during the relevant period	FTE employee number
Ø	Ø

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	Ø
Total pay bill	£1,238,215
Percentage of total bill spent on facility time	Ø

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	Ø
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Organisational structure

During the year the organisational structure of the Trust consisted of 2 levels: the Trust Members and the Board of Trustees.

The Board of Trustees of the Trust shall hold a minimum of three meetings in every school year, including the annual general meeting (AGM).

The ultimate role of the Trust is:

- to be ultimately accountable and responsible for all decisions regarding the strategic running of the Trust and the individual schools within it;
- to have oversight of the curriculum, standards, progress and outcomes across the Trust and the individual schools;
- to have oversight of finances and risk management of the Trust and the individual schools.

The Trust Board of Directors is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions by addressing such matters as policy and strategy development, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the strategic direction of the Trust and senior staff appointments.

The Trust Board's responsibilities are:

1. To provide strategic direction for the Trust including the addition of other new Academies
2. To provide strategic vision and support for school improvement across the Trust
3. To monitor the effectiveness of the Academy Trusts support arrangements and to ensure that the Academies are satisfied with the support and that they are getting value for money
4. To appoint and performance manage Academy Principals, Local Governing Bodies and Interim Executive Boards where deemed necessary
5. To ensure secure finances within the Trust, to enable financial accountability to the Department for Education.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure (continued)

At the Academy level, there are Local Governing Bodies (LGB). The main roles and responsibilities are:

1. Help set high standards by planning for the future and setting targets for school improvement
2. Maintain and further develop school improvement
3. Support the Principal to respond to the needs of parents and the community
4. Support and engage with the local community
5. Not intervene in the day-to-day management of the school unless there are weaknesses in the school, when it then has a duty to take action.

The Trustees ensure that where items of strategic importance which may overlap in order that an aligned view is taken prior to final consideration and sign off by the Board.

Trustees may delegate matters in relation to the remuneration of Trustees and Officers to the Chief Executive Officer.

The role of each LGB is to:

- Ensure clarity of vision, ethos and strategic direction at each school
- Hold Head teachers to account for the educational performance of the school and its pupils, and the performance management of staff
- Oversee the financial performance of the school and making sure its money is well spent
- Advise the Board as required.

The Scheme of Delegation framework sets out the responsibilities of the key roles in relation to each school within the Trust and is reviewed annually. In July 2017 the scheme of delegation was developed to distinguish further between supported and unsupported schools.

The Board of Trustees are able to delegate identified functions to any Trustee, committee (including any Local Governing Body), or any other holder of an executive office, to the extent of power or function which they consider desirable to be exercised by them. Any such delegation shall be made subject to any conditions the Trustees may impose, and may be revoked or altered. The Trustees shall appoint Head teachers of the participating schools. The Trustees may delegate such powers and functions as they consider are required to the Chief Executive Officer and the Head teachers for the internal organisation, management and control of the Schools (including the implementation of all policies approved by the Trustees and for the direction of the teaching and curriculum at the Schools).

The Board of Trustees are responsible for ensuring that high standards of corporate governance are maintained. It should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the schools within the Trust.

The Local Governing Body is able to delegate identified functions to a committee; where decisions have been delegated these must be reported back to the next Local Governing Body meeting. It is essential that the Local Governing Body delegate sufficient powers to the Head teacher so that they can manage the school effectively.

The Board / Local Governing Body delegates general responsibility to the head of school to incur financial commitments and expenditure in accordance with the approved budget plan and financial regulations.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Organisational Structure Roles (continued)

Arrangements for setting pay and remuneration of key management personnel

The Trustees determined its key management personnel as the members of the Trust Board led by its Chief Executive Officer. The Trust Leadership Team has authority and responsibility for (directly or indirectly) planning, directing and controlling the activities of the Academy Trust.

The Academy Trust appointed a Chief Executive and Accounting Officer effective from the 1st February 2017. The post was a Trustee appointment and its remuneration agreed by the Academy Trust Board.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONS

Selby Educational Trust was formed in January 2016 and sponsored by Selby College which is a Provider of Further Education and a completely separate entity. The Trust is responsible and accountable for the performance of its academy and has a funding agreement with Education & Skills Funding Agency. Selby College has supplied a range of support services to Selby Educational Trust during the financial year and these have been chargeable at cost.

OBJECTIVES AND ACTIVITIES

The objectives of the Trust are:

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 schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

To promote for the benefit of the inhabitants of the areas in which the Academies are situated, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the objectives of improving the condition of life of the said inhabitants.

Strategic Objectives

The Board of the SET will pursue fulfilment of its vision and mission by focusing on core strategic objectives, measured consistently and annually against a set of core data baselines.

These core objectives are:

- To be transformational and expect outstanding academic achievement and success.
- To set aspirational targets for all.
- To engage and inspire all learners.
- To transform pupil, family & community attitudes to be truly aspirational & fully supportive of their schools.
- To maintain high expectations and a rigorous process of scrutiny at every level.
- To work with all local early years and secondary settings to ensure smooth transition and maximise outcomes.
- To create a culture of challenge, support, mutual benefit and high expectations so that the SET academies are schools that people of all ages are proud to be identified with and others will want to join.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Strategic Objectives (continued)

- Engage rapidly with under-performing schools and accelerate the process of their conversion to academies.
- Put in place immediately essential support systems and processes.
- Diagnose speedily the causes of under-performance in the schools it is to sponsor.
- Within a short space of time, set challenging but realistic improvement targets.
- From day one of the commencement of sponsorship seek to generate savings to be reinvested in frontline teaching leading to increased pupil progress and attainment.
- Draw on the support and expertise of SET stakeholders and partners to enhance improvement.
- Establish high quality support services which will enable school staff to concentrate on delivering educational excellence.
- Staff development will be at the heart of our work.

Good progress has been made towards achieving these objectives during the year.

Public benefit

The Trustees have reviewed the outcome and achievements of the Trust's objectives and activities for the year to ensure they remain focused in the charitable aims and activities to deliver benefits to the public. They have also had due regard to public benefit guidance as published by the Charity Commission.

STRATEGIC REPORT

Achievements and performance

The Trust was incorporated on 13 January 2016 with the immediate objective of setting up an academy trust. The Trust received a grant in April 2016 from the Department of Education for this purpose. In the period to 31 August 2018 all activities continued to be geared towards achieving this objective, with significant marketing and promotion of the Selby Educational Trust to local schools.

Selby Community Primary School being the first school to join the Trust received an Academy Order during the financial year and converted on 1st December 2017. Other schools in the local area, are at varying stages in assessing the benefits of becoming an academy.

Selby Community Primary School continues to perform strongly against national outcomes despite having a higher than national percentage of pupils entitled to additional pupil premium funding. Children outperformed the national expectations for the 6th year in a row, with 80% achieving a Good Level of Development compared to 71% national. The pupils passing the Year 1 Phonics Screening check was above national at 86% and standards at the end of Key Stage 1 showed that children performed better at the expected standards in reading, writing and mathematics compared to the provisional national and Local Authority results.

By the end of Key Stage 2, Year 6 results continued to increase in terms of both progress and attainment over time. Reading, writing and mathematics were above national expectations and the performance of disadvantaged pupils is well above provisional national outcomes. This set of results demonstrates that progress and attainment for all groups of pupils were well above the Local Authority and also above the provisional national results.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

Reserves policy

The need for day-to-day working capital is met by careful management of short-term liquid resources. The educational obligations that the Academy Trust has on a day to day basis are funded from restricted reserves that were provided for this purpose. The Trustees need to ensure that the Academy has sufficient working capital to cover delays between receipt of grants and spending. At 31 August 2018, the Academy Trust's current level of unrestricted reserves is £285,438 (2017 - £10,602).

Taking into account the nature of the Academy Trust's income streams, the trustees are of the view that reserves at this level are sufficient to cover its working capital needs. The current bank and cash balances equate to approximately 2 months of the Academy Trust wages, the Trustees believe this to be reasonable.

After appropriate enquiries, the Board has a reasonable expectation that the Academy Trust has sufficient resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing financial statements. Further details regarding the adoption of the going concern basis found the Accounting policies.

Going concern

After making appropriate enquiries, the Board considers that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason and the factors outlined in the financial review they continue to adopt the going concern basis in preparing the financial statements

Cash Management is robust with regular review and planning of investment deposits and potential returns. The Trust has a detailed monthly cashflow forecast which is used to monitor headroom and make decisions on whether or not the Trust is going to place funds on deposit. This allows appropriate monitoring of cash in the future to ensure adequate headroom is maintained.

The Trust has growth plans in relation to the new Early Years Building which is due to be completed in the next financial year to maintain and secure its long term financial viability through diversification and growth.

The Going Concern concept has been fully explored within the governors' report and Selby Educational Trust is confident that the Trust has the required resources.

Financial review

Most of the Academy income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Academies also receive grants for their major assets from the ESFA and via the Local Authorities. In accordance with the Charities Statement of Recommended Practice, 'Accounts and Report by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities (SOFA), as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. The financial results were as expected.

During the year ended 31 August 2018, total expenditure of £1,633k, (2017:£36k) was met by recurrent grant funding from the ESFA, other incoming resources and funding carried forward from the previous year. The surplus of income over expenditure for the year was £884k (2017: £36K deficit) with other recognised gains being £112k (2017: £Nil), totalling a net movement in funds of £996k (2017: £36K deficit). The Academy Trust understands that its biggest expense is staff costs and that this must be carefully monitored. The Academy Trust expects that staff costs should be less than 80% of income in order to remain efficient. In the year to 31st August 2018, staff costs were £1,247k being 69%.

An Early Years Building is being built on the Selby Community Primary School site, funded by North Yorkshire County Council. This will be completed in 2018/19 financial year and will be donated to the Academy Trust. This will widen the current provision offered accommodating pupil growth.

Net movement in funds is added to current reserves of £11k to provide overall cumulative reserves for the year ended 31 August 2018 of £1,007k.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT (Continued)

At 31 August 2018 the net book value of tangible assets was £1,199k (2017: £28K) and movements in Tangible Fixed Assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services for the pupils of the academies within the Trust.

The Academy Trust produces monthly management accounts which include budget to actual reports to monitor its on-going progress against target. For the year ended 31 August 2018, the financial results were as expected. During the year income totalled £2,517,368 was received (2017 - £181).

Expenditure in the year supported the key objectives of the Trust, with budgets being set in line with operational requirements that supported these. In the course of the year the academies have continued to refine the staffing structure required to deliver their objectives within the funding available.

Key Performance Indicators

The Academy Trusts' Medium Term Business Plan 2016-2018 includes several financial key indicators (KPIs). In summary, the main KPIs are:

1. The Academy Trust is compliant with statutory and ESFA audit requirements which have been achieved.
2. Annual accounts meet regulatory standards and accurately report and forecast financial positions of the Academy Trust.
3. Student forecasts are accurate. On average, the student numbers used in the July 2017 Medium Term Financial Plan were 2% greater than the actual numbers given in the October 2017 census.
4. Academy financial management meets probity and regularity standards whilst achieving value for money.

The KPIs are assessed and reviewed against a number of supporting objectives and measures of success. The 2018/19 KPIs will be considered and shared with Trustees during 2018/19.

Achievements Performance and key performance indicators

Progress figures would be:

Reading +1.76
Writing +1.32
Maths +1.64

Reading, writing and maths combined 76% vs a national 64%. Higher standard 8% vs a national 10%.

Disadvantaged
Reading +2.72
Writing +0.62
Maths +2.30

Key Stage 1
Reading, writing and maths combined = 80% vs national 75%.
Higher standard reading, writing and maths 35% vs 26%,

Phonics
87% vs national 83%

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

In the immediate future, the Trust will continue the process of growing our Academy Trust. Our objective is to develop a Multi-Academy Trust of local schools that aims to develop each child to increase their learning potential by helping them to succeed in each of their subjects; build their levels of motivation and confidence and raise their aspirations to progress to higher levels of study.

Selby Educational Trust was established to inspire and improve educational opportunities for all young people in our area.

We want each child to be safe and successful, continually striving for a better future, by gaining good grades in their exams and developing other artistic and sporting skills so they are empowered to choose which college, training and university courses to follow and eventually achieve a rewarding and fulfilling career.

Principal risks and uncertainties

Risk Management

Trustees recognise and support fully the need for informed and effective systems of financial review and risk management. In summary the key risks identifiable and include:

Educational standards

Health & safety/safeguarding

Governance and Leadership

Resources – Finance (including Value for Money) and Human Resources

Resource – Academy leadership and effective governance

The Trustees have introduced systems and internal financial controls in order to minimise risk. The Academy Trust has a Risk Register, which records and summarises the main large-scale offensive and systematic risks to the Trust with safeguarding being the underlying principle of assessment. This is reviewed and updated by the Trust Audit Committee and Trust Board. The Trustees have assessed the major risks to which the Trust is exposed

In order to effectively manage these risks the Trust's board of Trustees are accountable for overseeing the implementation of the Risk Management Policy and ensuring the management:

- establishes clear roles, responsibilities and reporting lines for risk management;
- provides a framework for recording and reviewing potential risks and associated actions;
- reinforces the importance of effective risk management by offering training, good practice, and other support

The Accounting Officer is responsible for embedding the risk management culture across the Trust that encourages the identification and management of risk.

The Trustees have assessed the major risks to which the Multi Academy Trust is exposed, in particular those relating to the operational areas of the Trust and its finances.

SELBY EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT (Continued)

Auditor

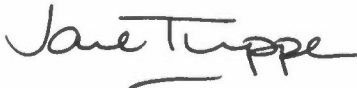
RSM UK Audit LLP has indicated its willingness to continue in office.

Disclosure of information to auditors

In so far as the Trustees are aware:

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

This Trustees' report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 12th December 2018 and signed on its behalf by:



J Tupper
Chair

SELBY EDUCATIONAL TRUST

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As Trustees, we acknowledge that we have overall responsibility for ensuring that Selby 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 CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Selby Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 five times during the year. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of a possible
I Clennan (staff trustee)	4	5
S Lewis	-	2
F Loftus	5	5
P S A Olbison	5	5
J Pick	2	3
S Slinger	3	3
A Stewart	4	5
J Tupper (chair)	4	5
J B Warburton	5	5
I C White	5	5

Strategic role

- Consider impact of changes in policy by government, DFE, ESFA and Ofsted and formulate the Academy Trust's responses to the policies.
- Formulate outline strategies, policies and plans for the Trust overall ie consider and agree strategic objectives
- Consider and approve which requests for academies to join the Trust should be agreed in outline and then receive and approve detailed business cases/due diligence information prior to formal agreement for new academies to join the Trust once reviewed by the Audit Committee agree major restructures of academies / groups of academies within the Trust to ensure the strategic impacts of these are fully considered prior to implementation
- Agree all matters in relation to the remuneration of Trustees and Officers that are not delegated to the Chief Executive by the Board /Scheme of Delegation
- Agree the communications and recruitment strategies for the Trust.

SELBY EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Governance Reviews

A review of Governance took place in the year and at the point of signing the financial statements concluded with a report to the Trust Board. The review recommended:

- The membership of the Governing body has been strengthened with 3 new Trustees joining as specialists in the areas of HR and Business to ensure that the Trust has the ability to accommodate further schools joining the Trust.
- The Trust is in the process of an annual skills audit of its governors to ensure we continue to identify and address any skills gaps. However, a LGB skills audit did take place in May 2018.
- The Trust has established an Audit Committee to support the SET Board in ensuring systems of control are robust
- The committees across the Trust have been reviewed and the Terms of References have been amended where necessary to allow a more focussed approach to Trust governance going forward
- The Trust has actively recruited onto the Board and reviewed the make-up and skills of the various sub-committees to improve Trust Governance going forward.

Finance role

- Consider/approve Trust/Academy annual budgets and three year plans making recommendations where necessary
- Consider/approve Trust/Academy capital funding
- Hold Academy Principals and Chairs of Governing Boards to account for financial planning and performance
- Recommend to the Trust, the adoption of a three-year business plan and annual budgets
- Review arrangements for securing value for money, solvency and safeguarding of assets
- Investigate, or commission investigations into variations in financial performance from budgeted targets
- Consider in details reports from the Chief Executive on issues related to assets, liabilities and capital.

Scrutiny role

- Maintain an overview of the Trust's performance management arrangements
- Review selected aspects (both policy development and operation) of the Trust's programmes of improvement
- Review selected aspects of the Trust's systems and organisational effectiveness
- Consider the progress in implementing the Trust's three year business plan against the measures of success
- Review progress on recommendations made.

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is as follows:

Overall

- Maintain an oversight of the Trust's governance, risk management, internal control and value for money (vfm) framework. It will report its findings annually to the board and the Chief Executive as a critical element of the Trust's annual reporting requirements.
- The Audit Committee has no executive powers or operational responsibilities/duties.

SELBY EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Internal Control

The Committee shall ensure that the internal control systems, including audit activities, of the Trust is monitored actively, independently and objectively in order to:

- Improve the effectiveness of the Trust's internal controls
- Reinforce the independence and effectiveness of the internal controls
- Provide a sounding board for Trust management on issues of concern in connection with the Trust's internal control systems
- Advise on the reliability of the Trust's information systems and processes
- Review Trust financial statements and budgets (Revenue and Capital)
- Advise the Trust Board on the appointment of external auditors and providers of key financial systems ie Bank and General Ledger
- Approve / consider procurement recommendations in line with Financial Regulations
- Underpin the objectivity and independence of the external auditors
- Increase stakeholder confidence in the objectivity and fairness of the Trust's financial reports and in the quality of the Trust's corporate governance
- To provide a medium of communication from the Trust's auditors to the Trust which is seen to be independent of Trust management
- To ensure that financial transactions are undertaken in accordance with the Trust's financial regulations.

Risk Management and Value for Money Framework

- To act as the Trust's Risk Management Group
- Report on value for money of the Trust on a regular basis taking into account relevant comparator review the timeliness of, and reports on, the effectiveness of corrective action taken by the Trust's management
- Review and approve the statements to be included in the annual report concerning internal controls and risk management, prior to consideration by the board
- Receive reports from external bodies for example the Education & Skills Funding Agency and National Audit Office, and consider any issues raised along with management responses and action plans
- Review the Trust's codes of conduct, ethics and related corporate responsibility policies and how these are communicated and monitored and
- To review staff pension arrangements

Whistleblowing

- Review the adequacy and security of the Trust's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Attendance at Audit Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
D Kellett	2	2
S Slinger	2	2
J B Warburton	2	2
In attendance		
F Loftus	2	2
P S A Olbison	2	2
T Searle	2	2

SELBY EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Review of value for money

As Accounting Officer, the CEO 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 Academy Trusts 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, the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value money during the year by:

- Utilising Selby College resources to procure items
- Aligning policies, procedures, systems and contracts wherever possible within the Academy Trust
- Continually reviewing staffing costs as a percentage of income.

During the period, the Trust has used its resources effectively to sponsor the first school in line with the terms set out by the Department of Education, ensuring value for money.

The purposes of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Selby Educational Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees review the key risks to which the Trust is exposed together with the operating, financial and compliance controls that will be 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 ended 31 August 2018 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 will be 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 will include:

- 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 of reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- clearly defined purchasing;
- 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 the costs would outweigh the benefits. However, the Trustees have utilised Selby College finance staff to carry out an internal audit role. Selby College finance staff carrying out these reviews are highly experienced with particular strengths in public finance. The role includes at arms' length advice on financial matters and performing a range of checks on the academy trust's financial systems. They report to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. There are no material control issues arising and no remedial action is required.

SELBY EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

The risk and control framework (continued)

Initial scrutiny has been undertaken in the areas of payroll, purchase ledger, sales ledger and bank reconciliations, with an evidence based report provided to the Audit Committee.

At the December 2018 meeting the internal audit role reported to the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

Review of effectiveness


The accounting officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:


- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers, who are the Trustees, within the Trust who have responsibility for the development and maintenance of the internal control framework.

Review of effectiveness

The Accounting Officer has been advised of the implications of the review of the system of internal control by the audit committee, and plan to address weaknesses and ensure continuous improvement of the system in place.

Approved by order of the Board of Trustees on 12th December 2018 and signed on its behalf by:


J Tupper
Chair


F Loftus
Accounting Officer

SELBY EDUCATIONAL TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Selby 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 received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



F Loftus
Accounting Officer

12th December 2018

SELBY EDUCATIONAL TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of Selby Educational Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic 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 Selby Educational Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

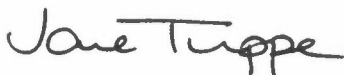
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the DfE/ESFA 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 12th December 2018 and signed on its behalf by:



J Tupper
Chair

SELBY EDUCATIONAL TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SELBY EDUCATIONAL TRUST

YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Selby Educational Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

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 charitable company's 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.

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the directors' report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements

SELBY EDUCATIONAL TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SELBY EDUCATIONAL TRUST (CONTINUED) YEAR ENDED 31 AUGUST 2018

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Richard Lewis (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date

13/12/2018

SELBY EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
		£	£	£	£	£
Income and endowments from:						
Donations and capital grants	3	-	-	7,936	7,936	-
Donations - School transferred in from local authority	3	277,781	(541,000)	1,258,515	995,296	-
Charitable activities:						
- Funding for educational operations	4	27,342	1,429,329	-	1,456,671	-
Other trading activities	5	56,811	-	-	56,811	-
Investment Income	6	590	-	-	590	181
Total		<u>362,524</u>	<u>888,329</u>	<u>1,266,451</u>	<u>2,517,304</u>	<u>181</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	<u>77,267</u>	<u>1,462,676</u>	<u>93,472</u>	<u>1,633,415</u>	<u>36,128</u>
Total		<u>77,267</u>	<u>1,462,676</u>	<u>93,472</u>	<u>1,633,415</u>	<u>36,128</u>
Net Income/(expenditure)		285,257	(574,347)	1,172,979	883,889	(35,947)
Transfer between funds		-	(26,074)	26,074	-	-
Other recognised gains/(losses)						
Remeasurement of net defined benefit obligations	23	<u>-</u>	<u>112,000</u>	<u>-</u>	<u>112,000</u>	<u>-</u>
Net movement in funds		285,257	(488,421)	1,199,053	995,889	(35,947)
Reconciliation of funds						
Total funds brought forward		<u>181</u>	<u>10,421</u>	<u>-</u>	<u>10,602</u>	<u>46,549</u>
Total funds carried forward		<u>285,438</u>	<u>(478,000)</u>	<u>1,199,053</u>	<u>1,006,491</u>	<u>10,602</u>

SELBY EDUCATIONAL TRUST

BALANCE SHEET YEAR ENDED 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible fixed assets	13		1,199,053		27,920
Current assets					
Debtors	14	93,009		2,287	
Cash at bank and in hand		332,766		4,544	
		425,775		6,831	
Current liabilities					
Creditors: amounts falling due within one year	15	(140,337)		(24,149)	
Net current assets/(liabilities)			285,438		(17,318)
Total assets less current liabilities, excluding pension liability			1,484,491		10,602
Defined benefit pension scheme liability			(478,000)		-
Total net assets			1,006,491		10,602
Funds of the Trust:					
Restricted fund	17				
- Restricted fixed asset funds			1,199,053		-
- Restricted general funds			-		10,421
- Pension reserve			(478,000)		-
Total restricted funds			721,053		10,421
Unrestricted income funds	17		285,438		181
Total funds			1,006,491		10,602

The financial statements set out on pages 20 to 40 were approved by the Board of Trustees and authorised for issue on 12th December 2018 and are signed on its behalf on its behalf by:



J Tupper
Chair



F Loftus
Accounting Officer

SELBY EDUCATIONAL TRUST

STATEMENT OF CASH FLOWS YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	55,941	(19,011)
Cash funds transferred on school joining		<u>277,781</u>	<u>-</u>
		333,722	(19,011)
Cash flows from investing activities			
Interest from investments		590	-
Purchase of tangible fixed assets		<u>(6,090)</u>	<u>(27,920)</u>
Net cash used in investing activities		(5,500)	(27,920)
Change in cash and cash equivalents in the reporting year		<u>328,222</u>	<u>(46,931)</u>
Cash and cash equivalents at beginning of the year		<u>4,544</u>	<u>51,475</u>
Cash and cash equivalents at end of the year		<u>332,766</u>	<u>4,544</u>

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

1. Accounting policies

General information

Selby Educational Trust is a charitable company limited by guarantee incorporated in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

A summary of the principal accounting policies adopted, judgements and key sources of estimation uncertainty, is set out below.

Basis of accounting

The financial statements of the Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Selby Educational Trust meets the definition of public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest whole £1.

School transfer

The net assets transferred from the maintained school, Selby Community Primary School to the academy trust have been valued at their fair values. The fair value has been derived based on that of equivalent items. The amount has been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer to the academy trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 23.

Going concern

The Trustees assess whether the use of going concern is appropriate ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect 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.

The Trust currently has funding in place to meet all current objectives. The Trust has obtained a funding agreement (and annual letter of funding for 2017/18 from the ESFA), which they believe will enable the Trust to meet its objectives. As such the Trustees believe the going concern basis is appropriate.

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

Grants (continued)

Capital grants are recognised when there is entitlement, when performance-related conditions have been met, and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

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.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

These are costs incurred on the Trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

Tangible fixed assets

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

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

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

- | | |
|-------------------------|------------------------------|
| • Long leasehold land | Over the term of the lease |
| • Leasehold buildings | 10 to 20 years straight line |
| • Fixtures and fittings | 4 years straight line |

Residual values include a review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed assets may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. There is no impairment recognised in the Statement of Financial Activities.

Subsequent expenditure is capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the Statement of Financial Activities as incurred.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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 as a financing cost in the period it arises in the statement of financial activities and is allocated to the appropriate expenditure heading.

Leased assets

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

Financial instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

Taxation

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

Short-term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme multi-employer scheme and the assets are held separately. 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 reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets are recognised as other comprehensive income.

Actuarial gains and losses are recognised immediately as other comprehensive income.

Fund accounting

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

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

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

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 are assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

North Yorkshire Pension Fund

The present value of the North Yorkshire Pension Fund 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 23, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimated, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

3. Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	7,936	7,936	-
School transferred in from local authority:				
Fixed assets	-	1,258,515	1,258,515	-
Donations	277,781	-	277,781	-
Net defined benefit liability	-	(541,000)	(541,000)	-
	<u>277,781</u>	<u>717,515</u>	<u>995,296</u>	<u>-</u>
	<u>277,781</u>	<u>725,451</u>	<u>1,003,232</u>	<u>-</u>

The income from donations and capital grants in 2017 was £Nil.

4. Funding for the Trust's education operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE/ESFA grants				
General annual grant (GAG)	-	1,042,527	1,042,527	-
Other DfE/ESFA grants	-	244,668	244,668	-
	<u>-</u>	<u>1,287,195</u>	<u>1,287,195</u>	<u>-</u>
	£	£	£	£
Other government grants				
Local authority grants	-	142,134	142,134	-
Other incoming resources	27,342	-	27,342	-
	<u>27,342</u>	<u>1,429,329</u>	<u>1,456,671</u>	<u>-</u>

The income from funding for educational operations was £1,456,671 (2017: £nil) of which £27,342 was unrestricted (2017: £nil), £1,429,329 was restricted (2017: £nil).

5. Other trading activities

Other trading income relates to income in respect of training, mentoring, inspection, trip income and other miscellaneous income.

6. Investment Income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Interest received	590	-	590	181
	<u>590</u>	<u>-</u>	<u>590</u>	<u>181</u>

The income from investment income was £590 (2017: 181) of which none was restricted.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

7. Expenditure

	Staff Costs	Non pay expenditure		Total 2018	Total 2017
		Premises	Other costs		
	£	£	£	£	£
Academy's educational operations:					
- Direct costs	1,199,215	78,913	10,315	1,288,443	-
- Allocated support costs	47,964	47,210	249,798	344,972	36,128
Total expenditure	<u>1,247,179</u>	<u>126,123</u>	<u>260,113</u>	<u>1,633,415</u>	<u>36,128</u>

	Total 2018 £	Total 2017 £
Net income/(expenditure) for the period includes:		
Depreciation	93,472	-
Net interest on defined benefit pension liability (note 22)	10,000	-
Fees payable to RSM UK Audit LLP and associates in respect of both audit and non audit services are as follows:		
- Audit services – statutory audit	8,000	3,600
- Other services	<u>6,375</u>	<u>-</u>

8. Charitable activities

	Total 2018 £	Total 2017 £
Direct costs	1,288,443	-
Support costs – education operations	<u>344,972</u>	<u>36,128</u>
	<u>1,633,415</u>	<u>36,128</u>

The expenditure on educational operations was £1,633,415 (2017: £36,128) of which £77,267 was unrestricted (2016: £nil), £1,462,676 was restricted (2016: £36,128) and £93,472 was restricted fixed assets (2016: £nil).

	Total 2018 £	Total 2017 £
Analysis of support costs		
Support staff costs	47,964	-
Depreciation	44,900	-
Premises costs	2,310	-
Technology costs	-	11,707
Other support costs	246,778	6,227
Governance costs	<u>2,840</u>	<u>18,194</u>
	<u>344,792</u>	<u>36,128</u>

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

9. Staff costs

	Total 2018 £	Total 2017 £
Wages and salaries	958,673	-
Social security costs	77,057	-
Pension costs	202,485	-
Staff development and other staff costs	8,964	3,977
Total staff costs	1,247,179	3,977

Staff numbers

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

Educational operations	Total 2018	Total 2017
Teachers	37	-
Administration and support	8	-
Management	5	-
	50	-

Higher paid staff

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

Educational operations	Total 2018	Total 2017
£60,001 - £70,000	1	-

Key management personnel

The key management personnel of the Trust comprise the Trustees as listed senior management team on page 1. The total employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was nil. One Trustee received payment for professional or other services to the Trust (Note 10).

10. Trustee remuneration and expenses

During the year one trustee was paid remuneration or received other benefits from employment with the Academy Trust. The principal only received remuneration in respect of services provided undertaking the role of principal under his contract of employment and not in respect of services as trustee.

I Clennan, the Principal, received remuneration of £50,739 in 2018 (2017: £nil) and pension contributions paid by the Academy Trust in the year of £8,362 (2017: £nil).

Professional services were supplied by one Trustee at a value of £3,200 (2017: £1,600). Rev F Loftus provided the services of chief executive. Amounts outstanding at 31 August 2018 totalled £nil (2017: £1,600).

In entering the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2017.

During the year ended 31 August 2017 no trustees (2017: 6) claimed expenses or had their expenses met by the Academy Trust. The expenses incurred were in respect of travel and subsistence and an amount of £nil (2017: £1,000) was reimbursed or paid by the Academy Trust.

11. Trustees' and officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2018 was £5,022 (2017: £660). The cost of this insurance is included in the total insurance costs.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

12. Taxation

The Trust is exempt from tax or income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extents that these are applied to its charitable objectives.

13. Tangible Fixed Assets

	Leasehold Land and Buildings £	Fixtures and fittings £	Total £
Cost			
At 1 September 2017	-	27,920	27,920
Transfer on school joining (note 23)	1,145,000	113,515	1,258,515
Additions	-	6,090	6,090
At 31 August 2018	1,145,000	147,525	1,292,525
Depreciation			
At 1 September 2017	-	-	-
Charged in year	47,210	46,262	93,472
At 31 August 2018	47,210	46,262	93,472
Carrying amount			
At 31 August 2017	-	27,920	27,920
At 31 August 2018	1,097,790	101,263	1,199,053

The Trust's transactions relating to land and buildings included the taking up of a leasehold on land and buildings at Selby Community Primary School over a term of 125 years.

Where the land and buildings at Selby Educational Trust are operated from is owned by the local authority, the occupancy is made available to use under the terms of supplemental agreements. The substance of these arrangements is such that Selby Educational Trust is able to obtain future economic benefit from use of the assets. The land and buildings are therefore recognised in the balance sheet at fair value at the time of conversion.

Description	Effective date	Value of land £	Value of buildings £	Carrying value if held under the cost model £
Selby Community Primary School	1 September 2015	245,000	900,000	-

Selby Community Primary School was independently valued by Sanderson Weatherall using the depreciated replacement cost method.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

14. Debtors

	2018 £	2017 £
Trade debtors	4,110	-
Other debtors	50,433	-
Prepayments and accrued income	38,466	2,287
	<u>93,009</u>	<u>2,287</u>

15. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	4,292	-
Other taxation & social security	25,659	-
Other creditors	51,303	18,440
Accruals and deferred income	59,083	5,709
	<u>140,337</u>	<u>24,149</u>

16. Financial instruments

	2018 £	2017 £
<i>Financial assets</i>		
Debt instruments measured at amortised cost	<u>38,082</u>	<u>-</u>
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost	<u>114,678</u>	<u>24,149</u>

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

17. Funds

	Balance at 1 September 2017	Income £	Expenditure £	Gains, losses and transfers £	Total to 31 August 2018 £
Restricted general funds					-
- General Annual Grant (GAG)	-	1,042,527	(1,016,453)	(26,074)	-
- Start up grants	10,421	-	(10,421)	-	-
- Other DfE/ESFA grants	-	244,668	(244,668)	-	-
- Other government grants	-	142,134	(142,134)	-	-
- Pension reserve	-	(541,000)	(49,000)	112,000	(478,000)
	<u>10,421</u>	<u>888,329</u>	<u>(1,462,676)</u>	<u>85,926</u>	<u>(478,000)</u>
Restricted fixed asset funds					
Donations and capital grants	-	7,936	-	-	7,936
Transfer from Local Authority	-	1,258,515	(93,472)	-	1,165,043
Capital expenditure from GAG	-	-	-	26,074	26,074
	<u>-</u>	<u>1,266,451</u>	<u>(93,472)</u>	<u>26,074</u>	<u>1,199,053</u>
Total restricted funds	<u>10,421</u>	<u>2,154,780</u>	<u>(1,556,148)</u>	<u>112,000</u>	<u>721,053</u>
Unrestricted funds	<u>181</u>	<u>362,524</u>	<u>(77,267)</u>	<u>-</u>	<u>285,438</u>
Total funds	<u>10,602</u>	<u>2,517,304</u>	<u>(1,633,415)</u>	<u>112,000</u>	<u>1,006,491</u>
Funds prior year					
	Balance at 1 September 2016	Income £	Expenditure £	Gains, losses and transfers £	Total to 31 August 2017 £
Restricted general funds					
- Start up grants	46,549	-	(36,128)	-	10,421
	<u>46,549</u>	<u>-</u>	<u>(36,128)</u>	<u>-</u>	<u>10,421</u>
Total restricted funds	<u>46,549</u>	<u>-</u>	<u>(36,128)</u>	<u>-</u>	<u>10,421</u>
Unrestricted funds	<u>-</u>	<u>181</u>	<u>-</u>	<u>-</u>	<u>181</u>
Total funds	<u>46,549</u>	<u>181</u>	<u>(36,128)</u>	<u>-</u>	<u>10,602</u>

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

17 Funds (continued)

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

(i) GAG balance carried forward is to be used for recurrent expenditure in the forthcoming period. Under the trust's Funding Agreement with the Secretary of State the Academy Trust was not subject to a limit GAG which could be carried forward at 31 August 2018.

(ii) Restricted Fixed Asset Funds relate to income received from the DfE, other government grants and transfers from GAG income. The funds balance includes donated capital, being school land and buildings and fixtures and fittings. The depreciation relating to the assets procured is charged against these funds over the life of the assets.

(iii) Unrestricted Funds relate to self-generated funds from the school within the Academy Trust and from self-generated income by the Academy Trust.

(iv) The Pension Reserve is in deficit to the value of £478,000 at the year end which is covered by unrestricted funds and restricted fixed asset funds.

A total of £26,074 has been transferred from Restricted General Fund to Restricted Fixed Asset Funds in respect of capital expenditure incurred in excess of capital grants received.

18. Analysis of net assets between funds

	Unrestricted funds	Restricted general funds	Restricted fixed assets funds	Total funds
	£	£	£	£
Tangible fixed assets	-	-	1,199,053	1,199,053
Current assets	285,438	140,337	-	425,775
Current liabilities	-	(140,337)	-	(140,337)
Pension scheme liability	-	(478,000)	-	(478,000)
Total net assets at 31 August 2018	285,438	(478,000)	1,199,053	1,006,491

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

18. Analysis of net assets between funds (continued)

Prior year

	Unrestricted funds	Restricted general funds	Restricted fixed assets funds	Total funds
	£	£	£	£
Tangible fixed assets	-	27,920	-	27,920
Current assets	181	6,650	-	6,831
Current liabilities	-	(24,149)	-	(24,149)
Total net assets at 31 August 2017	181	10,421	-	10,602

19. Reconciliation of net income to net cash flows from operating activities

	2018 £	2017 £
Net income/(expenditure) for the reporting period	883,889	(35,947)
Net gain on transfer of school joining	(995,296)	-
Interest receivable	(590)	-
Deferred benefit pension scheme cost less contributions payable	39,000	-
Defined benefit scheme finance cost	10,000	-
Depreciation on tangible fixed assets	93,472	-
Adjusted for:		
Increase in debtors	(90,722)	(2,013)
Increase in creditors	116,188	18,949
Net cash provided by operating activities	55,941	(19,011)

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

20. Members liability

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

21. Related party transactions

Related party transactions took place with Selby College (a member of the Trust) during the year. The Trust purchased a finance system at cost from Selby College in 2017 for £27,920. The balance outstanding to Selby College at the year end was £18,440 (2017: £18,440). The Trust also paid a licence fee in relation to the finance system to Selby College for £nil (2017: £352).

Other transactions with Selby College include a recharge of services to the Trust of £10,440 (2017: £3,977).

The only other related party transactions during the year was the Trustees' remuneration and expenses which has already disclosed in note 10.

In entering the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2017.

22. Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire County Council. Both are multi-employer defined benefit schemes.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the transfer of a maintained school who were already members of the scheme and new employees who were eligible to and did join the Scheme whose cumulative retirement benefit was transferred to the Academy Trust in the year. The obligation in respect of employees who transferred represents their cumulative service to the date of transfer.

During the year Selby Community Primary School transferred in to the academy trust. The obligation in respect of employees who transferred with Selby Community Primary School to the academy trust representing their cumulative service to the predecessor employer was recognised in the Statement of Financial Activities as part of the gain on transfer as set out in note 23.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year 2017. Contributions amounting to £26,381 were payable to the schemes at 31 August 2018 (2017: £nil) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. 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.

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.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018 (CONTINUED)

22. Pension and similar obligations (continued)

Valuation of the Teacher's Pension Scheme (continued)

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 in 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 of £191,500 million, and notional assets (estimated future contributions together with the proceeds for 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 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 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 £98K (2017: £nil).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £85K (2017 - £nil), of which employer's contributions totalled £66K (2017 - £nil) and employees' contributions totalled £19K (2017 - £nil). The agreed contribution rates for future years are 19.9% per cent for employers and the range of 5.5% to 6.5% per cent for employees.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Deficit level for Selby Community Primary School

There will also be a monthly amount to be paid in respect of the deficit contribution. The deficit contribution amounts are as follows:

- 1 September 2017 - 31 March 2018 £1,300 (£185.71 per month)
- 1 April 2018 - 31 March 2019 £2,400 (£200 per month)
- 1 March 2019 - 31 March 2020 £2,500 (£208.34 per month)

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.

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

22. Pension and similar obligations (continued) Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018	2017
	%	%
Rate of increase in salaries	3.25	-
Rate of increase for pensions in payment/inflation	2.0	-
Discount rate for scheme liabilities	2.8	-
Inflation assumption (CPI)	2.0	-
Commutation of pensions to lump sums	-	-

The assumed life expectations on retirement age are 65:

	2018 Years	2017 Years
Retiring today		
Males	22.9	-
Females	26.4	-
Retiring in 20 years		
Male	25.1	-
Female	28.7	-

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

	2018 £000	2017 £000
Equity instruments	691	-
Debt instruments	184	-
Property	90	-
Cash	3	-
Other	170	-
Total fair value of assets	1,138	-

The actual return on scheme assets was £177K (2017 - £Nil).

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost	(105)	-
Net interest cost	(10)	-
Total operating charge	(115)	-

Changes in the present value of defined benefit obligations:

	2018 £000	2017 £000
At 1 September	-	-
Transfer from Local Authority	1,502	-
Current service cost	105	-
Interest cost	30	-
Employee contributions	19	-
Actuarial gain	(38)	-
Benefit paid	(2)	-
At 31 August	1,616	-

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

22. Pension and similar obligations (continued)

Changes in fair value of academy's share of scheme assets:

	2018 £000	2017 £000
At 1 September	-	-
Transfer from Local Authority	961	-
Interest income	20	-
Return on plan assets (excluding net interest on the net defined pension liability)	74	-
Employer contributions	66	-
Employee contributions	19	-
Benefit paid	(2)	-
At 31 August	1,138	-

23 School transferred into the academy trust

On 1 December, 2017 the Selby Community Primary School transferred from the local authority and all the operations and assets and liabilities were transferred to Selby Educational Trust from the North Yorkshire Local Authority for £nil consideration.

The substance of the transfer is that of a gift and it has been accounted for on that basis. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net gain in the Statement of Financial Activities

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

	Total £	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Funds £
Tangible fixed assets:				
Leasehold land and buildings	1,145,000	-	-	1,145,000
Fixtures and fittings	113,515	-	-	113,515
School funds				
School budget surplus from North Yorkshire Local Authority	277,781	277,781	-	-
LGPS pension deficit	(541,000)	-	(541,000)	-
Net assets	995,296	277,781	(541,000)	1,258,515

SELBY EDUCATIONAL TRUST

NOTES FOR THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 AUGUST 2018

23 School transferred into the academy trust (continued)

The total income and endowments included within the unrestricted donations and net income/expenditure comprise total income of £50,432 included within the DfE grants and net income/expenditure of £277,781 contributed by Selby Community Primary School between the date of the transfer and the 31 August 2018.

Leasehold Land & Buildings were transferred from the Local Authority on 1 December 2017. A valuation was undertaken by Sanderson Weatherhall with a resulting total value of £1,145,000. This consists of the following elements:-

Land £245,000

Main Building £895,000 with an economic life of 20 years

Separate Storage Buildings £5,000 with an economic life of 10 years

The tenure is Long Leasehold held under a standard lease for a term of 125 years from 1 December 2017 at a fixed peppercorn rental. The lease includes the usual restrictions on alienation and as normal the lease is broken on termination of the Funding Agreement. Site specific amendments on the lease template exist to allow the Council as Landlord to use the various additional portakabins on the site and share the car park subject to contributing to maintenance.

Other Fixed Assets with a net book value as at the 1 December 2017 of £113,515 were also transferred.

The LGPS pension deficit had a value of £541,000 at the date of transfer of 1 December 2017 and £478,000 deficit as at 31st August 2018.

24 Central services

The Academy Trust has provided the following central services to its academy during the year:

- Chief Executive Officer;
- Financial Management;
- Audit Services;
- Provision of Insurance;
- Local Authority pooled budget charges;
- Local Authority SSA charges for HR, Payroll and other central services;
- Legal and consultancy costs re Academy Conversion.

The Academy Trust charges for the services provided at a flat 3% of General Annual Grant income received.

The amount charged in the year was £31,276.

SELBY EDUCATIONAL TRUST

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 30 October 2017 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Selby Educational Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Selby Educational Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Selby Educational Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Selby Educational Trust's funding agreement with the Secretary of State for Education dated 26 February 2016 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Selby Educational Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

SELBY EDUCATIONAL TRUST

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

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Selby Educational Trust and the ESFA in accordance with the terms of our engagement letter dated 30 October 2017. Our work has been undertaken so that we might state to the Selby 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 Selby Educational Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
HULL
HU1 2BN

Date

13/12/2018