

Company Registration Number: 08130302 (UK)

**SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON
SCHOOL ACADEMY TRUST)**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 22
Statement on regularity, propriety and compliance	23
Statement of Trustees' responsibilities	24
Independent auditor's report on the financial statements	25 - 27
Independent reporting accountant's assurance report on regularity	28 - 29
Statement of financial activities incorporating income and expenditure account	30
Balance sheet	31
Statement of cash flows	32
Notes to the financial statements	33 - 54

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Mrs C Bradbrook
Dr R Godfrey
Mr P Lindsey
Mr H Knox-Macaulay

Trustees

Mr P Lindsey, Community, Chair^{1,2,3}
Mrs C Bradbrook, Community^{1,2,3}
Mr C Brenchley, Community^{1,3}
Ms G Bryden, Staff^{2,3}
Mrs D Clarke, Community²
Mr R Garland, Parent²
Dr R Godfrey, Community^{1,3}
Mr J Henham, Community²
Mr H Knox-Macaulay, Headteacher^{1,2,3}
Mr N Morris, Staff¹
Mr J Voice, Local Authority¹
Mrs A Wardle, Community^{1,2,3}
Mr C Warner, Parent³
Mr J Woodward, Community³

¹ Resources Committee

² Teaching, Learning and Assessment Committee

³ Wellbeing Committee

Company registered number

08130302

Company name

South Downs Learning Trust (formerly known as Ratton School Academy Trust)

Principal and registered office

Park Avenue, Eastbourne, East Sussex

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Advisers (continued)

Company secretary

Mrs T Comfort

School Business Manager

Mrs T Comfort

Core Leadership team

Mr H Knox-Macaulay, Headteacher

Mrs E Fitzpatrick, Deputy Headteacher

Mr I Anderson, Senior Assistant Headteacher Years 7 - 11

Mr D Brown, Senior Assistant Headteacher - Designated Safeguarding Lead, Induction, Inclusion & Intervention

Mrs S Bamford, Senior Assistant Headteacher Training and Development

Mr J Chaundy, Senior Assistant Headteacher Standards and ICT

Mr J Welsh, Senior Assistant Headteacher – Curriculum

Mrs T Comfort, Business Manager

Independent auditor

Knill James, One Bell Lane, Lewes, East Sussex

Bankers

Lloyds TSB, Terminus Road, Eastbourne, East Sussex

Solicitors

Browne Jacobson, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 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.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The governors are also trustees of South Downs Learning Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Downs Learning Trust (formerly known as Ratton School Academy Trust).

The South Downs Learning Trust has been established as a multi-academy trust to sponsor Ocklynge Junior School. Our aim, as sponsor, is to deliver outstanding educational provision for all students across the two schools and our vision is to establish caring, confident, creative students who achieve excellence. A key responsibility for the South Downs Learning Trust is to meet local educational needs and in turn improve the life chances of young people in the Eastbourne area. The formation of the South Downs Learning Trust has been approved by the Department for Education and the Local Authority and Ocklynge Junior School will join the South Downs Learning Trust on December 1 2017.

Details of the Governors (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.

Governors' (Trustees') Indemnities

Governor Liability and Fidelity Guarantee is covered by an insurance policy (Education Combined) with the RPA.

Method of Recruitment and Appointment or Election of Trustees

The Academy appoints governors in accordance with clauses 50 to 64 of its Articles of Association. Subject to articles 48 and 49, the Academy trust shall have the following governors:

- Up to 1 Local Authority governor if appointed under article 51
- Up to 4 parent governors (provided there is a minimum of 2) appointed under articles 53 – 58
- Up to 2 staff governors appointed under article 58A (not including the Headteacher)
- Up to 8 community governors appointed under article 58B
- The Headteacher
- Any additional governors, if appointed under article 62, 62A or 68A, and
- Any further governors, if appointed under article 63 or article 68A.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Pay policy for key management personnel

The rules for determining the pay of key management personnel (for the purposes of this definition this includes the Headteacher, Deputy Headteacher & Senior Assistant Headteachers who sit on the Core Leadership team) are set out in the School's Teacher's Pay and Conditions Document (STPCD). Academies and Free schools can set their own pay and conditions, but often choose to follow the STPCD.

The Governing Body for South Downs Learning Trust has established a pay range for the Headteacher, Deputy Headteacher and Senior Assistant Headteachers in accordance with the STPCD. On determining the appropriate pay range the Governing Body did consider the permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations. As directed by the STPCD the pay range for the Headteacher has not exceeded the maximum of the Headteacher group. In addition, and as directed by the STPCD, the maximum of the Deputy or Senior Assistant Headteachers pay range has not exceeded the maximum of the Headteacher group.

Policies and procedures Adopted for the Induction and Training of Governors (Trustees)

A fellow governor is appointed to act as a mentor to every new governor. New governors are given a detailed tour of the school, meetings set up with key teaching staff and access to a training programme provided by a third party.

Organisational Structure

The Governing Body is collectively responsible for the overall direction of South Downs Learning Trust and its strategic management. This involves determining the guiding principles within which the Academy operates, setting general policy, adopting an annual development plan and budget, monitoring the Academy activities and making major decisions about capital expenditure and senior staff appointments. The Governing Body is also responsible for ensuring that the Academy meets all its statutory obligations and through the Headteacher and Business Manager that it complies with financial regulations. The Headteacher is the Accounting Officer of the Academy.

The Governing Body recognises that it would be impractical to undertake all the day to day activities itself in discharging its responsibilities and that it is necessary to delegate some of its functions through committees and to the Headteacher and the Core Leadership Team (CLT) of the Academy.

The CLT of the Academy comprises the Headteacher; one Deputy Headteacher, five Senior Assistant Headteachers and the Business Manager. The CLT is responsible for strategy, the day to day smooth running of the school and standards; including progress, attitudes to learning and behaviour. The CLT meet weekly to discuss matters relating to the operation and leadership of the Academy. The sub committees report to the full Governing Body. The full Governing Body and its committees each have their own terms of reference which govern their remit and operation. The Academy remains focused on its initiatives and objectives and looks forward to continued success under our current leadership team.

The Learning Directors are responsible for the quality of teaching and learning and our Heads of Community are responsible for the ethos of the learning communities and for ensuring good pastoral support and academic progress for all students. The Inclusion team ensure the removal of barriers which stop a person participating or progressing in all areas of the school: physically, socially, emotionally & academically and are pro-active in promotion of diversity, accessibility and equal opportunities.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Risk management

Risks are managed in accordance with the Risk Management Policy and in accordance with the Funding Agreement and the Academies Financial Handbook.

A Risk Register has been compiled by governors and the CLT to address strategic, compliance, operational and financial risks. Priority is based upon an assessment of likelihood and impact. The Governing Body is advised in this role by the Resources Committee and both are advised and informed by the CLT. The risk register is a standing item on the Resources Committee agenda to review and revise risks in line with specific review dates. The register is considered annually by the full Governing Body.

Control measures have been implemented to minimise risk. Procedures that were in place at the time of conversion were adopted and where significant risk remains, adequate insurance cover is in place. In light of the change in status of the organisation the systems and procedures are subject to on-going review.

The governors Resources Committee had responsibility to review the Academy's risk management, especially relating to financial control. The Audit Committee was approved to be incorporated into Resources and has an agenda item when required. We consider the findings of the Peer Reviewer's management report and recommendations along with the annual external audit management report.

Connected Organisations including Related Party Relationships

South Downs Learning Trust continues to have strong links with our local feeder schools, secondary schools and support initiatives across the community with Outreach projects in Performing Arts, Music, PE, ICT and Languages. We are part of the Alliance Group of Schools enabling joint projects to take place including literacy, information advice & guidance, mathematics, an outstanding teacher programme and many more. We actively support our primary schools for outreach and provide on-site maths masterclasses for primary school students. We are fortunate to still have an active Parents and Friends Association. Peer reviews are undertaken to share good practice between Ratton School and Seaford Head School. There was business collaboration with local schools during regular Business Manager forums and conferences.

Objectives and Activities

Objectives and Aims

The Academy Trust's Objects are specifically restricted to the following:

- To advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum; and
- To promote for the benefit of individuals living in Eastbourne and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large, the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The vision of the multi-academy trust is to enable outstanding provision for all learners across both schools.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

In furtherance of the Objects but not further or otherwise, the Academy Trust may exercise the following powers:

- To draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Academy Trust;
- To raise funds and to invite and receive contributions provided that in raising funds the Academy Trust shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations;
- To acquire, alter, improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property;
- Subject to comments below, to employ such staff as are necessary for the proper pursuit of the Object and to make all reasonable and necessary provision for the payment of pensions and superannuation to staff and their dependants;
- To establish or support, whether financially or otherwise, any charitable trusts, associations or institutions formed for all or any of the Objects;
- To co operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in furtherance of the Objects and to exchange information and advice with them;
- To pay out of funds of the Academy Trust the costs, charges and expenses of and incidental to the formation and registration of the Academy Trust;
- To establish, maintain, carry on, manage and develop the Academy;
- To offer scholarships, exhibitions, prizes and awards to pupils and former pupils, and otherwise to encourage and assist pupils and former pupils;
- To provide educational facilities and services to students of all ages and the wider community for the public benefit;
- To carry out research into the development and application of new techniques in education in particular in relation to the areas of curricular specialisation of the Academy and to its approach to curriculum development and delivery and to publish the results of such research, and to develop means of benefiting from application of the experience of industry, commerce, other schools and the voluntary sector to the education of pupils in academies;
- Subject to such consents as may be required by law and/or by any contract entered into by or on behalf of the Academy Trust to borrow and raise money for the furtherance of the Objects in such manner and on such security as the Academy Trust may think fit;
- To deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert as the governors consider necessary and having regard to the suitability of investments and the need for diversification);

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

- To delegate the management of investments to a financial expert, but only on terms that:
 - i. the investment policy is set down in writing for the financial expert by the governors;
 - ii. every transaction is reported promptly to the governors;
 - iii. the performance of the investments is reviewed regularly with the governors;
 - iv. the governors are entitled to cancel the delegation arrangement at any time;
 - v. the investment policy and the delegation arrangement are reviewed at least once a year;
 - vi. all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the governors on receipt; and
 - vii. the financial expert must not do anything outside the powers of the governors;
- To arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the governors or of a financial expert acting under their instructions, and to pay any reasonable fee required;
- To provide indemnity insurance to cover the liability of governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust: provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as governors;
- To establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy Trust;
- To do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Objects.

Activities

- Curriculum reviews took place across the school in all subjects
- Successful Condition Improvement Fund bid for roofs and boilers
- Improved data analysis and tracking in the light of new GCSE's
- Extensive IT network development
- Celebration of Year 11 Graduation ceremony and Year 11 prom
- Awards Ceremony celebrating student achievements
- Successful Community PE sports day
- £6,500 raised for the school community charities & national charities
- School attendance in line with previous years
- Additional bespoke training and support for middle leaders and developing capacity
- Continued improvements to Child protection and Safeguarding procedures and systems including a Safeguarding Review
- Upgrade of website and development of social media presence/output
- A wide variety of residential trips are undertaken by students each year at Ratton School which included the New York trip, Aachen Xmas markets, Year 8 camps and ski trips
- Educational day excursions to various art galleries, museums, theatres, geography field trips, which are enjoyed by all students
- Performing Arts department have completed another successful year of extra curricular shows, Gala concert performances and school productions
- The second Ratton School Summer Community Fair
- Year 6 to 7 Transition Summer School
- A wide variety of sporting opportunities for students in all years
- Sponsored walk

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Our last Ofsted took place in June 2017 when Ofsted rated Ratton School as a Good school:

"This school continues to be good",

The leadership team has maintained the good quality of education in the school since the last inspection. You have provided determined and effective leadership aimed at ensuring high quality and challenging education for every pupil, regardless of their ability or circumstance. Staff support your vision and work very hard to continue to improve the school. The caring and stimulating culture you have created enables pupils to do their best. As a result, pupils make good progress and achieve well at your inclusive school.

Our 2017 GCSE results were as follows:

Grade 4+ in English and Maths 61%
Progress 8 = +0.07 which is above national averages

Achievement in 2017 was above national averages overall for the Progress 8 and Attainment 8 measures. In addition there were 19 subjects that achieved over 80% A*-C and there were 18 different subjects that were above or well above national averages.

Our school is recognised as a centre for "virtues based" education that is at the heart of our five communities. The mission statement of South Downs Learning Trust is "Achieving Together"; a successful partnership combining high levels of achievement and strong emphasis on shared values. Our vision is to develop caring, confident and creative students who achieve excellence.

Our school community has six shared virtues:

- Compassion: Showing kindness and caring for other people and the environment.
- Respect: Acting with respect to others both in and out of school. Valuing diversity and avoiding discriminatory language.
- Creativity: Being curious about the world, solving problems and asking thoughtful questions.
- Teamwork: Achieving together by working as part of a team. Understanding that we all have to do our fair share and get along with different people.
- Effort: Putting effort into all aspects of school life. Demonstrating resilience when faced with a challenge.
- Responsibility: Taking responsibility by being in the right place, at the right time, doing the right thing.

In this rapidly changing world, we have identified 6 actions that will focus our drive on achieving our vision:

- Be guided by our virtues to develop a school founded on an exceptional ethos; with the challenges of globalisation and our aspiration to grow great citizens, our shared ethos is fundamental. This is particularly important in times of rapid change.
- To provide the highest quality teaching and learning for all; teaching and learning is the starting point for all schools and is the lever to ensure that all students will make excellent progress irrespective of their needs or starting point.
- To create a curriculum that promotes achievement, engagement and independence; we are educating our students for a rapidly changing future and we need to be able to provide a 21st century curriculum with the knowledge, skills and understanding for the future.
- Seek out inspirational partnerships between students, staff and the local, national and international communities; to maintain leading edge practice and innovation; we must work both formally and informally with a wide range of stakeholders. This will also involve maximising the opportunities of academy status.
- Deliver outstanding business and leading edge IT and learning support to enable excellent progress for all; the school infrastructure must sustain the longer term strategic needs of the organisation and is an essential framework for supporting a first class learning experience for all.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

- Secure, through first class training and development, outstanding opportunities for students and staff; as an organisation dedicated to learning, it is our responsibility that we are providing training and development to secure high quality post 16 destinations for students. We must also develop the skills and the capacity of all staff.

Public Benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. In particular the governors (trustees) consider how planned activities will contribute to the aims and objectives they have set to ensure an educational service for the young people and that there is no financial return to governors in providing this service.

Strategic report

Achievements and Performance

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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 adoption of the going concern basis can be found in the accounting policies note of the financial statements.

Key Financial Performance Indicators

The school prepares management accounts, cash flow statements and an annual budget against which the actual income and expenditure is closely monitored to ensure that the school is delivering and achieving its targets to a high standard.

The governors' Resources Committee monitor the management accounts presented to them on a termly basis and, in addition, a summarised management account is sent out each month to governors and the CLT. The annual budget is approved along with any changes during the financial year and budget variations are approved by the Resources Committee.

The SLT monitors the educational performance of students through regular data capture points and careful analysis of this data by leaders at all levels. This enables leaders to identify underachievement and informs intervention. Additional funding is used to support those groups vulnerable to underachievement, including students who are disadvantaged. PP funding supports additional intervention in Maths and English (PP Progress Assistants), as well as supporting alternative provision for key students. The quality of teaching is regularly monitored and reviewed by means of daily learning walks, lesson observations, student voice and termly subject reviews. The Raising Achievement Development plan identifies and monitors progress in the areas for development. The views of parents and students are sought regularly and are important in informing our strategic planning.

The attainment of pupil premium students across 8 subjects improved on last year and although the attainment gap within school stayed constant it narrowed against all students nationally. Pupil premium students made good progress in English, compared to non-PP students and the gap was very small, however in maths non-pupil premium students made better progress and the gap did not reduce. This remains a key area for development for 2017 – 2018.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Financial review

The governors are satisfied with the financial performance of the school throughout the year and with the tight monitoring systems in place and the resulting financial position at the year end. The main source of funding for the year was the General Annual Grant and the school's previous year's reserves.

Numerous policies in line with Educational and Skills Funding Agency (ESFA) requirements have been approved during the last period, including our fixed assets and disposals policy, which governors have agreed a capitalisation limit of £3,000 with straight line depreciation of 3 years for ICT items, 5 years for all other equipment and 125 years for buildings. A review of the Academy's reserve policy and investment policy has taken place.

Financial and Risk management Objectives and Policies

The school operates the day to day management using straight forward financial practices held within a finance system, known as FMS. The bank account, creditors/debtors and monthly payroll procedures carry minimal risk or uncertainty. Cash flow is monitored very carefully to ensure there are no uncertainties. The biggest risk for the Academy is the Local Government Pension Scheme (LGPS) liability which is included in the annual accounts and this risk continues year on year.

Principal Risks and Uncertainties

As the main activity of the school is to educate young people, funding streams are known, therefore uncertainties are minimal, although the opening of a Free School has had an impact in current pupil numbers in the community and may have an impact in years to come. As mentioned above, the high risk is the LGPS pension liability, which as of 31 August 2017 was £541,000.

Reserves Policy

For this period as an Academy, the school has formally approved a specific reserves policy. The reserves position is monitored through the management accounts, is considered sufficient at this time and is focused on the needs of our current students and our future strategic plan.

South Downs Learning Trust has established a reserves policy to protect its activities by providing a financial comfort zone against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement.

In looking at the future plans, the Academy Trust needs to consider reserves money to cover them as it might be identified that they cannot be met from the income of a single year's budget alone.

Future plans need to be considered when setting the Trust's budget, in particular any uncertainty over future income or the risk of unexpected calls on the School's funds, balanced with the current needs of the school's.

Once a reserve policy is set, it should not be regarded as a static policy. These circumstances will change with time therefore the policy should be reviewed at least bi-annually as part of the school's planning processes or sooner (annually) if there is a concern on the future of reserves for the school's and not meeting the policy requirements. The policy provides the framework for future strategic planning and decision making and an effective policy will restrict the impact of any risk.

Reserves will be generated through improved operational efficiencies and effective manpower planning and resourcing in addition to a proactive programme to identify relevant sources of grant funding.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Setting of Reserves

The School's level of reserves has been reviewed in line with economic changes due to budget implications from the ESFA and the free school's impact on pupil numbers for future years and can be expressed as a target figure in the range of 5 – 12% of annual grant and should be informed by:

- Its forecasts for levels of income for the current and future years, taking into account the reliability of each source of income.
- Its forecasts for expenditure for the current and future years on the basis of planned activity.
- Its analysis of future needs, opportunities, commitments or risks, where future income alone is unlikely to meet anticipated costs.
- Its assessment, on the best evidence reasonably available, of the likelihood of each of those needs that justify having reserves arising and the potential consequence for the school of not being able to meet them.

Limit of Reserves

The trust should not set a level of reserves above the limits permitted by the ESFA that may result in a claw-back of funds by the Department for Education. The limit is currently 12% of the General Annual Grant (currently £680,333 based on our grant figure).

If a zero level reserves policy is adopted the trust should consider the financial risks in such a policy and must explain their policy in the Trustee's annual report.

Monitoring of Reserves

The level of reserves should be monitored throughout the year as part of the normal monitoring and budgetary reporting processes to:

- Identify when reserves are drawn on, the reasons and any corrective action, if any, that needs to be taken.
- Identify when reserve levels rise or fall significantly above or below target, the reasons and any corrective action, if any, that needs to be taken.
- Ensure that the reserves policy continues to be relevant as the school develops or brings on board new activities.
- Review the statement on reserves in the trustees' annual report where there have been significant changes in the reserves policy or levels held.
- The school is not allowed to be in a deficit budget situation.

Reserves levels

Funding received in any one year should support the Ratton Academy Development Plan (RADP) and its implementation.

The school considers, and should aim for but no higher, £500,500 in any one financial year to be prudent (approximately 9% at its limit). This will be treated as follows:

- End of year reserves to utilise in future years to support the RADP/pupil number issues and budget implications due to ESFA grants being reduced, pay awards and changes in pensions/national insurance contributions. In-year buildings contingency to meet and support emergency situations with the right to transfer unused funds during the summer term to meet building or other resource needs.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

- Virement transfers approved from Reserves will be governed by the trust's Scheme of Delegation limits in place approved either by governors at the Resources Committee or by FGB if necessary (depending on the amount involved).
- Reserves held in excess of the target percentage will be reviewed on a regular basis and an appropriate range of options will be considered which might include releasing the funds into the revenue budget in furtherance of the trust's objectives.

The policy and procedures for reserves will be monitored and actively reviewed and changes applied to reflect the nature of the trust's operations, beneficiaries and operating environment on an on-going basis by the Business Manager and the Resources Committee.

At the time of presenting the period end accounts, reserves that are not ring fenced or restricted amount to £864,416.

Investment Policy

Principles

The board of trustees may invest to further their charitable aims, but must ensure that investment risk is properly managed.

When considering making an investment the board of trustees must:

- Act within their powers to invest as set out in the articles of association
- Ensure this policy manages, controls and tracks their financial exposure, and ensures value for money
- Exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser if needed
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- Ensure that all investment decisions are in the best interest of the trust and commence broad public support
- Review the trust's investments and investments policy regularly
- Obtain the ESFA's prior approval for investment transactions which are novel and/or contentious
- Ensure the protection of present and future beneficiaries will be a key responsibility of the Academy trust

On behalf of the board of trustees, the Governors Resources Committee aims to manage the cash balances of South Downs Learning Trust for the day to day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Resources Committee aims to invest surplus cash funds to optimise returns, ensuring the investment instruments are such that there is an absolute minimum risk to the loss of these cash funds. The trust will seek to adopt a prudent appetite towards risk.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working requirements
- To minimise the risk of loss in the capital value of any cash funds invested
- To protect, as far as possible, the capital value of any invested funds against inflation
- To optimise returns on invested funds on a long term real rate of return and provide a source of capital to meet beneficiary and operational needs
- To avoid speculative forms of investment
- To invest in common investment and/or unitised funds
- To provide an income to help maintain its operational effectiveness in the short term.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

Guidelines

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll-related commitments and outstanding supplier creditors that are due for payment. The bank account is not allowed to become overdrawn.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in interest bearing deposit accounts or bonds with well known "high street" or national institutions in order to minimise its risk.

Where robust financial monitoring indicates the availability for cash funds for investment, identified proportions of the surplus may be invested for periods of between 6 weeks and 3 years provided that funds can be withdrawn before the investment term albeit with an interest penalty.

The trust should seek to use a combination of positive and negative criteria to influence the decision making process.

Positive criteria:

- Responsible employment practices
- Corporate governance practice
- Conscientiousness with regard to human rights
- Sustainable environmental practice
- Sensitivity towards the communities in which the business operates.

Guidance issued from the Charities commission has recommended against any direct investment in the following types of organisation:

- Involvement in indiscriminate weaponry
- Principal business activity or focus in adult material, alcoholic drink, gambling or weekly collected home credit.

Periodically (at least every 3 months) the Business Manager will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy. She will also compare the investment performance against that of competitors and average performance indicators.

The trust's annual report and financial statements will describe the investment policy used to select the investments as well as reporting on the performance of investments.

This statutory policy will be reviewed annually.

Plans for future periods

Future Strategic Goals, Initiatives and Projects

These initiatives and projects represent the actions that students, parents, staff and the wider community believe are required in order to achieve our strategic goals:

- Collaboration with a wide range of local, national and international partners;
- Develop the use of mobile technology and our IT skills base;
- Develop a high quality curriculum to enable all students to make at least good or better progress;
- Create an on-going, supportive careers service easily accessible to students, online IAG resources accessible 24/7 by young people and their parents;
- Anytime learning, shared resources between home and school and homework clubs;
- Promotion of student leadership and wellbeing;

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

- Innovative opportunities to motivate and develop staff through training and beyond;
- Literacy and Numeracy: intensive programme to support students who arrive with below average literacy and numeracy levels
- Student social spaces;
- Sports facilities;
- Recycling and reducing packaging;
- Increase income generation to support the current funding;
- Further engagement with future CIF bids;
- Successful conversion to multi-academy trust status.

Funds held as Custodian Governor (Trustee) on behalf of others

Ratton School Fund

A current and deposit account for minor income/expenditure accounts and for the collection of educational visit payments, uniform, charity fundraising, non-uniform days and student council activities.

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

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

AUDITOR

The auditor, Knill James, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 28 November 2017 and signed on its behalf by:



Mr P Lindsey
Chair of Governors (Trustees)

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Lindsey, Community, Chair	7	7
Mrs C Bradbrook, Community	7	7
Mr C Brenchley, Community	5	7
Ms G Bryden, Staff	6	7
Mrs D Clarke, Community	6	7
Mr R Garland, Parent	4	7
Dr R Godfrey, Community	5	7
Mr J Henham, Community	7	7
Mr H Knox-Macaulay, Headteacher	7	7
Mr N Morris, Staff	5	7
Mr J Voice, Local Authority	7	7
Mrs A Wardle, Community	7	7
Mr C Warner, Parent	7	7
Mr J Woodward, Community	7	7

The Governing Body continues to operate in a robust and challenging - yet very supportive - way.

We introduced a new Wellbeing Committee alongside Resources, Teaching, Learning & Assessment as well as the Full Governing Body which meets four times a year.

We continued to look at the future of the trust and to decide upon the way forward. Following the investigation regarding the advantages and disadvantages of forming a MAT, the decision was made to form a MAT sponsoring a local Junior School (Ocklynge) and this process is still ongoing.

Following the previous year's review undertaken by Jennifer Barnard-Langston JP National Leader of Governance (NLG)/Advocate last year, the Governing Body continue to commit our focus on the recommendations from the review to be:

- more skilled, focused and effective
- confident that it had a clear delineation of roles and responsibilities
- staffed with the right number of skilled and committed governors to meet the needs of the academy and future developments
- more aware as a full GB of its freedoms, working in different and innovative ways
- clear in their vision for the academy moving into the future and how, together with the school leadership team, they can achieve this

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- an improved advisory role of external expertise to support the full GB.
- reviewing outcome
- continuing with the MAT Working Party.

These remain important key tasks for the governing body and they are reviewed as a group on a regular basis. Much has been achieved in these areas but there remains more to be done.

A Strategy Group - consisting of the Headteacher and his Deputy, the Chair of Governors with his Deputy and three other governors, meets every fortnight for a 90 minute meeting.

Ratton continues to be a very successful Academy, and the Governing Body plays a pivotal role in the school's achievement.

Training is also key for the Governing Body. We identify training needs which are relevant to the specific roles of individual governors and this has been acknowledged in the recent Ofsted report.

The Resources Committee is a sub committee of the main Governing Body. They met six times during the year including a meeting to review the audit and a budget only meeting.

The membership of this committee is made up of at least four governors, a core leadership member, trust governor and business manager (by invitation). The purpose of the Resources Committee is:

- To fulfil higher level functions relating to the Academy's budget to ensure value for money and to monitor and review expenditure;
- To fulfil higher level functions relating the Academy's staffing and pay issues;
- To fulfil higher level functions relating to the Academy's premises, health and safety;
- To fulfil higher level functions relating to the policies of the Academy;
- To investigate and monitor any activity relating to the internal and external audits.

Foci:

- To oversee the annual budget setting;
- To propose the annual budget to the Full Governing Body and regular monitoring updates to the Full Governing Body on all financial matters;
- Regularly monitor income and expenditure against budget. Including reporting of any significant budget amendments;
- To review and monitor all policies under the scope of the Resources Committee, as delegated from the Governing Body;
- To ensure compliance with the Finance Policy (consultation on awards of contracts over £50,000), Best Value Statement and Academies Financial Handbook and ensure that academy financial control systems are robust;
- To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook;
- To approve; opening and operation of academy bank accounts; authorised signatories; transfers between accounts; operation of credit cards; payment system controls including BACS;
- To review the Annual Report and Accounts and recommend for approval to the Members and Governing Body;
- To approve improvement plans and actions relating to the finance and premises area;
- To ensure a strategic financial view of income, staffing, other expenditure and capital projects. To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects;
- To ensure that the school asset management plan is regularly updated and to monitor the progress of all facilities works, including ACMF projects;
- To review and approve all bought in service provision;
- To consider and advise the Governing Body on external audit reports and management letters;

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- To appoint the peer reviewer and set the overall scope of the checks;
- To review reports from the peer reviewer on the effectiveness of the financial procedures and controls;
- To consider and advise the Governing Body on peer review and internal audit reports;
- To prepare an annual report for submission to the Governing Body on the work of the committee including an opinion on the effectiveness of the internal control system and the pursuit of value for money together with an assurance on risk management.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Bradbrook, Community	6	6
Mr C Brenchley, Community	4	6
Dr R Godfrey, Community	6	6
Mr H Knox-Macaulay, Headteacher	6	6
Mr P Lindsey, Community, Chair	6	6
Mr N Morris, Staff	6	6
Mr J Voice, Local Authority	6	6
Mrs A Wardle, Community	5	6

The Teaching and Learning Committee is also a sub committee of the main Governing Body. They have formally met on three occasions in the period.

The membership of this committee is made up of at least six governors, a core leadership member and a trust governor.

The purpose of the Teaching and Learning Committee is to improve the quality of provision by:

- Developing strategies, policies and procedures to improve the quality of provision
- Monitoring the quality of provision
- Holding the school to account for the quality of provision.

Brief:

To improve the quality of provision by:

- Developing strategies, policies and procedures to improve the quality of provision
- Monitoring the quality of provision
- Holding the school to account for the quality of provision

Foci:

Quality of Teaching:

- Improvements in the overall quality of teaching: elimination of adequate and inadequate teaching; all teaching judged to be good or better; an increase in outstanding teaching;
- How well teaching meets the needs of the full range of learners, including the diagnosis of, and provision for, individual learning needs;
- The impact of teaching on student attainment; ensuring that all students achieve their target grades and student attainment meets the expectations of their prior attainment on entry to the school;
- The impact of teaching on student progress in ensuring that increasing proportions of students make expected progress and more students make good progress (Key Stage 2 to Key Stage 4);
- Parental and carer involvement in their children's learning and development.

Learning and progress of subjects, especially in the core subjects. To include:

- Departmental reviews;
- the new English Baccalaureate subjects [English, mathematics, science, geography/history, a foreign language];

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Particular focus on disadvantaged groups and those for whom the school receives the pupil premium: Children looked after; ethnic minority students; students whose first language is other than English; students eligible for free school meals; students with special educational needs;
- Boys, particularly those with low levels of literacy; high attaining students; average ability girls.

Curriculum development (changes)

- Developments associated with the English Baccalaureate;
- Changes in Key Stage 4 eligible qualifications and the re-introduction of the GCSE curriculum;
- Improving the provision for information communications technology (ICT);
- Increasing students' independent learning opportunities including preparation for the world of work;
- Ensuring good quality and easily accessible advice, information and guidance for students preparing for the next stage in their education;
- Sustaining and improving the enrichment curriculum and the impact of the performing arts specialism;
- Ensuring that students have good opportunities for the development of social, moral, spiritual and cultural development.

Leadership of Learning/Attitudes to Learning/behaviour

- Students' attendance is above average;
- Knowledge and understanding of student sanctions and their impact on learning outcomes;
- Positive attitudes to learning underpinned by good behaviour and consideration of others;
- Encouragement that students are ready to learn and willing to work to achieve well;
- The extent to which students learning is supported by an environment where they feel safe, are healthy and enjoy and achieve.

Special Educational Needs (SEN)

- Evaluation of the school's provision for meeting the needs of students with SEN;
- Knowledge of the attainment and achievement of SEN students with particular reference to their progress;
- Keeping abreast of national developments, particularly the school's response to the 2012 Green Paper and subsequent developments.

Self-Evaluation / School Improvement Plan (SIP)

- Supporting the schools with its self-evaluation activity and ensuring that there is a clear understanding of the strengths and weaknesses;
- Engagement with planning to bring about improvement in areas identified as weaker; strategic planning for future improvement and retaining competitive edge.

Governor Support

Members of the Teaching and Learning sub-committee will focus their support for the school through a particular emphasis on disadvantaged groups, particularly those who are supported by the pupil premium.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Bradbrook, Invitee	2	3
Ms G Bryden, Staff	3	3
Mrs D Clarke, Community	3	3
Mr R Garland, Parent	0	3
Mr J Henham, Community	2	3
Mr H Knox-Macaulay, Headteacher	3	3
Mr P Lindsey, Community, Chair	2	3
Mrs A Wardle, Community	2	3

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Wellbeing Committee is also a sub committee of the main Governing Body. They have formally met on three occasions in the period.

The membership of this committee is made up of at least four governors, two core leadership members, trust governor and other governors by invitation. The purpose of the Wellbeing Committee is as follows:

Brief:

- To ensure personal development, behaviour and welfare of staff and pupils
- To ensure the school is fulfilling its responsibility regarding Child Protection and current requirements on safeguarding
- To ensure policies and procedures are in place to improve student behaviour to ensure all students feel safe in the school community
- To ensure the school provides an inclusive supportive environment for all learners, through care, guidance and support to ensure they adopt healthy lifestyles
- To ensure the school has good mechanisms in place to promote and support excellent attendance and punctuality
- To ensure the school promotes equal opportunity and tackles discrimination by actively preventing extremism and promoting British Values
- To set priorities for improvement and monitoring and evaluating the impact of improvement plans which relate to the committee's area of operation
- To accept full delegated responsibility for the discharge of the following duties:
- To monitor progress towards achieving annual attendance targets
- To ensure the views of stakeholders (parents, students & staff) are taken into account in order to inform planning.

Foci: To monitor and evaluate:

- the impact of the school's punctuality, attendance and behaviour policies
- the quality of the school's provision for personal development, behaviour and welfare
- the effectiveness of care, guidance and support for learners
- the extent to which pupils feel safe
- the extent to which pupils adopt healthy lifestyles
- the extent to which pupils contribute to the school and wider community
- the extent to which pupils develop workplace and other skills that will contribute to their future economic well-being
- the effectiveness with which the school promotes equal opportunity and tackles discrimination and actively promotes SMSC and BV
- the effectiveness of safeguarding policies and procedures to ensure that the school complies with safeguarding regulations (including child protection and safe recruitment).

Membership of the committee is noted on page 1; all members attended 3 of a possible 3 meetings, with the exception of Mr J Woodward, who attended 2 of a possible 2 meetings.

REVIEW OF VALUE FOR MONEY

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

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

- Improved Educational outcomes
- Robust financial systems, Governance & oversight and reviewing controls and managing risk
- Better purchasing to ensure value and quality for money

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Improving income generation
- Further successful CIF project bid for roofs & boilers

At Ratton high quality teaching and care ensure that our students are happy and able to achieve excellence in all aspects of their learning. Our resources have proven value for money during the last academic year which has helped us achieve our best results ever. During 2016/2017 the Business Manager has experienced Peer review visits by a neighbouring Academy.

It is likely that the national financial climate and pupil numbers in coming years will present challenges and Ratton school will endeavour to make savings through careful budget planning, 5 year planning of expenditure and school curriculum needs, tight monitoring procedures and effective purchasing along with a clear indication of the staffing structure needed for the curriculum needs of our students to meet the ever changing curriculum syllabus. In the year ending August 2017, numerous models of the 5 year plan have been produced and shared with Governors and Core Leadership. The Headteacher and Business Manager have held regular meetings purely on budget focus to ensure VFM is achieved and financial sustainability for the future.

We need to ensure continued sustainability for our pupils and ensure that the school's development plan can be met and that value-for-money areas continue to be achieved. A clear marketing strategy to support our vision for increasing pupil numbers needs to be agreed and focused for the foreseeable future to ensure we remain/maintain our reputational standards and a working party was in place and met regularly to determine school strategies.

The school has robust procedures, principles and recognised values in place to achieve:

- Transparency
- Integrity
- Competition
- Effectiveness & Efficiency
- Fair dealing with all suppliers, consultants & contractors
- Consistency
- Legality
- Accountability
- Enjoyment
- Good practice identified for ensuring value for money included:
 - continuing good GCSE results for the school, achieved by ensuring all staffing needs were met, that robust data forecasts and analyses were in place and that the provision of additional revision/twilight classes after school, at weekends and during holiday periods were provided.
 - additional staff employed in English & Mathematics to support smaller group works and intervention – a good resource funded through our pupil premium grant.
 - Pupil premium grant fully assessed and strategic plans in place to ensure VFM is reached for the grant and it meets the grant requirements and achieves maximum impact.
 - extra-curricular activities to ensure enjoyment and engagement are a success
 - a review of posts when staff resigned – not always replaced like-for-like
 - teachers' performance management and support staff appraisals were in place to ensure staff were working to clear objectives and targets to support the learning of our students and examination outcomes
 - ICT investment during the year to provide additional mobile technology and the infrastructure in excellent working order for students and staff, especially with the school's wireless system.
 - continuing successful in-house catering, known as Refresh, and increased income generation from meal sales with a high percentage of FSM students using the facilities
 - the school achieved much needed building works, sourced at good quality and value for money to ensure the environment, buildings and social spaces continued to be safe and secure for our students
 - the use of the school's skilled staff to undertake works to ensure required internal building projects were achieved at an affordable cost to the school

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- £6,500 raised for the school's 5 community charities showed the successful achievements of our students as a result of extra-curricular fund raising
- good collaboration with local schools in purchasing ensured best value for negotiating contracts e.g. grounds maintenance, software applications.
- engaging Student Parliament to contribute to decisions regarding resources which resulted in students successful learning and enjoyment, e.g. outdoor environmental spaces with extra furniture and bottle filling water machines
- benchmarking with local schools, mainly on staffing and use of the national benchmarking data to ensure our resources are deemed VFM.
- successful Ofsted.

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 academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Downs Learning Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The academy'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 Governing Body;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr David Graves, the Business Manager of Seaford Head School to perform peer reviews.

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

- Personnel
- Payroll
- Income

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Banking
- Reconciliation
- Purchasing & tendering
- Policies
- Governors and budget monitoring
- Year end procedures and Compliance with environmental works/certificates.

On a quarterly basis, the internal reviewer reports to the Governing Body through the resources committee on the operation of the systems of control and on the discharge of the Governing Body' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 28 November 2017 and signed on their behalf, by:



Mr P Lindsey
Chair of Trustees



Mr H Knox-Macaulay
Accounting Officer

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Governing Body on 28 November 2017 and signed on its behalf by:



Mr P Lindsey
Chair of Governing Body

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mr H Knox-Macaulay
Accounting Officer

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)

OPINION

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

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH
DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)**

concern basis of accounting unless the Trustees either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Susan Foster FCA (Senior Statutory Auditor)

for and on behalf of

Knill James

Chartered Accountant
Statutory Auditor

One Bell Lane
Lewes

East Sussex

Date: *30th November 2017*

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST) AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 August 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 South Downs Learning Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF SOUTH DOWNS LEARNING TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

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

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

APPROACH

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

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

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

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

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST) AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

Our normal audit procedures do provide assurance with regard to the regularity engagement, however some additional testing has been undertaken. This included:

- direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- extension of procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- consideration of whether expenditure outside of the academies delegated authorities (if any) has received departmental approval;
- evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- assessment of the adequacy of policies and procedures to ensure compliance with the framework of authorities;
- consideration of whether the absence of a control (if any) represents a breach of authorities;
- review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts;
- extension of testing to other funds, activities conducted, consideration of propriety, or the review of high level financial controls.

CONCLUSION

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



Susan Foster FCA (Reporting Accountant)

Knill James

Chartered Accountant

One Bell Lane
Lewes
East Sussex

Date: *30th November 2017*

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £	
INCOME FROM:						
Donations and capital grants	2	-	36,638	583,434	620,072	374,944
Charitable activities	3	-	6,103,431	-	6,103,431	6,114,977
Other trading activities	4	592,365	-	-	592,365	507,474
Investments	5	1,985	-	-	1,985	2,052
TOTAL INCOME	594,350	6,140,069	583,434	7,317,853	6,999,447	
EXPENDITURE ON:						
Raising funds	339,325	-	-	339,325	336,633	
Charitable activities	-	6,434,904	127,407	6,562,311	6,559,010	
TOTAL EXPENDITURE	339,325	6,434,904	127,407	6,901,636	6,895,643	
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	255,025	(294,835)	456,027	416,217	103,804
		-	(103,748)	103,748	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		255,025	(398,583)	559,775	416,217	103,804
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,592,000	-	1,592,000	(858,000)
NET MOVEMENT IN FUNDS		255,025	1,193,417	559,775	2,008,217	(754,196)
RECONCILIATION OF FUNDS:						
Total funds brought forward		609,391	(2,133,490)	10,103,344	8,579,245	9,333,441
TOTAL FUNDS CARRIED FORWARD		864,416	(940,073)	10,663,119	10,587,462	8,579,245

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)
REGISTERED NUMBER: 08130302

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		10,196,471		9,752,987
CURRENT ASSETS					
Stocks	15	9,122		9,314	
Debtors	16	155,330		143,610	
Cash at bank and in hand		1,118,201		969,088	
		<u>1,282,653</u>		<u>1,122,012</u>	
CREDITORS: amounts falling due within one year	17	(350,662)		(370,754)	
NET CURRENT ASSETS			931,991		751,258
TOTAL ASSETS LESS CURRENT LIABILITIES			11,128,462		10,504,245
Defined benefit pension scheme liability	24		(541,000)		(1,925,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			10,587,462		8,579,245
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	(399,073)		(208,490)	
Restricted fixed asset funds	19	10,663,119		10,103,344	
Restricted income funds excluding pension liability		10,264,046		9,894,854	
Pension reserve		(541,000)		(1,925,000)	
Total restricted income funds			9,723,046		7,969,854
Unrestricted income funds	19		864,416		609,391
TOTAL FUNDS			10,587,462		8,579,245

The financial statements on pages 30 to 54 were approved by the Trustees, and authorised for issue, on 28 November 2017 and are signed on their behalf, by:


Mr P Lindsey
Chair of Governors

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>718,019</u>	<u>370,793</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,985	2,052
Purchase of tangible fixed assets		<u>(570,891)</u>	<u>(52,326)</u>
Net cash used in investing activities		<u>(568,906)</u>	<u>(50,274)</u>
Change in cash and cash equivalents in the year		149,113	320,519
Cash and cash equivalents brought forward		<u>969,088</u>	<u>648,569</u>
Cash and cash equivalents carried forward	22	<u><u>1,118,201</u></u>	<u><u>969,088</u></u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

South Downs Learning Trust (formerly known as Ratton School Academy Trust) constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Fund accounting

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

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

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

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £3,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	Over 125 years
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

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 incorporating income and expenditure account.

1.7 Operating leases

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

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

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

1.9 Stocks

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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.

Critical areas of judgment:

Depreciation

The Academy exercises judgment to determine useful lives and residual values of property, plant and equipment. The assets are depreciated down to their residual values over their estimated useful lives.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	-	-	-	3,000
Government grants	36,638	583,434	620,072	371,944
	<u>36,638</u>	<u>583,434</u>	<u>620,072</u>	<u>374,944</u>
<i>Total 2016</i>	<u>22,587</u>	<u>352,357</u>	<u>374,944</u>	

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants			
General Annual Grant (GAG)	5,666,949	5,666,949	5,751,929
Other DfE/EFA grants	389,515	389,515	322,174
	<u>6,056,464</u>	<u>6,056,464</u>	<u>6,074,103</u>
Other government grants			
Local authority grants	46,967	46,967	40,874
	<u>46,967</u>	<u>46,967</u>	<u>40,874</u>
	<u>6,103,431</u>	<u>6,103,431</u>	<u>6,114,977</u>
<i>Total 2016</i>	<u>6,114,977</u>	<u>6,114,977</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
PTA and school trip income	41,861	41,861	39,757
Other sales	10,369	10,369	10,518
Lettings and rentals	29,873	29,873	29,701
Income from schools and external bodies	77,116	77,116	69,087
School Fund income	153,270	153,270	105,355
Catering income	279,876	279,876	253,056
	<u>592,365</u>	<u>592,365</u>	<u>507,474</u>
<i>Total 2016</i>	<u>507,474</u>	<u>507,474</u>	

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	1,985	-	1,985	2,052
<i>Total 2016</i>	2,052	-	2,052	

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

6. CHARITABLE ACTIVITIES

	Total funds 2017 £	<i>Total funds 2016 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,587,785	3,741,012
National insurance	349,879	312,911
Pension cost	725,547	632,450
Depreciation	127,407	108,466
Technology costs	38,319	57,689
Educational supplies	129,078	129,692
Examination fees	88,724	87,522
Staff development	20,302	21,979
Educational consultancy	103,007	104,442
Other direct costs	74,584	68,148
	5,244,632	<i>5,264,311</i>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	654,528	667,060
National insurance	38,288	32,135
Pension cost	113,444	107,853
LGPS - net interest cost	40,000	37,000
Recruitment and support	14,475	11,101
Maintenance of premises and equipment	148,263	156,607
Cleaning	20,066	22,609
Rent and rates	72,725	49,370
Energy costs	55,787	59,642
Insurance	30,960	56,617
Security and transport	20,344	21,023
Other support costs	96,003	62,726
Audit and accountancy fees	12,796	10,956
	1,317,679	<i>1,294,699</i>
	6,562,311	<i>6,559,010</i>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	339,325	339,325	336,633
Educational operation:					
Direct costs	4,663,211	-	581,421	5,244,632	5,264,311
Support costs	806,260	292,605	218,814	1,317,679	1,294,699
	<u>5,469,471</u>	<u>292,605</u>	<u>1,139,560</u>	<u>6,901,636</u>	<u>6,895,643</u>
<i>Total 2016</i>	<u>5,493,421</u>	<u>288,228</u>	<u>1,113,994</u>	<u>6,895,643</u>	

8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Ex-gratia payments	11,373	10,524	Settlement agreement

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education and Skills Funding Agency.

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	127,407	108,466
Auditor's remuneration - audit	10,890	10,150
Auditor's remuneration - other services	8,050	835
Operating lease rentals	16,696	16,696
Severance payments	11,373	15,000
	<u>174,216</u>	<u>151,147</u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,128,170	4,270,366
Social security costs	388,167	345,046
Operating costs of defined benefit pension schemes	838,991	740,303
	<u>5,355,328</u>	<u>5,355,715</u>
Supply teacher costs	102,770	122,706
Staff restructuring costs	11,373	15,000
	<u>5,469,471</u>	<u>5,493,421</u>

Staff restructuring costs comprise:

Severance payments	<u>11,373</u>	<u>15,000</u>
--------------------	---------------	---------------

The average number of persons (including the senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	2017 No.	2016 No.
Teaching	67	76
Administration and support	56	64
Management	8	7
	<u>131</u>	<u>147</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

All of the higher paid employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2017 pension contributions for these staff amounted to £26,061 (2016 - £25,176).

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £741,953 (2016 - £697,729).

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017	2016
		£'000	£'000
Mr H Knox-Macaulay, Headteacher	Remuneration	100-105	<i>95-100</i>
	Pension contributions paid	15-20	<i>10-15</i>
Miss H Fry, Staff	Remuneration		<i>10-15</i>
	Pension contributions paid		<i>0-5</i>
Ms G Bryden, Staff	Remuneration	50-55	<i>45-50</i>
	Pension contributions paid	5-10	<i>5-10</i>
Mr N Morris, Staff	Remuneration	45-50	<i>15-20</i>
	Pension contributions paid	5-10	<i>0-5</i>

No Trustees received any reimbursement of expenses during the years ended 31 August 2017 or 31 August 2016.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. OTHER FINANCE INCOME

	2017	2016
	£	£
Interest income on pension scheme assets	65,000	<i>93,000</i>
Interest on pension scheme liabilities	(105,000)	<i>(130,000)</i>
	(40,000)	<i>(37,000)</i>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

14. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 September 2016	9,966,570	254,678	10,221,248
Additions	490,362	80,529	570,891
At 31 August 2017	<u>10,456,932</u>	<u>335,207</u>	<u>10,792,139</u>
Depreciation			
At 1 September 2016	289,339	178,922	468,261
Charge for the year	81,123	46,284	127,407
At 31 August 2017	<u>370,462</u>	<u>225,206</u>	<u>595,668</u>
Net book value			
At 31 August 2017	<u>10,086,470</u>	<u>110,001</u>	<u>10,196,471</u>
At 31 August 2016	<u>9,677,231</u>	<u>75,756</u>	<u>9,752,987</u>

15. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	<u>9,122</u>	<u>9,314</u>

16. DEBTORS

	2017 £	2016 £
VAT recoverable	25,122	31,061
Prepayments and accrued income	130,208	112,549
	<u>155,330</u>	<u>143,610</u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

17. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Other taxation and social security	94,852	97,883
Other creditors	84,281	40,209
Accruals and deferred income	171,529	232,662
	350,662	370,754
	350,662	370,754
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	49,987	48,536
Resources deferred during the year	49,881	49,987
Amounts released from previous years	(49,987)	(48,536)
	49,881	49,987
	49,881	49,987

Deferred income is in relation to trip monies received from pupils which commence in 2018, rates relief and capital income received in advance.

18. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets measured at amortised cost	1,143,323	1,000,149
	1,143,323	1,000,149
	1,143,323	1,000,149
Financial liabilities measured at amortised cost	205,930	222,884
	205,930	222,884
	205,930	222,884

Financial assets measured at amortised cost comprise cash and debtors excluding prepayments.

Financial liabilities measured at amortised cost comprise creditors, excluding deferred income.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

19. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Incoming Resources £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	609,391	594,350	(339,325)	-	-	864,416
Restricted funds						
General Annual Grant (GAG)	(208,490)	6,070,069	(6,209,671)	(103,748)	-	(451,840)
MAT funding	-	70,000	(17,233)	-	-	52,767
Pension reserve	(1,925,000)	-	(208,000)	-	1,592,000	(541,000)
	<u>(2,133,490)</u>	<u>6,140,069</u>	<u>(6,434,904)</u>	<u>(103,748)</u>	<u>1,592,000</u>	<u>(940,073)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	9,752,987	-	(127,407)	570,891	-	10,196,471
CIF funding	350,357	583,434	-	(467,143)	-	466,648
	<u>10,103,344</u>	<u>583,434</u>	<u>(127,407)</u>	<u>103,748</u>	<u>-</u>	<u>10,663,119</u>
Total restricted funds	<u>7,969,854</u>	<u>6,723,503</u>	<u>(6,562,311)</u>	<u>-</u>	<u>1,592,000</u>	<u>9,723,046</u>
Total of funds	<u><u>8,579,245</u></u>	<u><u>7,317,853</u></u>	<u><u>(6,901,636)</u></u>	<u><u>-</u></u>	<u><u>1,592,000</u></u>	<u><u>10,587,462</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Incoming Resources £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	436,498	509,526	(336,633)	-	-	609,391
	<u>436,498</u>	<u>509,526</u>	<u>(336,633)</u>	<u>-</u>	<u>-</u>	<u>609,391</u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

19. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	52,816	6,137,564	(6,348,544)	(50,326)	-	(208,490)
Pension reserve	(965,000)	-	(102,000)	-	(858,000)	(1,925,000)
	<u>(912,184)</u>	<u>6,137,564</u>	<u>(6,450,544)</u>	<u>(50,326)</u>	<u>(858,000)</u>	<u>(2,133,490)</u>

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	9,809,127	2,000	(108,466)	50,326	-	9,752,987
CIF funding	-	350,357	-	-	-	350,357
	<u>9,809,127</u>	<u>352,357</u>	<u>(108,466)</u>	<u>50,326</u>	<u>-</u>	<u>10,103,344</u>
Total restricted funds	<u>8,896,943</u>	<u>6,489,921</u>	<u>(6,559,010)</u>	<u>-</u>	<u>(858,000)</u>	<u>7,969,854</u>
Total of funds	<u><u>9,333,441</u></u>	<u><u>6,999,447</u></u>	<u><u>(6,895,643)</u></u>	<u><u>-</u></u>	<u><u>(858,000)</u></u>	<u><u>8,579,245</u></u>

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose. The transfer to restricted fixed asset funds relates to the acquisition of fixed assets from GAG.

Restricted funds comprise all other restricted funds received and include grants from the Department for Education, Local Authority and other bodies which must be applied for specific purposes.

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

The Academy is carrying a net deficit of £451,840 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

We were aware on setting the 2016/17 budget that reserves from the previous year would need to be used as part of our planning process and this was also included in our five year forecast.

The Academy is taking the following action to return these funds to surplus:

The restricted funds deficit was covered by the utilisation of unrestricted funds from 2015/16 and we remain in a surplus position.

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,196,471	10,196,471
Current assets	876,836	(60,831)	466,648	1,282,653
Creditors due within one year	(12,420)	(338,242)	-	(350,662)
Provisions for liabilities and charges	-	(541,000)	-	(541,000)
	<u>864,416</u>	<u>(940,073)</u>	<u>10,663,119</u>	<u>10,587,462</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	9,752,987	9,752,987
Current assets	942,936	(171,282)	350,357	1,122,011
Creditors due within one year	(333,545)	(37,208)	-	(370,753)
Provisions for liabilities and charges	-	(1,925,000)	-	(1,925,000)
	<u>609,391</u>	<u>(2,133,490)</u>	<u>10,103,344</u>	<u>8,579,245</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	416,217	103,804
Adjustment for:		
Depreciation charges	127,407	108,466
Dividends, interest and rents from investments	(1,985)	(2,052)
Decrease in stocks	192	1,538
Increase in debtors	(11,720)	(23,583)
(Decrease)/increase in creditors	(20,092)	80,620
Defined benefit pension scheme cost less contributions payable	168,000	65,000
Defined benefit pension scheme finance cost	40,000	37,000
Net cash provided by operating activities	<u>718,019</u>	<u>370,793</u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	1,118,201	969,088
Total	<u>1,118,201</u>	<u>969,088</u>

23. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	427,794

24. PENSION COMMITMENTS

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

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

Contributions amounting to £65,353 were payable to the schemes at 31 August 2017 (2016 - 65,444) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £479,610 (2016 - £675,303).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £243,000 (2016 - £230,000), of which employer's contributions totalled £191,000 (2016 - £180,000) and employees' contributions totalled £52,000 (2016 - £50,000). The agreed contribution rates for future years are 21.6% for employers and 6.5% for employees.

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

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.80 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	23.8	24.2
Females	26.3	26.7

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,534,000	2,201,000
Corporate bonds	493,000	503,000
Property	352,000	314,000
Cash and other liquid assets	141,000	126,000
Total market value of assets	<u>3,520,000</u>	<u>3,144,000</u>

The actual return on scheme assets was £285,000 (2016 - £430,000).

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

	2017 £	2016 £
Current service cost	(359,000)	(245,000)
Interest income	65,000	93,000
Interest cost	(105,000)	(130,000)
Total	<u>(399,000)</u>	<u>(282,000)</u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	5,069,000	3,372,000
Current service cost	359,000	245,000
Interest cost	105,000	130,000
Employee contributions	52,000	50,000
Actuarial (gains)/losses	(1,484,000)	1,295,000
Benefits paid	(40,000)	(23,000)
	<u>4,061,000</u>	<u>5,069,000</u>
Closing defined benefit obligation	<u>4,061,000</u>	<u>5,069,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	3,144,000	2,407,000
Interest income	65,000	93,000
Actuarial losses	108,000	437,000
Employer contributions	191,000	180,000
Employee contributions	52,000	50,000
Benefits paid	(40,000)	(23,000)
	<u>3,520,000</u>	<u>3,144,000</u>
Closing fair value of scheme assets	<u>3,520,000</u>	<u>3,144,000</u>

25. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	11,953	11,953
Between 1 and 5 years	10,715	22,668
Total	<u>22,668</u>	<u>34,621</u>

SOUTH DOWNS LEARNING TRUST (FORMERLY KNOWN AS RATTON SCHOOL ACADEMY TRUST)
(A company limited by guarantee)

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

26. RELATED PARTY TRANSACTIONS

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

Mrs Diane Clark, who is a governor of the school, previously provided 1:1 tutoring, this ceased prior to the 2017 financial year (2016 - £925).

27. POST BALANCE SHEET EVENTS

During the year, the Academy converted from a Single Academy Trust (SAT) to a Multi Academy Trust (MAT) with South Downs Learning Trust becoming the new name of the Trust. Ocklynge Junior School will join the MAT as of 1 December 2017.