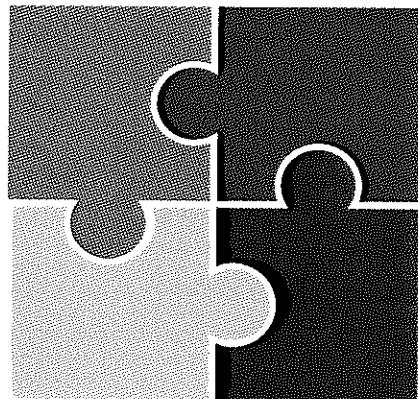


**SAPIENTIA EDUCATION TRUST
(A Company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017



SAPIENTIA
EDUCATION TRUST

*Company Registration Number:
07466353 (England and Wales)*

SAPIENTIA EDUCATION TRUST

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SAPIENTIA EDUCATION TRUST

Reference and Administrative Details

Members

Mr P Rout
Mrs D Ralphs
The Viscountess S Knollys

Directors (Trustees):

Mr P Rout (Chairman) #
Mr P Norton (Vice Chairman)
Mr J Taylor (SET CEO/Principal Wymondham College and Accounting Officer) #
Mr I Baker #
Mr N Cushion # (Resigned July 2017)
Mr F Davey
Ms S Dinneen
Mr R Hill
Mr A Underwood OBE
Ms L Wayman
Mr R Moorhouse MBE (SET DCEO) (Resigned Dec 2016)
= member of Audit and Risk Committee

SET Leadership Team

**Chief Executive Officer /
Principal Wymondham College** Mr J Taylor

**Deputy Chief Executive Officer /
Company Secretary /
Bursar Wymondham College** Mr R Moorhouse MBE

Director of MAT Growth and Development Miss K Bray

SAPIENTIA EDUCATION TRUST

Reference and Administrative Details (continued)

Company Name Sapientia Education Trust

Principal and Registered Office
Wymondham College
Golf Links Road
Wymondham
Norfolk
NR18 9SZ

Company Registration Number 07466353 (England and Wales)

Independent Auditor
Lovewell Blake LLP
Chartered Accountants and Statutory Auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Bankers
NatWest Bank plc
5 Market Place
Wymondham
Norfolk
NR18 0AG

Solicitors
NP Law Limited
7 St. Andrews Street
Blackburn
Lancashire
BB1 8AE

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates the following schools:

Wymondham College (became an Academy on 1 February 2011)
Old Buckenham Primary School (joined the Trust on 1 September 2016)
Seething and Mundham Primary School (joined the Trust on 1 April 2017)
Burston Primary School (joined the Trust on 1 June 2017)
Tivetshall Primary School (joined the Trust on 1 June 2017)

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association dated 1 February 2011 are the primary governing documents of the Trust. A deed of variation of the funding agreement was issued on 1 March 2016. The Trustees of Sapientia Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sapientia Education Trust.

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, every Trustee or other officer or auditor 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 them by the court from liability for negligence, default breach of duty or breach of trust in relation to affairs of the Trust.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Structure, Governance and Management (continued)

Method of Recruitment and Appointment or Election of Trustees

The number of Trustees shall be not less than three but shall not be subject to any maximum. The term of office for any Trustee shall be four years; this time limit shall not apply to the CEO/Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected.

The members shall appoint Trustees save that no more than one individual appointed as a Trustee shall be an employee of the Trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Trustees, on appointment, receive a briefing from the Clerk to the Trustees and a set list of supporting documentation. The Trust arranges its own Trustee training and training for Governors who serve at Local Governing Body level.

Organisational Structure

The Trust's organisational structure consists of four levels: the Members, Board of Trustees, the Local Governing Body and the Executive at each school. The Executive are the Principal/Headteacher and Senior Leadership Team. Below the Senior Leadership Team there may be other groups according to the requirements of each individual school e.g. at Wymondham College there are Heads of House and Heads of Department meetings.

The Board of Trustees has the following sub - committees:

Finance and Infrastructure which oversees all financial and infrastructure issues for the Trust and reports to the Board of Trustees.

Audit and Risk Committee which oversees audit and risk matters for the Trust and reports to the Board of Trustees.

Human Resources and Remuneration which oversees human resources and remuneration matters for the Trust and reports to the Board of Trustees.

Standards which oversees educational standards and boarding matters for the Trust and reports to the Board of Trustees.

The sub-committees receive consolidated reports capturing the relevant information from each MAT school in a common format to allow the sub-committee members to assess performance data across all MAT schools. The sub-committees then report to the MAT Board.

The Trustees have approved a scheme of financial delegation that allows budgetary responsibility to be delegated, through the Principal, to the lowest effective level.

The Local Governing Body is responsible for setting specific school policy, maintenance of standards approving and monitoring performance and delivery against the strategic plan. To do this effectively, the Local Governing Body meets at least twice per term. The Local Governing Body reports are collated by the MAT central team and are reported to the relevant Board sub-committee.

The Principal/Headteacher at each school is responsible, along with their Senior Leadership team for implementing the policies approved by the Trust Board and the Local Governing Body.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Structure, Governance and Management (continued)

Arrangements for setting pay and remuneration of key management personnel

The pay levels of senior staff at all MAT schools are reviewed annually, reported to and approved by the Board of Trustees. Any decisions about pay rises are based on a combination of national pay agreements, performance and inflation.

Related Parties and other Connected Charities and Organisations

Wymondham College Enterprises Limited is a fully owned subsidiary company of Wymondham College Academy Trust. The company's principal activity is the running of the breakfast and after-school clubs. For the year ended 31 August 2017 the subsidiary company returned a net loss before taxation of £511. The subsidiary company is not consolidated within these accounts on the grounds of materiality.

Objectives and Activities

Objects and Aims

The principle object and activity of the Trust is to advance for public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education. It ensures that all MAT schools provide a balanced and broad curriculum and meet the requirements of the Schools Admissions Code in drawing up their own Admissions Policy.

Objectives, Strategies and Activities

The main objectives of the Trust for the year ended 31 August 2017 are summarised as follows:

- to provide a high quality and well-rounded education for all students;
- to provide value for money for the funds expended;
- to ensure that the MAT schools are suitably staffed;
- to comply with all statutory and curriculum requirements;
- to develop and maintain links with local industry and the wider community in Norfolk including working with other educational establishments; and
- to conduct the MAT's business in accordance with the highest standards of integrity, probity and openness.

The Trust Vision is:

"To provide a world class education locally, enabling every pupil to reach their full potential."

Strategic intent:

- to deliver an education that is holistic and broad ranging, of high quality in and beyond the classroom
- to ensure opportunities to achieve are available for all
- to harness and develop the talents that exist in the MAT
- to meet the professional needs of staff, sharing best practice, with a strong commitment to personal development

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Objectives and Activities (continued)

Objectives, Strategies and Activities (continued)

In meeting this intent the Trust will be:

- Responsive to schools as they join the MAT, valuing the unique qualities/individualism of each MAT school, whilst recognising the need for all schools to deliver the strategic intents of the Trust.
- Run on sound and ethical business principles, offering a structure whereby resources and expertise can be focused across all of the schools, keeping down back office costs and driving up standards.

The Trust plan is reviewed and evaluated annually by Trustees. Where appropriate the plan is amended and will be in place for the start of the 2017-18 financial year. A summary of the achievements during the course of the year up until 31 August 2017 is outlined in achievements and performance below.

Public Benefit

The key public benefit delivered by the Trust is the maintenance and delivery of high quality day and boarding education to the children of Norfolk and others.

The Trustees confirm that they have had due regard to the Charity Commission's guidance on public benefit.

Strategic Report

Achievements and Performance

In the year leading up to 31 August 2017 the following were achieved:

- Old Buckenham Primary School Joined the Trust on 1 September 2016;
- Seething and Mundham Primary School joined the Trust on 1 April 2016;
- Burston Primary School joined the Trust on 1 June 2017;
- Tivetshall Primary School joined the Trust on 1 June 2017;
- Stradbrooke High School Governing Body resolved to join the Trust in FY 2017-18;
- Great Hockham Primary and Nursery School Governing Body resolved to join the Trust in FY 2017-18;
- Rockland St Mary Community Primary School was due to join the Trust on 1 September 2017;
- Surlingham Community Primary School was due to join the Trust on 1 September 2017;
- A new SET Central team was established to provide back-office services and support to all the schools within the MAT;
- A new Finance Manager was appointed to work in support of SET schools; and
- A new Director of Primary Improvement was recruited to work across primary schools within the Trust from 1 September 2017.

At Wymondham College:

- at A level, the overall pass rate (A-E) was 99% with 64% of students achieving passes at Grade A*/B; Value added data indicates progress is 'significantly above' national levels.
- at GCSE, 32.5% achieved passes at A*/A. There were 83% of students who achieved the 4+ 'basics' measure and 64% the 5+ measure,

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Achievements and Performance (continued)

- attainment 8 was 55.8 and progress 8 +.34 (above average nationally)
- 39 of students achieved the EBACC qualification;
- the College secured an 'Outstanding' grading in the Ofsted Boarding Inspection in February 2017;
- the Board appointed a new Head of School with effect from 1 September 2017 to allow the Principal to move posts to become the Executive Principal and MAT CEO;
- the College secured Condition Improvement Funding of £2.4M to provide a new Maths classroom teaching block to replace the current Student Services Building by September 2019;
- the College continued the programme of boarding house refurbishment including the provision of a staff flat accommodation extension in Kett Hall and complete internal refurbishment in Cavell Hall;
- the integration of a HR management system that will be rolled out across the Trust for other schools to be able to use;
- new access barriers were installed at the College to improve staff, student and visitor safety; and
- the Board secured approval to build a new Primary Free School.

At Old Buckenham Primary School:

- attainment improved at KS2 with 55% securing the combined measure
- progress levels at KS2 were above 'floor,' though negative in all three areas
- KS1 measures remain below national levels, though well above in terms of depth for the more able.
- the school successfully secured Condition Improvement Funding to replace the boiler system;
- a new upgraded Fire Alarm system was installed throughout the school;
- several areas of the school were repainted and a new access ramp to the Hall provided;
- the grounds maintenance responsibilities were successfully taken on by the Trust Estates Grounds Team.

At Seething and Mundham Primary School:

- KS2 outcomes were above national, with 67% achieving the combined score.
- progress measures were strong in Reading and writing. Maths was less secure
- KS1 data is in line with national
- extensive internal re-decoration was completed at the school;
- the Forest Schools area was successfully relocated to inside the school grounds.

At Burston Primary School:

- very small numbers are not statistically significantly at both KS1 and KS2
- internal areas of the school have been re-decorated
- internal QA indicates the school is continuing to improve.

At Tivetshall Primary School:

- very small numbers are not statistically significantly at both KS1 and KS2
- internal QA indicates the school remains 'good.'

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Key Performance Indicators

The Trust met its aims and objectives from the income received for the period. The effective management of cash flow and scheduling of capital expenditure meant that the Trust's cash balances were never exceeded by commitments. In particular:

- Wymondham College met the target carry-forward figure approved by the Board in 2016;
- Old Buckenham Primary School met and exceeded the target carry-forward figure approved by the Board in 2016;
- the planned programme of capital expenditure at Wymondham College and Old Buckenham primary Schools was delivered;
- the planned programme of expenditure contained within the Rate of Return plan for boarding accommodation improvements at Wymondham College was delivered;
- the planned major project work to deliver enhanced and safer parking provision at Wymondham College through the installation of new barriers was delivered on time and within budget;
- the Trust successfully secured Condition Improvement Funding at Wymondham College and Old Buckenham to replace worn-out and outdated facilities and improve conditions and services for pupils and staff.

Examination results are covered in the Achievements and Performance section of this report.

Going Concern

After making appropriate enquiries, the Sapientia Education Trust Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Most of the Trust's income is obtained either from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes, or fee income for the provision of boarding. The grants received from ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2017, the Trust received income of £7,551,764 (2016: £6,117,363) in respect of General Annual Grant and other Government funding, £314,286 (2016: £38,385) in the form of ESFA capital grants, £6,954,341 (2016: £6,793,585) fee income, transfers from the local authority on conversion of £4,924,465 (2016: £nil), £76,258 teaching schools income and £295,988 (2016: £395,738) other income, giving total income of £20,117,102 (2016: £13,345,071) for the period. Expenditure for the period amounted to £16,348,951 (2016: £14,040,936).

The Trust receives grants for fixed assets from ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charge over the expected useful life of the assets concerned.

At 31 August 2017 the net book value of fixed assets was £34,692,047 (2016: £30,023,711) and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Financial Review (continued)

Reserves Policy

The Trustees have reviewed reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants to allow for unexpected situations such as urgent maintenance work.

The College held fund balances at 31 August 2017 of £30,655,853 (2016: £23,890,702) comprising a deficit of £5,073,410 (2016: £6,697,972) of restricted funds, surplus of £34,934,850 (2016: £29,962,604) of restricted fixed assets and surplus of £794,413 (2016: £626,070) of unrestricted general funds. The deficit in restricted funds has arisen primarily as a result of the deficit on the local government pension fund of £5,497,000 (2016: £7,057,000). Any increase in pension contributions suggested by the Scheme Actuary should be able to be met from the Trust's budgeted annual income.

As at 31 August 2017 the Trust had free reserves of £661,551 (2016: £480,344), in addition to this the Trust had GAG funding carried forward in restricted funds of £322,031 (2016: £269,028).

Investment Policy

With the exception of cash held for operation of the Trust, the Trust has no realisable investments as at 31 August 2017. The Trust seeks to maximise returns from its investments, minimise risk and maintain flexibility and access to funds. The level of investment will depend on resources available at the time the investment is considered and will take into account the current financial situation as well as consideration of the finances during the period the investment is being considered for. Equally the Audit and Risk Committee will take a view on prevailing national economic circumstances and the credit ratings of those who are offering investment opportunities. Finally, the period of the investment will be judged on the rates available and other Trust priorities at the time.

Principal Risks and Uncertainties

The Trustees have identified and reviewed the major risks to which the Trust is exposed, and have established systems and procedures to manage these risks.

The Audit and Risk Committee have identified the top four risks faced by Sapientia Education Trust as:

- the Trust grows too quickly or grows too slowly;
- key personnel are not adequately supported through capacity planning;
- the Board of Trustees has insufficient capacity to oversee the growing number of Trust schools; and
- communication across all levels of Trust governance is inadequate to meet the requirements of the Trust Board.

The Audit and Risk Committee have identified the top five risks faced by Wymondham College as:

- insufficient demand for boarding places;
- over-reliance on one form of income;
- risk that legislative requirements are not known or complied with;
- College receives unfavourable OfSTED report; and
- data protection risk and the implementation of the GDPR.

The Audit and Risk Committee have not had opportunity to identify the top five risks at other Trust schools in this FY but they will be identified in FY 2017-18. All identified risks are monitored and discussed at meetings of the Audit and Risk Committee.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Principal Risks and Uncertainties (continued)

Financial and Risk Management Objectives and Policies

The Trustees have responsibility to assess the strategic risks to which the Trust is exposed and have completed a risk management register to ensure that steps are taken to mitigate risks.

This is done through the sub-committees and includes educational risks such as the Trust not achieving the planned educational outcomes and maintenance and improvement on previous examination results, whole or partial building loss, financial and operational risks, including budget risks and health and safety reviews and safeguarding students. In this way steps are taken to mitigate risk. Some significant risks such as public and employee liability are covered by the Trust's insurance policy. The Risk Register is managed through the Trustees' Audit and Risk Committee.

The Trustees are implementing a number of systems to assess risks that the Trust faces, especially in the strategic risks areas and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. The Trust has an effective system of internal financial controls and this is explained in more detail in this report.

Plans for Future Periods

For the coming financial year, the Trust plans to implement the following key objectives:

Sapientia Education Trust:

- establish Rockland St Mary Community Primary School, Surlingham Community Primary School, and Great Hockham Primary and Nursery School within the Trust;
- further develop the plans for the primary Free School;
- increase the number of Trustees on the Trustee Board commensurate with the growth of the MAT;
- further develop capacity within the MAT central team commensurate with the growth of the MAT;
- strengthen the Board Committee structure bridging the gap between the Local Governing Bodies and the Trustee Board;
- review the internal audit processes and the role of the Responsible Officer; and
- commission an external review of governance structures at the end of this academic year.

Wymondham College:

- establish the new Head of School role at the College;
- further revise the House System development plan in light of revised Ofsted boarding inspection criteria;
- further improve achievement levels at KS3, KS4 and sixth form;
- further improve the quality of teaching and learning across the College;
- drive improvement in the quality of intervention across the College at all levels;
- deliver the wellbeing strategic plan;
- further enhance 'Wymondham life' extra-curricular offer;
- enhance and improve continual professional development opportunities at all levels across the College;
- continue to improve the boarding house facilities through implementation of the rate of return funding;
- start the work to provide the new Maths teaching accommodation; and
- continue to develop enrichment opportunities at the College.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Plans for Future Periods (continued)

Old Buckenham Primary School:

- embed the new Executive Head role at the School
- transfer the Old Buckenham Pre-School group into the school structures
- develop the quality and impact of middle leadership
- improve progress levels at KS2

Seething and Mundham Primary School:

- develop the quality and impact of middle leadership
- improve Maths progress levels
- build sustainability in terms of student numbers

Burston Primary School:

- develop the quality and impact of leadership at school level
- build sustainability in terms of student numbers

Tivetshall Primary School:

- develop the quality and impact of middle leadership
- ensure all students progress levels are appropriate
- build sustainability in terms of student numbers

Rockland St Mary Community Primary School:

- embed the new Executive Head role at the school
- develop the quality and impact of middle leadership
- ensure staffing stability and high quality recruitment

Surlingham Community Primary School:

- embed the new Executive Head role at the school
- develop the quality and impact of middle leadership
- build sustainability in terms of student numbers

Great Hockham Primary and Nursery School:

- develop the quality and impact of middle leadership
- improve Maths progress levels
- build sustainability in terms of student numbers

Equal Opportunities Policy

Sapientia Education Trust recognises its commitment to students, staff, parents/carers and Trustees/Governors and to the wider community based on the principle of promotion of self-respect and respect for others. As such we believe that discrimination is unacceptable and our equal opportunities policy seeks to foster all individuals' abilities. In meeting the duties, all our actions will embody our Trust's key principles and values which include:

- we encourage young people to develop into good citizens to aim for excellence in all they attempt, to communicate effectively, work well in teams and to enjoy life;
- we strive to make the best possible provision for all students, staff, governors and those connected with the Trust regardless of disability, ethnicity, culture, religious belief, national origin or status, gender or sexual orientation;

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Equal Opportunities Policy (continued)

- we respect diversity. We know that treating everyone equally is not simply a matter of treating everyone the same. We adopt the Norfolk Inclusion Statement's view that inclusion is 'The process of taking necessary steps to ensure that every young person is given an equality of opportunity to develop socially, to learn and enjoy community life'. This means we do our best to make reasonable adjustments for disability, recognise and celebrate cultural differences and understand the different needs and experiences of boys and girls;
- we know that equality is not simply about protecting the potentially vulnerable. We believe that all students may be disadvantaged by the holding of prejudicial views, and seek to promote good relationships between all groups, and positive attitudes towards disabled people, people from different ethnic or cultural groups or faith backgrounds and people of different gender or sexual orientation;
- we value our staff for their ability and potential to help us make the best possible provision for the students in the Trust regardless of disability, ethnicity, culture, religious belief, national origin, gender or sexual orientation;
- we are proactive in our efforts to identify and minimise existing barriers or inequalities;
- we seek the views of all groups affected by the policies and work of our Trust and involve them in policy review where appropriate; and
- we recognise our role in promoting community cohesion and actively encourage the participation in public life of all in the Trust.

Disabled Persons

Sapientia Education Trust recognises its responsibilities under the Disability Discrimination Act. The general duty to promote disability equality is owed to all disabled people which means that we have due regard to:

- promote equality of opportunity between disabled people and other people;
- eliminate unlawful discrimination;
- eliminate disability related harassment;
- promote positive attitudes towards disabled people;
- encourage participation by disabled people in public life; and
- take steps to take account of disabled people's disabilities, even where that involves treating disabled people more favourably than other people.

Accessibility

There is specific disability legislation in relation to disabled students and accessibility which means we plan strategically over time to:

- increase access to the curriculum;
- make improvements to the physical environment of the Schools within the Trust to increase access; and
- make written information available to students in a range of different ways.

We must ensure that disabled students do not receive less favourable treatment and to do this the Schools within the Trust have a duty to make reasonable adjustments.

SAPIENTIA EDUCATION TRUST

TRUSTEES' REPORT for the year ended 31 August 2017

Equal Opportunities Policy (continued)

All Trust schools have a Single Equality Scheme (SES) which integrates statutory duties in relation to race, disability and gender and promoting community cohesion. The duties cover staff, students and people using the services of the schools such as parents. It also addresses the legislation relating to religion or belief, sexual orientation and age and therefore includes our priorities and actions to eliminate discrimination and harassment in these equality areas.

The SES and Action plan enables the schools to achieve a framework for action which covers all eight equality strands and ensures that we meet our public sector duty responsibilities in an inclusive way. We will continue to meet our statutory duties by reporting annually on the progress of the SES and action plan. This will be reviewed annually by the individual school Local Governing Body, and will cover activity in relation to the eight equality strands and promoting community cohesion.

Auditor

Insofar 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 they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The appointment of the current auditor, Lovewell Blake LLP, is for a three-year period from 2015-2018.

The Trustees' Report, incorporating a Strategic Report, was approved by the Trustees, as the company directors, on 30.11.17 and signed on their behalf by:



Peter Rout
Chairman of Board

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Trustees have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sapientia Education Trust and the Secretary of State for Education. He is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trustee Board attendance during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Rout (Chairman)	6	7
Mr P Norton (Vice-Chairman)	7	7
Mr J Taylor (Principal and Accounting Officer)	7	7
Mr I Baker (Responsible Officer)	4	7
Mr N Cushion	3	7
Mr F Davey	6	7
Mrs S Dinneen	3	7
Mr R Hill	5	7
Mr A Underwood	4	7
Ms L Wayman	7	7
Mr R Moorhouse	3	3

Mr R Moorhouse resigned as a Trustee in December 2016 and Mr N Cushion resigned as a Trustee in July 2017.

Over the course of the year the Board has focused on putting together the structures required to bring more schools into the Trust. This work has involved setting up a Board Committee structure to provide additional committees to sit alongside the Audit and Risk Committee noted below. The additional committees will be Finance and Infrastructure, HR and Remuneration and Standards and will formally sit in the FY 2017-18. The Board has also re-written its own Standing Orders and amended policies to reflect the changes that the MAT structures bring. This work has been in addition to the Board's normal role of maintaining academic standards across all schools in the Trust and ensuring prudent financial management.

The Board has risen positively to the new challenges it has faced over the course of this year and Trustees have actively engaged to ensure that structures and systems are in place and appropriate for the growth of the MAT. The key challenge that the Board has addressed this year has been to be clear about the amount and quality of information required at Board level in order for the Board to carry out its statutory duties. This has been fundamental in establishing the committee structure to provide an effective filter to allow the Board to address the key issues in the Trust as the Trust grows. The Board receives data from various sources including financial data for the established accounting package it runs and school data from the various school MIS systems in place. In addition, the Board invested in a new HR management system at the start of this FY and the data that this system will provide over time will enhance the decision making process. The Board is content with the quality of the data it currently receives but will expect to see consistency in the reporting of academic performance and a common reporting platform underpinning the production of that data as the Trust grows and evolves.

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

During the course of the year, the Board undertook an internal skills audit and requires each LGB of schools that join the Trust to carry out the same exercise. The Board's self-evaluation revealed that it needs to ensure that Trustees with the right skill set are recruited in the coming FY to include someone with a secondary school background and someone in the Higher Education/Further Education sector. This will complement the existing skill set of the Board. The Board have also identified that the Board Committees will also be enhanced by recruitment of co-opted members to those committees i.e. individuals who do not wish to commit to being a Trustee/Governor but are able to give time to provide professional support to the committees. The impact of this work will be apparent in the next FY. The Board have also committed to an external review of Governance in 2018 which will be two-years after the formation of the MAT. The review will take place in the summer term 2018.

The **Audit and Risk Committee** is also a sub-committee of the main Board of Trustees. Its purpose is to review the Trust's internal and external financial statements to ensure they reflect best practice, and to review the effectiveness of the Trust's internal control systems established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Rout	2	3
Mr J Taylor	3	3
Mr I Baker (Chairman)	3	3
Mr N Cushion	2	3

Review of Value for Money

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

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

- ensuring that three quotations are sought for high value orders in accordance with the Trust Financial Rules and procedures;
- replacement of lighting within the Wymondham College Ralphs building with LED units to save energy costs in the future;
- installation of more energy efficient boiler system at Old Buckenham Primary School; and
- provided grounds maintenance support to Old Buckenham Primary School that is cheaper and more effective than the previously provided service;

SAPIENTIA EDUCATION TRUST

GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sapientia Education Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The Risk and Control Framework

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

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

The Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Board have appointed Mr I Baker, a Trustee, to carry out a programme of internal checks. The internal reviewer's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

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

On a quarterly basis, the reviewer reports to the Board, through the audit and risk committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

SAPIENTIA EDUCATION TRUST

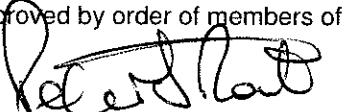
GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

Approved by order of members of the Governing Body on 30.11.17 and signed on its behalf by:


Peter Rout
Chairman of Board


Jonathan Taylor
Accounting Officer

SAPIENTIA EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Jonathan Taylor
Accounting Officer

Date: 30.11.17

SAPIENTIA EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as Governors of Sapientia Education Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 30.11.17 and signed on its behalf by:



Peter Rout
Chairman of Board

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAPIENTIA EDUCATION TRUST

Opinion

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

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

In our opinion the financial statements:

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

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

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 Trust'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.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAPIENTIA EDUCATION TRUST (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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 (incorporating the strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the Directors' 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 Directors' 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 Trustees' responsibilities statement set out on page 19, the Trustees (who are also the Directors of the Trust 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.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SAPIENTIA EDUCATION TRUST (continued)

Responsibilities of Trustees (continued)

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


MARK PROCTOR FCA DChA (Senior Statutory Auditor)
For and on behalf of LOVEWELL BLAKE LLP, Statutory Auditor

12.12.17

Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

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

In accordance with the terms of our engagement letter dated 19 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sapientia Education Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Sapientia Education Trust's funding agreement with the Secretary of State for Education dated 1 February 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of minutes of the various committees and sub-committees, management accounts and discussions with key personnel;
- Evaluation of the implementation of the internal control procedures, and detailed review of the control environment for any changes or weaknesses;

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAPIENTIA EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

- Review of expense claims and credit card expenditure, to ensure it adheres to internal control procedures and is not for personal benefit;
- Review of financial transactions for any unusual transactions which may be improper;
- Ensuring that all the activities of the Trust are in keeping with the Trust's framework and charitable objectives;
- Ensuring that key staff and Trustees have declared their interest in related parties and following up with discussions and testing;
- Review of related party transactions to ensure that no favourable rates have been applied;
- Ensuring any contracts with connected parties have been procured following the Trust's procurement and tendering process, and if contracts were entered into after 7 November 2013 that the Trust has obtained statements of assurance confirming no profit element was charged;
- Ensuring expenditure does not contravene the funding agreement;
- Ensuring extra-curricular payments for staff have been made in accordance with the Handbook;
- Ensuring that where special payments, including compromise agreements, have been made to staff, that prior approval has been sought for non-contractual amounts over £50,000, payments are not used as a substitute for taking appropriate action under the Trust's misconduct or performance management procedures, and payments are in line with the severance guidance published by ESFA;
- Ensuring borrowing agreements, including finance leases, have been made in accordance with the Handbook;
- Ensuring land and building transactions, especially disposals, are in line with the funding agreement and Handbook and prior approval has been obtained;
- Ensuring write-offs over 1% of total income or £45,000 (whichever is smaller) have been approved in advance by the Secretary of State; and
- Ensuring procurement activity is in accordance with Annex 4.6 of Managing Public Money and that tendering processes have been adhered to.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mark Proctor
MARK PROCTOR FCA DChA (Reporting Accountant)
LOVEWELL BLAKE LLP
12.12.17

Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

SAPIENTIA EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2017
(Including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Income & endowments from:						
Donations & capital grants	2	-	-	314,286	314,286	43,385
Transfer from local authority on conversion	25	177,434	(701,000)	5,448,031	4,924,465	-
Charitable activities:						
Funding for the Academy Trust's educational operations	3	15,322	7,600,647	-	7,615,969	6,186,040
Provision of boarding activities	3, 24	7,186,124	-	-	7,186,124	7,114,123
Teaching school Investments	4	-	76,258	-	76,258	-
Total		7,378,880	6,975,905	5,762,317	20,117,102	13,345,071
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations	6	165,404	8,276,489	790,071	9,231,964	7,126,599
Provision of boarding activities	6, 24	7,045,133	-	-	7,045,133	6,914,337
Teaching school	5	-	71,854	-	71,854	-
Total		7,210,537	8,348,343	790,071	16,348,951	14,040,936
Net income / (expenditure)		168,343	(1,372,438)	4,972,246	3,768,151	(695,865)
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	14, 21	-	2,997,000	-	2,997,000	(3,280,000)
Net movement in funds		168,343	1,624,562	4,972,246	6,765,151	(3,975,865)
Reconciliation of funds						
Total funds brought forward	14	626,070	(6,697,972)	29,962,604	23,890,702	27,866,567
Total funds carried forward	14	794,413	(5,073,410)	34,934,850	30,655,853	23,890,702

All of the multi-academy trust's activities derive from continuing operations during the above two financial periods.

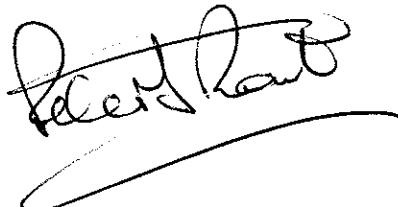
The notes on pages 28 to 50 form part of these financial statements.

BALANCE SHEET as at 31 August 2017

	Note	2017 £	2017 £	2016 £
Fixed assets				
Tangible assets	11		34,692,047	30,023,711
Current assets				
Debtors	12	379,048		382,181
Cash at bank and in hand		4,068,387		3,273,145
			4,447,435	3,655,326
Liabilities				
Creditors: Amounts falling due within one year	13	2,986,629		2,731,335
Net current assets			1,460,806	923,991
Total assets less current liabilities			36,152,853	30,947,702
Defined benefit pension scheme liability	21		(5,497,000)	(7,057,000)
Total net assets	15		30,655,853	23,890,702
Funds of the multi-academy trust:				
Restricted funds				
Fixed asset fund	14		34,934,850	29,962,604
Restricted income fund	14		423,590	359,028
Pension reserve	14		(5,497,000)	(7,057,000)
Total restricted funds			29,861,440	23,264,632
Unrestricted income funds	14		794,413	626,070
Total funds			30,655,853	23,890,702

The financial statements on pages 25 to 50 were approved by the Trustees, and authorised for issue on
30.11.17 and are signed on their behalf by:

Peter Rout
Chairman of Board



The notes on pages 28 to 50 form part of these financial statements.

SAPIENTIA EDUCATION TRUST**STATEMENT OF CASH FLOWS for the year ended 31 August 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	17	488,120	732,608
Cash flows from investing activities	18	307,122	(43,300)
Change in cash and cash equivalents in the reporting period		795,242	689,308
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2016		3,273,145	2,583,837
Cash and cash equivalents at 31 August 2017	19	4,068,387	3,273,145

The notes on pages 28 to 50 form part of these financial statements.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

1. Statement of accounting policies

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

a) Basis of preparation

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

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

b) Going concern

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

c) 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.

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

Donations

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

Other income

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

1. Statement of accounting policies (continued)

c) Income (continued)

Donated goods, facilities and services

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

Transfer on conversion

Where assets are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Donated fixed assets (excluding transfers on conversion/into trust)

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

d) Expenditure

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

Expenditure on raising funds

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

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

e) Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

1. Statement of accounting policies (continued)

e) Tangible fixed assets (continued)

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

f) Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Freehold buildings	2% straight line
Plant and machinery	10% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	25% reducing balance
Computer hardware	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

g) Leased property

The academy trust has recognised the value of the properties occupied by it on conversion under a lease of 125 years. All leases were transferred to the academy trust for no consideration.

h) 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.

i) Provisions

Provisions are recognised when the 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 within the interest payable and similar charges.

j) Leased assets

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

k) Financial instruments

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

1. Statement of accounting policies (continued)

k) Financial instruments (continued)

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

l) 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 UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 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.

m) Pensions benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension Scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

1. Statement of accounting policies (continued)

m) Pensions benefits (continued)

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

n) Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 Education and Skills Funding Agency/Department for Education.

o) Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

p) Redundancy

Where an obligation to make a redundancy or termination payment arises, the costs incurred by the Trust are accounted for on an accruals basis and included within employee benefits.

q) Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Old Buckenham Primary School, Seething & Mundham Primary School, Burston Primary School and Tivetshall Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 25.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital grants	-	314,286	314,286	38,385
Other donations	-	-	-	5,000
	-	314,286	314,286	43,385

Donations and capital grants amounting to £38,385 related to restricted funds for the year ended 31 August 2016.

**3. FUNDING FOR THE ACADEMY
TRUST'S EDUCATIONAL AND
BOARDING OPERATIONS**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Educational operations				
DfE / ESFA grants				
• General Annual Grant (GAG)	-	7,055,361	7,055,361	5,842,172
• Other DfE/ESFA Grants	-	445,504	445,504	227,439
Other Government grants				
• Local authority grants	-	50,899	50,899	47,752
Other income				
• Attleborough High School Link	-	7,440	7,440	18,667
• Exam Re-sit Fees	-	16,563	16,563	22,305
• Teacher Training PGCE Payments	-	5,525	5,525	2,375
• 6 th Form facility fees	-	19,355	19,355	21,986
Miscellaneous income	15,322	-	15,322	3,344
	15,322	7,600,647	7,615,969	6,186,040
Boarding operations				
Boarding fees	6,578,381	-	6,578,381	6,450,753
Day pupil fees	375,960	-	375,960	342,832
Staff gas and electricity income	5,455	-	5,455	10,924
Interest receivable	9,313	-	9,313	14,119
Rents received	29,003	-	29,003	29,495
Hire of facilities	144,656	-	144,656	218,372
Catering income	42,731	-	42,731	45,099
Miscellaneous income	625	-	625	2,529
	7,186,124	-	7,186,124	7,114,123
	7,201,446	7,600,647	14,802,093	13,300,163

Funding for educational operations amounting to £6,182,696 related to restricted funds for the year ended 31 August 2016.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

4. INVESTMENT INCOME	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Short term deposits	-	-	-	1,523
	-	-	-	1,523

Investment income relating to the Trust's boarding operations is shown in note 3.

5. EXPENDITURE

	Non Pay Expenditure			Total 2017 £	Total 2016 £
	Staff Costs £	Premises £	Other £		
Academy's educational operations (note 6)					
• Direct costs	5,146,675	819,828	786,962	6,753,465	5,512,817
• Allocated support costs	869,999	516,319	356,181	1,742,499	1,321,782
• FRS102 pension costs	736,000	-	-	736,000	292,000
	6,752,674	1,336,147	1,143,143	9,231,964	7,126,599
Academy's boarding operations (note 24)					
• Direct costs	4,298,775	-	632,085	4,930,860	4,879,423
• Allocated support costs	788,857	522,971	802,445	2,114,273	2,034,914
	5,087,632	522,971	1,434,530	7,045,133	6,914,337
Teaching school	53,452	-	18,402	71,854	-
	11,893,758	1,859,118	2,596,075	16,348,951	14,040,936

Funding for educational operations amounting to £6,397,398 related to restricted funds for the year ended 31 August 2016.

Net income/(expenditure) for the period includes:

	2017 £	2016 £
Operating lease rentals	284,524	276,270
Depreciation	740,557	665,974
Fees payable to auditor for:		
- audit	11,395	7,645
- other services	4,345	2,165

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Unrecoverable debts	14,643	9,153	Unrecoverable

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

6. CHARITABLE ACTIVITIES

		Total 2017	Total 2016
		£	£
Direct costs – educational operations		6,753,465	5,512,817
Direct costs – boarding and catering	24	4,930,860	4,879,423
Support costs – educational operations		1,742,499	1,321,782
Support costs – boarding and catering	24	2,114,273	2,034,914
Teaching schools		71,854	-
FRS102 Pension costs	21	736,000	292,000
		16,348,951	14,040,936
Analysis of support costs			
	Boarding	Educational Operations	Total 2017
	£	£	£
Support staff costs	788,857	869,999	1,658,856
Technology costs	3,438	2,961	6,399
Premises costs	522,971	516,319	1,039,290
Other support costs	799,007	217,573	1,016,580
Governance costs	-	135,647	135,647
Total support costs	2,114,273	1,742,499	3,856,772
			3,356,696

Charitable activities amounting to £7,029,558 related to restricted funds for the year ended 31 August 2016.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

7. STAFF

a. Staff costs	Total 2017 £	Total 2016 £
Staff costs during the period were:		
Wages and salaries	8,619,613	7,541,592
Social security costs	764,168	581,161
Operating costs of defined benefit pension schemes	1,525,845	1,311,114
Apprenticeship levy	14,271	-
	10,923,897	9,433,867
Supply staff costs	199,816	117,005
Staff restructuring costs	34,045	13,742
	11,157,758	9,564,614

Staff restructuring costs comprise:

Redundancy payments	-	10,235
Severance payments	34,045	3,507
	34,045	13,742

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £32,000 (2016: £nil). Individually the payments were £30,000 and £2,000.

c. Staff numbers

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

Charitable Activities	2017 No.	2016 No.
Teaching, administration and support	452	360
Catering	41	35
	493	395

d. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	3	3
£70,001 - £80,000	3	4
£80,001 - £90,000	2	2
£90,001 - £100,000	-	-
£100,001 +	1	1

e. Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £269,607 (2016: £291,964).

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

8. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- human resources
- financial services
- legal services
- educational support services
- others as arising

The trust charges for these services on the following basis:

- flat percentage of GAG income – 4.25%

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Old Buckenham Primary School	33,300	-
	<u>33,300</u>	<u>-</u>

9. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Principal and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

J Taylor (Principal and Trustee)	Remuneration	£110,000 - £115,000	(2016: £105,000 - £110,000)
	Employer's pension contributions	£15,000 - £20,000	(2016: £15,000 - £20,000)

R Moorhouse (Bursar and Staff Trustee – trustee until December 2016)

Remuneration	£25,000 - £30,000	(2016: £80,000 - £85,000)
Employer's pension contributions	£5,000 - £10,000	(2016: £10,000 - £15,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £11,148 were reimbursed or paid directly to 1 Trustee (2016: £9,448 to 2 Trustees).

Other related party transactions involving the Trustees are set out in note 22.

10. 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 maximum cover up to £2,000,000 and the cost for the period ended 31 August 2017 is included within the premium per pupil as part of the risk protection arrangement with the DfE. The cost of this insurance is included in the total insurance cost.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

11. TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Leasehold land & buildings £	Fixtures & fittings, plant & machinery £	Motor vehicles £	Total 2017 £
Cost					
At 1 September 2016	33,401,000	-	156,461	106,012	33,663,473
Transfers on conversion	-	5,392,000	-	-	5,392,000
Additions	-	-	16,893	-	16,893
At 31 August 2017	<u>33,401,000</u>	<u>5,392,000</u>	<u>173,354</u>	<u>106,012</u>	<u>39,072,366</u>
Depreciation					
At 1 September 2016	3,523,015	-	65,300	51,447	3,639,762
Charged in year	632,160	78,640	16,115	13,642	740,557
At 31 August 2017	<u>4,155,175</u>	<u>78,640</u>	<u>81,415</u>	<u>65,089</u>	<u>4,380,319</u>
Net book values					
At 31 August 2017	<u>29,245,825</u>	<u>5,313,360</u>	<u>91,939</u>	<u>40,923</u>	<u>34,692,047</u>
At 31 August 2016	<u>29,877,985</u>	<u>-</u>	<u>91,161</u>	<u>54,565</u>	<u>30,023,711</u>

The Trust's leasehold properties are held on a 125 year lease with Norfolk County Council. The properties are included at a valuation prepared by NPS Property Consultants Limited as at the date of conversion.

12. DEBTORS

	2017 £	2016 £
Trade debtors	95,411	73,611
VAT recoverable	45,820	34,411
Other debtors	126,439	130,058
Prepayments and accrued income	<u>111,378</u>	<u>144,101</u>
	<u>379,048</u>	<u>382,181</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	214,204	214,441
Other taxation and social security	390,364	304,068
Other creditors	1,745,491	1,435,168
Accruals and deferred income	<u>636,570</u>	<u>777,658</u>
	<u>2,986,629</u>	<u>2,731,335</u>

	2017 £	2016 £
Deferred income at 1 September 2016	115,099	65,528
Released from previous years	(115,099)	(65,528)
Resources deferred in the year	64,574	115,099
Deferred income at 31 August 2017	<u>64,574</u>	<u>115,099</u>

Deferred income related to amounts received from ESFA and NCC during 2016/17 relating to 2017/18.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

14. FUNDS	Balance at 1 September		Gains losses and transfers	Balance at 31 August 2017
	2016	Income		
	£	£	£	£
Restricted general funds				
General Annual Grant (GAG)	269,028	7,362,397	(7,309,394)	-
and other DfE/ESFA grants				322,031
MAT Central funding	90,000	238,250	(231,095)	-
Teaching school	-	76,258	(71,854)	-
Pension reserve	(7,057,000)	(701,000)	(736,000)	2,997,000
				(5,497,000)
	<u>(6,697,972)</u>	<u>6,975,905</u>	<u>(8,348,343)</u>	<u>2,997,000</u>
				<u>(5,073,410)</u>
Restricted fixed asset funds				
DfE/ESFA capital grants	589,519	314,286	(79,271)	-
Transfer on conversion	29,373,085	5,448,031	(710,800)	-
	<u>29,962,604</u>	<u>5,762,317</u>	<u>(790,071)</u>	<u>-</u>
				<u>34,934,850</u>
Total restricted funds	23,264,632	12,738,222	(9,138,414)	2,997,000
				29,861,440
Unrestricted funds				
General fund	480,344	7,201,446	(7,197,673)	177,434
Transfer on conversion	-	177,434	-	(177,434)
Fixed asset fund	145,726	-	(12,864)	-
				<u>132,862</u>
Total unrestricted funds	626,070	7,378,880	(7,210,537)	-
				794,413
Total funds	23,890,702	20,117,102	(16,348,951)	2,997,000
				30,655,853

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

GAG & other DfE/ESFA grants: the restricted income fund is for the purpose of specific expenditure within the Trust's declared objectives. DfE/ESFA grants relate to government funding for the provision of education by the Trust. Funding is repayable if the Trust does not meet all funding requirements.

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

MAT funding: this relates to the Sponsor Capacity, Conversion and Teaching and Learning funding from the ESFA.

Pension reserve: this relates to the deficit on the local government pension fund. Any increase in pension contributions suggested by the Scheme Actuary should be able to be met from the Trust's budgeted annual income.

DfE/ESFA capital grants: provided by the government for specific capital projects.

Transfer on conversion: value of donated assets recognised in the financial statements at their estimated value to the Trust in the period in which they are receivable and where the benefit is both quantifiable and measurable.

Fixed asset fund: the value of fixed assets acquired from unrestricted funds since conversion.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

14. FUNDS

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	2017 £	2016 £
Wymondham College	875,221	985,098
Old Buckenham Primary School	115,515	-
Seething & Mundham Primary School	27,726	-
Burston Primary School	47,516	-
Tivetshall Primary School	54,870	-
Central Services	97,155	-
 Total before fixed assets and pension reserve	 1,218,003	 985,098
Restricted fixed asset fund	34,934,850	29,962,604
Pension reserve	(5,497,000)	(7,057,000)
 30,655,853	 23,890,702	

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total 2017 £	Total 2016 £
Wymondham College	4,327,246	5,880,305	353,262	2,917,534	13,478,347	13,082,962
Old Buckenham Primary School	570,876	38,763	14,405	253,197	877,241	-
Seething & Mundham Primary School	114,982	26,802	1,742	25,764	169,290	-
Burston Primary School	43,939	9,885	587	10,922	65,333	-
Tivetshall Primary School	38,186	1,876	758	10,268	51,088	-
Central Services	104,898	-	-	126,197	231,095	-
 Total Trust	 5,200,127	5,957,631	370,754	3,343,882	14,872,394	13,082,962

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	132,862	-	34,559,185	34,692,047
Net current assets	661,551	423,590	375,665	1,460,806
Pension scheme liability	-	(5,497,000)	-	(5,497,000)
Total net assets	794,413	(5,073,410)	34,934,850	30,655,853

16. COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2017 £	2016 £
Amounts due within one year	-	-
Amounts due between one and five years	782,941	1,055,901
Amounts due after five years	5,175	-
	788,116	1,055,901

17. RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income / (expenditure) for the reporting period (as per the SOFA)	3,768,151	(695,865)
Adjusted for:		
Depreciation (note 11)	740,557	665,974
Capital grants from DfE/ESFA	(314,286)	(38,385)
Transfer of fixed assets on conversion	(5,392,000)	-
Interest receivable (notes 3 and 4)	(9,729)	(15,642)
Defined benefit pension scheme obligation transferred on conversion	701,000	-
Defined benefit pension scheme cost less contribution payable (note 21)	1,531,000	961,000
Defined benefit pension scheme finance cost (note 21)	(795,000)	(669,000)
Decrease / (increase) in debtors	3,133	(152,799)
Increase / (decrease) in creditors	255,294	677,325
Net cash provided by Operating Activities	488,120	732,608

SAPIENTIA EDUCATION TRUST**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017****18. CASH FLOWS FROM INVESTING ACTIVITIES**

	2017 £	2016 £
Dividends, interest and rents received from investments	9,729	15,642
Purchase of tangible fixed assets	(16,893)	(97,327)
Capital grants from DfE/ESFA	314,286	38,385
Net cash provided by / (used in) investing activities	307,122	(43,300)

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 August 2017 £	At 31 August 2016 £
Cash in hand and at bank	4,068,387	3,273,145
Total cash and cash equivalents	4,068,387	3,273,145

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

21. PENSION AND SIMILAR OBLIGATIONS

The 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 Norfolk County Council. Both are multi-employer defined-benefit schemes.

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 the either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The employer's pension costs paid to the TPS in the period amounted to £559,849 (2016: £460,106).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,014,000 (2016: £872,000) of which employer's contributions totalled £795,000 (2016: £669,000) and employees' contributions totalled £219,000 (2016: £203,000). The agreed contribution rates for future years range from 5.5% - 12.5% for employees, and 21.7% for employers plus an annual deficit recovery contribution of £61,000 in 2017/18, £93,000 in 2018/19 and £127,000 in 2019/20.

As described in note 25 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Principal Actuarial Assumptions

	At 31 August 2017	At 31 August 2016
	%	%
Salary increase rate	2.7	3.1
Pension increase rate	2.4	2.1
Discount rate	2.5	2.0

The current mortality assumption is that the current rate of improvement has reached a peak and will converge to a long term rate of 1.25% p.a. The average future life expectancies at age 65 are:

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.5
<i>Retiring in 20 years</i>		
Males	24.1	24.5
Females	26.4	26.9

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Sensitivity analysis

	31 August 2017 £	31 August 2016 £
Real discount rate -0.5%	2,207,000	2,176,000
Salary increase rate +0.5%	422,000	825,000
Pension increase rate +0.5%	1,747,000	1,281,000
1 year increase in member life expectancy	-	502,000

The Trust's share of the assets in the scheme were:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	7,467,280	5,812,200
Bonds	3,011,000	2,518,620
Property	1,324,840	1,162,440
Cash	240,880	193,740
Total market value of plan assets	<u>12,044,000</u>	<u>9,687,000</u>
Present value of funded liabilities	<u>(17,541,000)</u>	<u>(16,744,000)</u>
Deficit in the scheme	<u>(5,497,000)</u>	<u>(7,057,000)</u>

The actual return on scheme assets was £1,094,000 (2016: £1,319,000).

Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost (net of employee contributions)	<u>1,374,000</u>	<u>829,000</u>
Total operating charge	<u>1,374,000</u>	<u>829,000</u>

Analysis of pension finance income / (costs)

	2017 £	2016 £
Interest income on plan assets	(207,000)	(296,000)
Interest cost on defined benefit obligation	<u>364,000</u>	<u>428,000</u>
Pension finance income / (costs)	<u>157,000</u>	<u>132,000</u>

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Changes in the present value of defined benefit obligations were as follows:

	2017	2016
	£	£
At 1 September	16,744,000	11,105,000
Conversion of academy trusts	1,130,000	-
Current service cost	1,374,000	829,000
Interest cost	364,000	428,000
Employee contributions	219,000	203,000
Actuarial (gain)/loss	(2,110,000)	4,303,000
Benefits paid	(180,000)	(124,000)
at 31 August	17,541,000	16,744,000

Changes in the fair value of the Trust's share of scheme assets:

	2017	2016
	£	£
At 1 September	9,687,000	7,620,000
Conversion of academy trusts	429,000	-
Return on plan assets	207,000	296,000
Actuarial gain / (loss)	887,000	1,023,000
Employer contributions	795,000	669,000
Employee contributions	219,000	203,000
Benefits paid	(180,000)	(124,000)
at 31 August	12,044,000	9,687,000

The estimated value of employer contributions for the year ended 31 August 2018 is £871,000.

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2017

22. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 9.

Wymondham College Enterprises Limited is a fully owned subsidiary company of Wymondham College Academy Trust. The company's principal activity is the running of the breakfast and after-school clubs at the Primary Schools within the Trust. For the year ended 31 August 2017 the subsidiary company returned a net loss before taxation of £511.

Results for the period:

Turnover	£34,911
Expenditure	£35,422
Loss	£511
Capital & reserves	£10,549
Aggregate assets & liabilities	£10,549

The subsidiary company is not consolidated within these accounts on the grounds of materiality. Therefore, the accounts present information about the Trust as an individual undertaking and not as a group.

The following Governors had children attending the College during the Year: Mr Norton (Business Governor). Full fees were paid and no concessions received.

The Principal and two Trustees received out of pocket expenses during the period totalling £12,363 (2016: Principal and three Trustees £10,754).

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 9.

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

Rockland St Mary Primary School and Surlingham Primary School joined the Multi-Academy Trust on 1 September 2017. Further academies are expected to join during the 17/18 financial year.

SAPIENTIA EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24. ACADEMY BOARDING TRADING ACCOUNT

	2017 £	2016 £
Income		
Fee income	6,954,341	6,792,779
Rents received	179,114	258,791
Catering income	42,731	47,581
Other income	<u>9,938</u>	<u>14,972</u>
	<u>7,186,124</u>	<u>7,114,123</u>
Expenditure		
Direct costs		
Boarding salaries	4,298,775	3,994,886
Rate of return expenditure	432,611	507,836
Educational consultancy	16,080	19,030
Other direct costs	<u>183,394</u>	<u>357,671</u>
Total direct costs	4,930,860	4,879,423
Allocated support costs		
Catering salaries	788,857	719,306
Maintenance of premises and equipment	215,575	231,335
Cleaning	27,323	24,145
Security	2,361	3,283
Rent and rates	89,653	91,362
Energy costs	188,059	220,597
Provisions	725,443	685,366
Transport	(11,000)	(6,160)
Bank charges	4,083	3,197
Advertising, marketing and recruitment	68,393	54,954
Technology costs	3,438	4,206
Other support costs	<u>12,088</u>	<u>3,323</u>
Total support costs	<u>2,114,273</u>	<u>2,034,914</u>
Total operating costs	<u>7,045,133</u>	<u>6,914,337</u>
Surplus on Boarding and Catering	140,991	199,786
Surplus brought forward at 1 September 2016	<u>741,248</u>	<u>541,462</u>
Surplus carried forward at 31 August 2017	<u>882,239</u>	<u>741,248</u>

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

25. CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 Old Buckenham Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Sapientia Education Trust from the Norfolk County Council Local Authority for £nil consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	2,277,000	2,277,000
Leasehold land and buildings				
Budget surplus on LA funds	51,254	-	17,470	68,724
LGPS pension surplus/(deficit)	-	(324,000)	-	(324,000)
Net assets	51,254	(324,000)	2,294,470	2,021,724

On 1 April 2017 Seething & Mundham Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Sapientia Education Trust from the Norfolk County Council Local Authority for £nil consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,565,000	1,565,000
Leasehold land and buildings				
Budget surplus on LA funds	27,480	-	12,754	40,234
LGPS pension surplus/(deficit)	-	(119,000)	-	(119,000)
Net assets	27,480	(119,000)	1,577,754	1,486,234

SAPIENTIA EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

25. CONVERSION TO AN ACADEMY TRUST (continued)

On 1 June 2017 Burston Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Sapientia Education Trust from the Norfolk County Council Local Authority for £nil consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	818,000	818,000
Leasehold land and buildings				
Budget surplus on LA funds	48,211	-	13,233	61,444
LGPS pension surplus/(deficit)	-	(179,000)	-	(179,000)
Net assets	48,211	(179,000)	831,233	700,444

On 1 June 2017 Tivetshall Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Sapientia Education Trust from the Norfolk County Council Local Authority for £nil consideration.

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

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	732,000	732,000
Leasehold land and buildings				
Budget surplus on LA funds	50,489	-	12,574	63,063
LGPS pension surplus/(deficit)	-	(79,000)	-	(79,000)
Net assets	50,489	(79,000)	744,574	716,063