

THE SOUTHFIELD TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

THE SOUTHFIELD TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Diane Aldridge
Clare Szanto
Joe Galvin
Derek Budd (appointed 1 April 2018)
Tim Bale (appointed 1 April 2018)

Trustees

Margaret Neal, Chair
Diane Aldridge, Vice Chair
Gillian Ingold
Peter Isbell
Derek Budd (resigned 1 April 2018)
Remo Palladino, Executive Headteacher
David Tutt (appointed 5 April 2018)
Michael Hughesman (appointed 3 April 2018)

Company registered number

10042321

Company name

The Southfield Trust

Principal and registered office

The Lindfield School, Lindfield Road, Hampden Park, Eastbourne, East Sussex, BN22 0BQ

Company secretary

Linda Hughes

Senior leadership team

Remo Palladino, Executive Headteacher
Penny Kershaw, Head of School, The South Downs School (appointed 1 September 2017)
Kirsty McIlhargey, Head of School, The Lindfield School
Linda Hughes, Director of Resources

Independent auditors

Whitley Stimpson Limited, Penrose House, 67 Hightown Road, Banbury, OXON, OX16 9BE

Bankers

The NatWest Bank, Terminus Road, Eastbourne, East Sussex, BN21 3LX

Solicitors

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

THE SOUTHFIELD TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year from 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trust operates one primary Academy and one secondary Academy for pupils with special educational needs in Eastbourne with a combined pupil capacity of 220 pupils currently enrolled across the Academies based on the 2018 Census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Southfield Trust, which was incorporated on 3rd March 2016, and opened as an Academy Trust on 1st April 2016, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is also known as the 'The Southfield Trust'.

Details of the Trustees who served throughout the year and to the date the approval of this report and the financial statements are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Members, Trustees and the Local Governing Body members from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Trust shall have the following Trustees, as set out in its Articles of Association and Funding Agreement:

- up to 6 Trustees who are appointed by the Members;
- up to 2 Parent Trustees who are elected by the parents of registered pupils at the Academy Trust;
- currently the Trust has 5 founding Trustees
- an Executive Headteacher who is treated for all purposes as being an ex-officio Trustee.

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees.

As there are normally only very few new Trustee appointments each year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

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

A Trustees' training event organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. New Trustees also have the opportunity to undertake National Governor Association training and all Trustees receive regular National Governor Association updates. An ongoing bespoke governance development and engagement program is operated throughout the year which allows Trustees to meet informally as a team for training, so as to keep the Trustees updated on relevant developments impacting on their roles and responsibilities, and to contribute to the strategic leadership and direction of the Academy Trust.

Organisational Structure

At 31 August 2018, the Academy Trust comprise the following individual academies:

- The Lindfield School
- The South Downs School

Hazel Court School joined the Trust on 1 September 2018.

The Board of Trustees normally meets at least three times each year. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of the Board of Trustees and other groups. It receives reports including policies for ratification. It monitors the activities of the Trust through the minutes of Local Governing Body meetings, health and safety committee meetings and briefings from the Executive Headteacher, the Director of Resources and the Heads of School. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale. There is one Committee of the Board of Trustees at present which is the Pay and Executive Headteacher's Performance Management Committee.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and/or Vice Chair; and
- to undertake the performance management of the Executive Headteacher.

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees have devolved the day-to-day management of the Academy Trust to the Executive Headteacher and the Senior Leadership Team ('SLT'). The SLT comprises the Executive Headteacher, Heads of School, and the Director of Resources.

The Executive Headteacher is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance.

The Board of Trustees delegates a number of functions to the Local Governing Body ('LGB'). The LGB reviews annual School development plans and monitors progress against targets and OFSTED standards and oversees parent and community liaison. Representatives from the LGB also sit on the main Board of Trustees.

The Southfield Trust governance structure during the year ended 31 August 2018 is outlined in the following organogram:

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



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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the Senior Leadership Team to comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy on a day to day basis. All Trustees give of their time freely and no Trustee received any remuneration in the current or prior year, other than those Trustees who are also employees of the Academy. Details of Trustees' remuneration and expenses are disclosed in note 10 of the financial statements. The pay of the Senior Leadership Team is reviewed annually by the Board of Trustees (via the Pay and Executive Headteacher's Performance Management Committee) in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

Related Parties and Other Connected Charities and Organisations

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Academy Trust. There were no connected organisations, including connected charities, during the year and the details of related party transactions occurring during the year are disclosed in note 21 of the financial statements.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

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

More specifically, the aims/core aspirations of The Southfield Trust during the year ended 31 August 2018 are summarised below:

We want all of our young people to:

- Build positive relationships
- Make choices
- Be independent
- Make a contribution to society
- Move successfully to the next stage in their lives
- Be safe and well in the world
- Achieve their potential

We will continue with these core aspirations for the next academic year.

Objectives, Strategies and Activities

The key priorities for the period are contained in the Academy Trust's Development Plan which is available from the Executive Headteacher. The activities in our Trust Development plan are all referenced to our core aspirations.

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

The key activities of the Academy Trust for the year ended 31 August 2018 were focused as follows:

- To work with Unicef to promote children's rights
- To improve the communication outcomes for all pupils
- To continually improve our provision for pupils with autism
- To increase access to the curriculum at Key Stages 1 & 2
- To increase accreditation results at Key Stage 4
- To increase access to information about the new Academy Trust
- To improve, centralise and increase administrative support across the Trust
- To plan and implement a new assessment methodology across Trust schools in the light of the assessment without levels agenda and Rochford review

Public Benefit

The Academy Trust aims to advance for the public benefit education in Eastbourne and East Sussex, offering a broad curriculum and an excellent education environment for its pupils. The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy Trust is in its third period of operation since conversion to an Academy Trust on 1st April 2016. The total number of pupils in the year ended 31 August 2018 was 220, but there is an ongoing and continued demand for places at the Academy Trust.

The Academy Trust is committed to continual improvement which is achieved in a number of ways including improvement planning, review meetings, continual professional development, lesson observations, performance management, self evaluation, data analysis and action planning. External moderation and evaluation is used extensively to facilitate school improvement.

Both schools are currently judged as outstanding by Ofsted. The particular achievements and performance of the Academy Trust during the year ended 31 August 2018. Were as follows:

Aim: To promote children's rights stage 1: the South Downs School was accredited by UNICEF as a rights respecting school Stage 2.

Outcome: Following a series of whole school initiatives including an enrichment week, Level 2 accreditation was awarded following a UNICEF inspection in July 2017

Aim: To improve the communication outcomes for all pupils.

Outcome: Both schools have developed specialised therapeutic programmes to support speaking & listening achievement. We now have a communication team including a specialist communication manager, a SALT assistant and designated communication TAs in all classes. This provision has resulted in improved speaking and listening outcomes for pupils across the Trust.

Aim: To continually improve our provision for pupils with autism.

Outcome: The Trust has further developed its own accreditation system known as the Autism Peer Evaluation Group (APEG) to promote the best possible outcome for pupils with autism

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Aim: To increase access to the curriculum at Key Stages 1 & 2.

Outcome: South Downs have invested in training and equipment for Eye-Gaze technology to provide curriculum access for PMLD pupils. This enables improved highly individualised planning that facilitates children's' access to learning

Aim: To increase accreditation results at Key Stage 4.

Outcome: July 2018 saw 53% of year 11 achieving 5 GCSE (or equivalent) or more. 100% leaving with a qualification. We introduced music GCSE which saw 100% pass rate for those entered. This year we will have our first group of GCSE historians.

Aim: To improve, centralise and increase administrative and resources support across the Trust.

Outcome: The Trust has further redesigned office spaces for a growing Administration team at both schools and created additional administrative posts. A senior site manager now oversees the work of each school site manager.

Aim: To plan and implement a new assessment methodology across Trust schools in the light of the assessment without levels agenda and Rochford review.

Outcome: Both Trust schools trialed new assessment systems in 2017/2018 which included an investment in classroom monitor software and a range of additional assessment systems. Both schools now have a new and robust assessment system in place.

Key Performance Indicators

Although the Academy Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2018, the balance of the GAG Restricted Fund was £480,046. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 217 which is an increase of over 2% from the previous census.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to educational grant funding for the year was 81% (2017: 79%), while the percentage of staff costs to total costs (excluding depreciation and FRS102 pension cost charges) was 84% (2017: 85%).

Going Concern

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

FINANCIAL REVIEW

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants and the Local Authority (East Sussex County Council) as top up funding per occupied pupil place on a month by month basis, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2018 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

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FOR THE YEAR ENDED 31 AUGUST 2018

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the year ended 31 August 2018, the total expenditure (excluding depreciation and FRS102 pension cost charges) of £4,164,159 (2017: 4,258,066) was covered by the recurrent grant funding received from the ESFA and other incoming resources (excluding capital grants and revisions to the value of assets inherited on conversion) of £4,331,688 (2017: 4,628,916). The net operating surplus for the year was £167,529 (2017: £370,850)

The net book value of fixed assets at 31 August 2018 is £10,217,670, which includes the revision to the value of land and buildings transferred from the Local Authority on conversion recognised in the prior year of £1,000,000 and depreciation charges for the period of £372,925. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Trust.

The balance of total funds held at 31 August 2018 were £10,735,280 which comprised of the following:

Restricted Funds (excluding Pension Liability)	£491,643
Restricted Pension Liability Fund	£820,000
Restricted Fixed Asset Fund	£10,480,798
Unrestricted Funds	£582,839

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £820,000, which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. The Academy is not currently required to make accelerated payments to meet this liability, but, were arrangements to change, the Academy would have difficulty in making such payments without significantly impacting its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Executive Headteacher, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included:

- Financial Regulations Policy
- Governors Trustees and Members Allowances
- Teachers Pay
- Suite of Accounting Policies
- Finance and Audit Committee terms of reference
- Scheme of Delegations
- Staffing Structure Review

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees will also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of reserves for the Academy Trust should be as follows:

- A minimum of approximately 5% of total incoming resources, which equates to £215,000, which is required to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies or changing circumstances.

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- Unspent structural maintenance funds received from the Local Authority specifically to maintain land and buildings, contribute to an increasing reserve value for any major required works not subject to a successful CIF bid, or to be used to 'match fund' against future CIF bids.
- We hold provision for long term teacher absence/support staff self-insurance to the maximum value of approximately one full time teacher for each School.

The Trust will hold any additional surplus funds as a Trust development working capital fund to support:

- Future MAT projects to enhance and improve knowledge and expertise in curriculum and operational developments within the wider special school community.
- Succession planning and building leadership and management capacity in line with the longer term priorities and future needs of the Trust.

The Academy Trust's total reserves at 31 August 2018 are £10,735,280, of which £1,074,482 is represented by revenue reserves (that is, total reserves less the amount held in restricted fixed asset funds and restricted pension reserve funds). This is made up of unrestricted funds of £582,839 and restricted income funds of £491,643.

Although the current level of revenue reserves is above the target level identified above, the Trustees expect these reserves to be utilised in future years as they invest in the Academy Trust's facilities and educational resources and as the underlying costs of operating the individual Schools increase year on year, especially those relating to staff costs including employer pension contributions.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a regular basis this is achieved by transfer of surplus funds to a term deposit with the Academy Trust's principal bankers.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances. They have introduced systems, including operational procedures internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the year, approximately 99% of the Academy Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light continuing changes in to the National Funding Formula for schools.

Continuing increases in employment costs, including pension costs association with both the Teachers' Pension Scheme and the Local Government Pension Scheme(s), and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balance budgets in the future.

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The Trustees examine the financial health of the Academy Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance and Resources Committee meetings.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. The Trust has a dedicated Safeguarding Manager.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds

The Academy Trust has engaged Whitley Stimpson Limited, the external auditor, to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Trustees examine the financial health of the Academy Trust formally, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees meetings. At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Trustees recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

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Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£3,619,952
Percentage of total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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PLANS FOR FUTURE PERIODS

The Academy Trust strives to continually improve levels of attainment for all pupils, equipping them with the qualifications, skills and character to follow their chosen pathway, whether into further and higher education or employment, as well as promoting the continued professional development of its staff.

The Trust is currently working with the DfE to open a new Free School in 2020. The application has the backing of the Local Authority and was developed in response to their forecast for additional special school places in the Eastbourne area. The Local Authority has identified a brown field site for the proposed Free School.

Trust Development Plans will continue to be made with direct reference to the Trust's core values:

- Build positive relationships
- Make choices
- Be independent
- Make a contribution to society
- Move successfully to the next stage in life
- Be safe and well in the world
- Achieve potential

Detailed Trust Development Plans are contained in the following table:

 The Southfield Trust – Strategic Plan Sept 2018 to Sept 2020						
Why? (core aspirations)	Actions (with costings if applicable)		Who?	When?	Impact on Learning Outcomes	RAG
All Trust Core Aspirations	To deliver the project plan for Summer down School and open in 2020		RP on behalf of Trustees	By 1/09/20	To provide an opportunity for pupils with Autism to those with complex needs to access outstanding specialist educational provision.	

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TRUSTEES' REPORT (continued)
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All Trust Aspirations	Core	<p>To improve the governance skills of all Trustees/ Governors at the Trust:</p> <ul style="list-style-type: none"> Carry out a skills audit for Govs/Trustees and report findings to both bodies. Create a training and development plan for Govs/Trustees to improve skills in critical areas. 	MN on behalf of all Trustees / Govs	By 31/08/19	To ensure that governors / trustees are skilled in holding the leadership to account and in scrutinising evidence and generating challenge.	
All Trust Aspirations	Core	<p>To carry out a review of leadership and management structures in the light of HC joining the trust and with the imminent completion of the Summerdown school project:</p> <ul style="list-style-type: none"> Review opportunities for leadership secondment across the Trust Review succession planning for leadership posts 	Trustees	By 31/08/19	To ensure that the structures and posts associated with leadership and management across the schools facilitate the best possible outcomes for pupils.	
All Trust Aspirations	Core	<p>To review major capital projects across all sites</p> <ul style="list-style-type: none"> Review major capital bids currently in process for TLS and SDS East and monitor progress Ensure that HC is able to access condition improvement funding from the EFSA. 	Trustees	By 31/12/18	To provide improved facilities at all three schools to improve the opportunity for pupils to make enhanced progress.	
All Trust Aspirations	Core	To secure outstanding Ofsted inspections for TLS and SDS schools	Trustees RP/ KMc/PK	July 2019	Both schools judged outstanding by Ofsted	
All Trust Aspirations	Core	Review SEF evaluations and format of SEF for both schools	RP/ PK/KMc/	September 2018	A SEF will be in place that is development led, encompasses all areas of school life and reflects an analysis of schools practices and processes	
Achieve Potential		Embed the use of Classroom Monitor to assess pupil progress at all three schools. To monitor and provide evidence of the progress pupils make and share with individual pupils and their parents/carers	KMc/PK	July 2019	All teachers using CM to record academic progress Evidence uploaded and available for SLT Formative and summative assessment evident and used in PP meetings	

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Achieve Potential	Review Trust lesson observation processes	KMc/ RP	July 2019	A more robust learning observation process that reflects the trust and school values Lesson observation outcomes for teachers are marked against these criteria More detailed and holistic lesson observations – resulting in more robust analysis of teaching and learning across the schools
	To create an outcome focused peer review group to evaluate autism practice across the Trust. To include a draft set of quality standards to ensure the delivery best quality autism provision across a school. In future to operate outside of the Trust.	PK	July 2019	Catering for the unique learning style of pupils with autism will enhance the learning opportunities for this set of pupils and therefore increase learning outcomes
	Commission two externally validated reviews of the quality of teaching and learning across the Trust schools.	RP/ PK/KMc/	July 2019	Ensure that outstanding teaching and learning is maintained across the schools and that therefore outcomes continue to be outstanding.
	Review the effectiveness of the Trust core reading strategy – consider a change of focus	RP/ PK/KMc	Dec 2018	Outcomes in reading across Trust schools have improved very significantly. Following a review of the strategy consider now whether the focus should change to numeracy.
Build positive relationships 1 Make choices 1 Be independent 1 Make a contribution to society 1	The Trust schools to work on the Learning Outside the Classroom (silver) curriculum to increase pupil interaction with the school grounds, the local community and places of interest and residential learning opportunities	JD/PK/ /GI	July 2020	<ul style="list-style-type: none"> South Downs to be accredited with the Learning Outside the Classroom quality mark
Be safe and well in the world 1 Make a contribution to society 2	Continue to develop the Rights Respecting Schools (gold award) work across the Trust.	PK/ GI	Sept 2020	Review rights respecting school work at TLS and work on South Downs accreditation as a Unicef rights respecting school

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Move successfully to the next stage in their lives 1 Make choices 2 Be independent 1	To identify 16+ learning pathways beyond The Trust that can be shared with parents/carers	BG	Jan 2019	A booklet will be available for all parents showing individual case studies of ex pupils.	
Build positive relationships 3 Make a contribution to society 3 Be safe and well in the world 4	Audit provision to further embed SMSC into all areas of life in both schools	BG	Sept 2019	All subjects contribute to SMSC	

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

AUDITOR

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as company Directors, on 6 December 2018 and signed on its behalf by:

Margaret Neal
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive 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 The Southfield Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Margaret Neal	5	6
Diane Aldridge	5	6
Gillian Ingold	4	6
Peter Isbell	6	6
Derek Budd	4	4
Remo Palladino	6	6
David Tutt	2	2
Michael Hughesman	2	2

Governance Review

The Trust carried out a full review of governance in December 2017. This resulted in a decision to increase the number of Members from 3 to 5, and to increase the number of Trustees to 7. Plans were also made to reform the structure of the Local Governing Body to allow representation from Hazel Court Schools when it joins the Trust.

During the year ended 31 August 2018, the Board of Trustees undertook the role of the Finance and Audit Committee for the Trust and all matters related to finance, resources, premises and health and safety of the Academy Trust.

Review of Value for Money

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

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

The Trust shares resources by deploying staff over all 3 sites including:

- One member of staff to work on quality standards over all three sites.
- A Trust Pupil Support and Safeguarding Manager.
- Shared use of Business Manager, Finance Manager and Personnel Manager.
- A Trust Senior Site Manager.
- A Trust Communication team.
- A Trust Positive Handling training team.

THE SOUTHFIELD TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Trust delivers shared INSET:

- The use of our own training provider for positive handling training across the Trust.
- The use of Trust staff to provide training across the Trust on Manual Handling.
- Cross school induction training.
- Shared expertise in working towards gaining quality marks e.g. UNICEF and Autism Accreditation.
- The Trust has developed a cross school reading strategy delivered by a critical member of staff which has resulted in improved reading outcomes for all pupils.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Southfield Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Whitley Stimpson Limited, the external auditors, to perform additional checks.

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

- review of the Academy Trust's compliance with the Academies Financial Handbook 2017; and
- review of the implementation of recommendations raised in the prior years report.

On an annual basis, the external auditors report to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

Whitley Stimpson have delivered their program of work during the year with several recommendations for the improvement of internal financial controls and process being made, which management have developed a plan to implement over the coming year.

Review of Effectiveness

As Accounting Officer, the Executive 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 external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 6 December 2018 and signed on their behalf, by:

Margaret Neal
Chair of Trustees

Remo Palladino
Accounting Officer

THE SOUTHFIELD TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Southfield Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

Remo Palladino
Accounting Officer

Date: 6 December 2018

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2018 and signed on its behalf by:

Margaret Neal
Chair of Trustees

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

Opinion

We have audited the financial statements of The Southfield Trust (the 'Academy Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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 the financial year 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

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

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

Responsibilities of Trustees

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

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

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

Auditors' 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 Auditors' 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. This description forms part of our Auditors' report.

Use of our report

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

Jonathan Mark Walton ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
OXON
OX16 9BE

Date:

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

In accordance with the terms of our engagement letter dated 4 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Southfield Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Southfield Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Southfield Trust's funding agreement with the Secretary of State for Education dated 23 March 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 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 Trust's income and expenditure.

The work undertaken to draw our conclusions included:

- A review of internal control policies and procedures implemented by the Academy Trust and an evaluation of their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;

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

- A review of the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
OXON
OX16 9BE

Date:

THE SOUTHFIELD TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Fixed asset restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	3,954	-	1,306,816	1,310,770	311,467
Charitable activities	3	26,543	4,301,180	-	4,327,723	4,625,477
Investments	4	11	-	-	11	1,752
Total income		<u>30,508</u>	<u>4,301,180</u>	<u>1,306,816</u>	<u>5,638,504</u>	<u>4,938,696</u>
Expenditure on:						
Charitable activities		10,720	4,417,439	372,925	4,801,084	4,782,292
Total expenditure	5	<u>10,720</u>	<u>4,417,439</u>	<u>372,925</u>	<u>4,801,084</u>	<u>4,782,292</u>
Net income / (expenditure) before transfers		19,788	(116,259)	933,891	837,420	156,404
Transfers between Funds	15	(64,216)	-	64,216	-	-
Net income / (expenditure) before other recognised gains and losses		(44,428)	(116,259)	998,107	837,420	156,404
Actuarial gains on defined benefit pension schemes	19	-	432,000	-	432,000	683,000
Net movement in funds		<u>(44,428)</u>	<u>315,741</u>	<u>998,107</u>	<u>1,269,420</u>	<u>839,404</u>
Reconciliation of funds:						
Total funds brought forward		627,267	(644,098)	9,482,691	9,465,860	8,626,456
Total funds carried forward		<u><u>582,839</u></u>	<u><u>(328,357)</u></u>	<u><u>10,480,798</u></u>	<u><u>10,735,280</u></u>	<u><u>9,465,860</u></u>

The notes on pages 28 to 48 form part of these financial statements.

THE SOUTHFIELD TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10042321

BALANCE SHEET
AS AT 31 AUGUST 2018

		2018		2017	
	Note	£	£	£	£
Fixed assets					
Tangible assets	12		10,217,670		9,233,335
Current assets					
Debtors	13	291,415		236,056	
Cash at bank and in hand		1,398,624		1,293,013	
		1,690,039		1,529,069	
Creditors: amounts falling due within one year	14	(352,429)		(308,544)	
Net current assets			1,337,610		1,220,525
Total assets less current liabilities			11,555,280		10,453,860
Defined benefit pension scheme liability	19		(820,000)		(988,000)
Net assets including pension scheme liabilities			10,735,280		9,465,860
Funds of the academy					
Restricted income funds:					
Restricted income funds	15	491,643		343,902	
Fixed asset restricted funds	15	10,480,798		9,482,691	
Restricted income funds excluding pension liability		10,972,441		9,826,593	
Pension reserve		(820,000)		(988,000)	
Total restricted income funds			10,152,441		8,838,593
Unrestricted income funds	15		582,839		627,267
Total funds			10,735,280		9,465,860

The financial statements on pages 25 to 48 were approved by the Trustees, and authorised for issue, on 6 December 2018 and are signed on their behalf, by:

Margaret Neal
Chair of Trustees

The notes on pages 28 to 48 form part of these financial statements.

THE SOUTHFIELD TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	17	156,044	251,674
Cash flows from investing activities:			
Interest from investments		11	1,752
Purchase of tangible fixed assets		(357,260)	(127,931)
Capital grants from DfE/ESFA and other capital income		306,816	309,779
Net cash (used in)/provided by investing activities		(50,433)	183,600
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		1,293,013	857,739
Cash and cash equivalents carried forward	18	1,398,624	1,293,013

The notes on pages 28 to 48 form part of these financial statements.

THE SOUTHFIELD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Southfield Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 Trust 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.

1.3 Taxation

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

1.4 Fund accounting

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

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

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

THE SOUTHFIELD TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.5 Income

All income is recognised once the Academy Trust 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.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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.

1.6 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.8 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold land	-	over the period of the lease of 125 years
Leasehold buildings	-	2% straight line
Motor vehicles	-	20% straight line
Furniture and fixtures	-	15% 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.

1.9 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.

1.10 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.

1.11 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.12 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.14 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 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 19, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There are no key judgements that the academy has made which have a significant effect on the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Fixed asset restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	3,954	-	27,011	30,965	32,259
Revision of the value of assets inherited on conversion in prior years	-	-	1,000,000	1,000,000	-
Capital grants	-	-	279,805	279,805	279,208
	3,954	-	1,306,816	1,310,770	311,467
Total 2017	32,259	-	279,208	311,467	

Revision of the value of assets inherited on conversion in prior years:

The long term leasehold property of the Academy Trust includes the land and buildings of the South Downs School and the Lindfield School, which were transferred to the Academy Trust on conversion and which are occupied under a 125 year lease from East Sussex County Council.

In the prior year, in the absence of an available valuation from the ESFA, the value of the land and buildings for South Downs School and the Lindfield School, as included in the financial statements, was based on a Trustees' valuation. In the year ended 31 August 2018, valuations from the ESFA for the land and buildings of South Downs School and the Lindfield School have been made available, and the Trustees have therefore revised the the valuation of the land and buildings recognised in the prior year based on the current ESFA valuations. This has resulted in an adjustment to increase the value of the land and buildings previously recognised by an amount of £1,000,000. This has also had the effect of increasing the depreciation charge for the year by £15,795.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	2,143,932	2,143,932	2,158,729
Pupil premium	-	78,116	78,116	86,773
Start-up grants	-	-	-	55,000
Other DfE/EFA grants	-	34,484	34,484	35,909
	<u>-</u>	<u>2,256,532</u>	<u>2,256,532</u>	<u>2,336,411</u>
Other government grants				
Local Authority grants	-	2,044,648	2,044,648	2,254,288
	<u>-</u>	<u>2,044,648</u>	<u>2,044,648</u>	<u>2,254,288</u>
Other funding				
Trip income	2,583	-	2,583	6,320
Other income	23,403	-	23,403	26,826
Uniform income	557	-	557	1,632
	<u>26,543</u>	<u>-</u>	<u>26,543</u>	<u>34,778</u>
	<u>26,543</u>	<u>4,301,180</u>	<u>4,327,723</u>	<u>4,625,477</u>
Total 2017	<u>34,779</u>	<u>4,590,698</u>	<u>4,625,477</u>	

4. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	11	-	11	1,752
Total 2017	<u>1,752</u>	<u>-</u>	<u>1,752</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Charitable activities:					
Direct costs	1,798,062	-	87,906	1,885,968	2,252,951
Support costs	1,904,582	131,770	878,764	2,915,116	2,529,341
	<u>3,702,644</u>	<u>131,770</u>	<u>966,670</u>	<u>4,801,084</u>	<u>4,782,292</u>
Total 2017	<u>3,825,522</u>	<u>333,554</u>	<u>623,216</u>	<u>4,782,292</u>	

6. Support costs

	Charitable Activities £	Total 2018 £	Total 2017 £
LGPS FRS102 net pension interest cost	27,000	27,000	33,000
Technology costs	35,141	35,141	30,040
Educational supplies	13,256	13,256	25,984
Repairs and maintenance	131,770	131,770	118,555
Rent and rates	15,289	15,289	14,601
Light and heat	52,482	52,482	41,305
Insurance	6,683	6,683	5,653
Other support costs	162,265	162,265	124,833
Legal and professional	137,179	137,179	125,729
Catering costs	34,961	34,961	30,542
Cleaning	21,585	21,585	20,357
Wages and salaries	1,266,535	1,266,535	1,118,900
National insurance	64,678	64,678	92,968
Pension cost	573,367	573,367	451,649
Depreciation	372,925	372,925	295,225
	<u>2,915,116</u>	<u>2,915,116</u>	<u>2,529,341</u>
<i>At 31 August 2017</i>	<u>2,529,341</u>	<u>2,529,341</u>	

7. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	372,925	295,225
Auditors' remuneration - audit services	8,000	7,250
Auditors' remuneration - non-audit services	16,450	14,770
Operating lease rentals	9,294	3,668
	<u>406,669</u>	<u>320,913</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,789,945	2,896,768
Social security costs	227,714	235,083
Operating costs of defined benefit pension schemes	648,795	668,325
	<u>3,666,454</u>	<u>3,800,176</u>
Agency staff costs	13,603	16,079
Staff restructuring costs	22,587	9,267
	<u><u>3,702,644</u></u>	<u><u>3,825,522</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	<u>22,587</u>	<u>9,267</u>

b. Non-statutory/non-contractual staff severance payments

Staff severance payments relate to non-contractual / non-statutory severance payments totalling £22,587 (2017 - £9,267), which were made up of two payments of £7,587 and £15,000 (2017 - one payment of £9,267).

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	45	49
Administration and support	143	117
Management	4	4
	<u>192</u>	<u>170</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	38	44
Administration and support	77	83
Management	4	4
	<u>119</u>	<u>131</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Staff costs (continued)

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	0	1
In the band £110,001 - £120,000	1	1

All of the above staff members participated in the Teachers' Pension Scheme and the value of the employer contributions to the scheme during the year ended 31 August 2018 were £42,884 (2017: £44,192).

e. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel during the period for their services to the Academy Trust was £361,692 (2017: £358,093).

9. Central services

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

- Education leadership and management services
- Estate services
- Finance services
- Clerk to governors services
- HR advice and legal support services
- Audit services

The Academy Trust charges for these services on the following basis:

- a flat percentage of 16.4% on each schools General Annual Grant

The actual amounts charged during the year were as follows:

	2018 £	2017 £
The Lindfield School	236,141	236,141
The South Downs School	459,155	459,155
Total	695,296	695,296

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. 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:

		2018 £	2017 £
Remo Palladino	Remuneration	110,000-115,000	110,000-115,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Gillian Ingold	Remuneration	10,000-15,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

11. Trustees' and Officers' Insurance

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The 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.

12. Tangible fixed assets

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2017	9,162,000	182,542	143,729	86,311	9,574,582
Additions	273,582	37,816	38,602	7,260	357,260
Revision of the value of assets inherited on conversion in prior years	1,000,000	-	-	-	1,000,000
At 31 August 2018	<u>10,435,582</u>	<u>220,358</u>	<u>182,331</u>	<u>93,571</u>	<u>10,931,842</u>
Depreciation					
At 1 September 2017	251,311	42,858	23,767	23,311	341,247
Charge for the year	282,901	44,071	27,239	18,714	372,925
At 31 August 2018	<u>534,212</u>	<u>86,929</u>	<u>51,006</u>	<u>42,025</u>	<u>714,172</u>
Net book value					
At 31 August 2018	<u>9,901,370</u>	<u>133,429</u>	<u>131,325</u>	<u>51,546</u>	<u>10,217,670</u>
At 31 August 2017	<u>8,910,689</u>	<u>139,684</u>	<u>119,962</u>	<u>63,000</u>	<u>9,233,335</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. Tangible fixed assets (continued)

The long term leasehold property comprises the land and buildings of the individual academies within the Academy Trust which were transferred to the Trust on conversion from East Sussex County Council. The Trust occupies the land and buildings under a 125 year lease arrangement with East Sussex County Council. The value of the land and buildings have been included in the financial statements based on the valuations undertaken by the Education and Skills Funding Agency, which is based on depreciated replacement cost of the land and buildings.

13. Debtors

	2018 £	2017 £
Trade debtors	-	1,474
Other debtors	3,301	3,948
Prepayments and accrued income	247,098	196,770
VAT recoverable	41,016	33,864
	291,415	236,056
	291,415	236,056

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	132,072	97,030
Other taxation and social security	53,195	58,851
Other creditors	81,829	71,959
Accruals and deferred income	85,333	80,704
	352,429	308,544
	352,429	308,544

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	78,664	77,636
Resources deferred during the year	77,638	78,664
Amounts released from previous years	(78,664)	(77,636)
	77,638	78,664
	77,638	78,664

Deferred income constitutes £5,480 (2017: £7,903) funding received in advance for Universal Infant Free School Meals and £72,158 (2017: £70,761) received in advance with regards to the structural maintenance grant which will be utilised in the year ending 31 August 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	627,267	30,508	(10,720)	(64,216)	-	582,839
Restricted funds						
General Annual Grant	297,402	2,143,932	(1,961,288)	-	-	480,046
Pupil premium	-	78,116	(78,116)	-	-	-
Other DfE/ESFA grants	-	34,484	(22,887)	-	-	11,597
Local Authority Funding	-	2,044,648	(2,044,648)	-	-	-
Start up grants	46,500	-	(46,500)	-	-	-
Pension reserve	(988,000)	-	(264,000)	-	432,000	(820,000)
	<u>(644,098)</u>	<u>4,301,180</u>	<u>(4,417,439)</u>	<u>-</u>	<u>432,000</u>	<u>(328,357)</u>
Fixed Asset Restricted funds						
Assets inherited on conversion	9,045,159	1,000,000	(348,069)	-	-	9,697,090
Assets purchased from GAG and other funds	163,487	27,011	(5,665)	64,216	-	249,049
ESFA / other capital grants	274,045	279,805	(19,191)	-	-	534,659
	<u>9,482,691</u>	<u>1,306,816</u>	<u>(372,925)</u>	<u>64,216</u>	<u>-</u>	<u>10,480,798</u>
Total restricted funds	<u>8,838,593</u>	<u>5,607,996</u>	<u>(4,790,364)</u>	<u>64,216</u>	<u>432,000</u>	<u>10,152,441</u>
Total of funds	<u><u>9,465,860</u></u>	<u><u>5,638,504</u></u>	<u><u>(4,801,084)</u></u>	<u><u>-</u></u>	<u><u>432,000</u></u>	<u><u>10,735,280</u></u>

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

The General Annual Grant funding must be used for the normal running costs of the Academy Trust in line with its Funding Agreement. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Start up grants are used to cover the expenditure associated with conversion to Academy Trust during this period.

Other ESFA/DfE grants, pupil premium, LA funding and other restricted income are all used in accordance with the restrictions of the individual grants or funding which are all for the provision of education to pupils of the Academy Trust.

Restricted fixed asset funds comprise the value of the fixed assets transferred to the Academy Trust on conversion less accumulated depreciation together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grants were paid.

The pension reserve represents the Local Government Pension Scheme deficit.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
The South Downs School	659,215	580,802
The Lindfield School	325,428	269,915
The Southfield Trust - central services	89,839	120,452
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,074,482	971,169
Restricted fixed asset fund	10,480,798	9,482,691
Pension reserve	(820,000)	(988,000)
	<hr/>	<hr/>
Total	10,735,280	9,465,860
	<hr/> <hr/>	<hr/> <hr/>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
The South Downs School	1,839,861	35,884	54,174	764,676	2,694,595	2,803,107
The Lindfield School	990,123	7,368	30,484	420,428	1,448,403	1,517,908
Central services	259,824	357,708	409	98,516	716,457	632,343
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,089,808	400,960	85,067	1,283,620	4,859,455	4,953,358
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	667,827	38,218	(11,270)	(67,508)	-	627,267
Restricted funds						
General Annual Grant	-	2,158,729	(1,861,327)	-	-	297,402
Pupil premium	-	86,773	(86,773)	-	-	-
Other DfE/ESFA grants	-	35,909	(35,909)	-	-	-
Local Authority Funding	-	2,254,288	(2,254,288)	-	-	-
Start up grants	-	55,000	(8,500)	-	-	46,500
Pension reserve	(1,442,000)	-	(229,000)	-	683,000	(988,000)
	<u>(1,442,000)</u>	<u>4,590,699</u>	<u>(4,475,797)</u>	<u>-</u>	<u>683,000</u>	<u>(644,098)</u>
Fixed Asset Restricted funds						
Assets inherited on conversion	9,300,115	-	(254,956)	-	-	9,045,159
Assets purchased from GAG and other funds	100,514	30,571	(35,106)	67,508	-	163,487
ESFA / other capital grants	-	279,208	(5,163)	-	-	274,045
	<u>9,400,629</u>	<u>309,779</u>	<u>(295,225)</u>	<u>67,508</u>	<u>-</u>	<u>9,482,691</u>
Total restricted funds	<u>7,958,629</u>	<u>4,900,478</u>	<u>(4,771,022)</u>	<u>67,508</u>	<u>683,000</u>	<u>8,838,593</u>
Total of funds	<u><u>8,626,456</u></u>	<u><u>4,938,696</u></u>	<u><u>(4,782,292)</u></u>	<u><u>-</u></u>	<u><u>683,000</u></u>	<u><u>9,465,860</u></u>

16. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Fixed asset restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	10,217,670	10,217,670
Current assets	582,839	844,072	263,128	1,690,039
Creditors due within one year	-	(352,429)	-	(352,429)
Provisions for liabilities and charges	-	(820,000)	-	(820,000)
	<u>582,839</u>	<u>(328,357)</u>	<u>10,480,798</u>	<u>10,735,280</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Fixed asset restricted funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	9,233,335	9,233,335
Current assets	627,267	652,446	249,356	1,529,069
Creditors due within one year	-	(308,544)	-	(308,544)
Provisions for liabilities and charges	-	(988,000)	-	(988,000)
	<u>627,267</u>	<u>(644,098)</u>	<u>9,482,691</u>	<u>9,465,860</u>

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	837,420	156,404
Adjustment for:		
Depreciation charges	372,925	295,225
Interest from investments	(11)	(1,752)
Fixed assets inherited on conversion	(1,000,000)	-
(Increase)/decrease in debtors	(55,359)	3,728
Increase/(decrease) in creditors	43,885	(121,152)
Capital grants from DfE and other capital income	(306,816)	(309,779)
Defined benefit pension scheme cost less contributions payable	237,000	196,000
Defined benefit pension scheme finance cost	27,000	33,000
Net cash provided by operating activities	<u>156,044</u>	<u>251,674</u>

18. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	1,398,624	1,293,013
Total	<u>1,398,624</u>	<u>1,293,013</u>

19. Pension commitments

The Academy Trust'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.

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19. Pension commitments (continued)

Contributions amounting to £47,766 were payable to the schemes at 31 August 2018 (2017 - 60,907) 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.

Valuation of the Teachers' Pension Scheme

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

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

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 £243,428 (2017 - £271,239).

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 an unfunded 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.

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19. Pension commitments (continued)

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 2018 was £232,000 (2017 - £263,000), of which employer's contributions totalled £168,000 (2017 - £202,000) and employees' contributions totalled £64,000 (2017 - £61,000). The agreed contribution rates for future years are 14.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.80 %	2.80 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	23.8	23.8
Females	26.3	26.3

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities (i.e. the defined benefit obligations) are as follows:

Sensitivities	At 31 August 2018 £	At 31 August 2017 £
Discount rate -0.5%	4,382,000	4,100,000
CPI rate +0.5%	4,274,000	3,985,000
Salary increase rate +0.5%	3,977,000	3,741,000

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19. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,231,610	1,905,840
Bonds	427,980	370,580
Property	305,700	264,700
Cash	91,710	105,880
	<hr/> 3,057,000 <hr/>	<hr/> 2,647,000 <hr/>
Total market value of assets	3,057,000	2,647,000

The actual return on scheme assets was £202,000 (2017 - £279,000).

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

	2018 £	2017 £
Current service cost	(405,000)	(398,000)
Interest income	69,000	47,000
Interest cost	(96,000)	(80,000)
	<hr/> (432,000) <hr/>	<hr/> (431,000) <hr/>
Total	(432,000)	(431,000)
	<hr/> 202,000 <hr/>	<hr/> 279,000 <hr/>
Actual return on scheme assets	202,000	279,000

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

	2018 £	2017 £
Opening defined benefit obligation	3,635,000	3,574,000
Current service cost	405,000	398,000
Interest cost	96,000	80,000
Employee contributions	64,000	61,000
Actuarial gains	(299,000)	(451,000)
Benefits paid	(24,000)	(27,000)
	<hr/> 3,877,000 <hr/>	<hr/> 3,635,000 <hr/>
Closing defined benefit obligation	3,877,000	3,635,000

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NOTES TO THE FINANCIAL STATEMENTS
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19. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,647,000	2,132,000
Interest income	69,000	47,000
Actuarial losses	133,000	232,000
Employer contributions	168,000	202,000
Employee contributions	64,000	61,000
Benefits paid	(24,000)	(27,000)
	<u>3,057,000</u>	<u>2,647,000</u>
Closing fair value of scheme assets	<u>3,057,000</u>	<u>2,647,000</u>

20. Operating lease commitments

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	13,573	11,547
Between 1 and 5 years	-	13,573
	<u>13,573</u>	<u>25,120</u>
Total	<u>13,573</u>	<u>25,120</u>

21. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year ended 31 August 2018:

S Palladino, the spouse of R Palladino, the Executive Headteacher and a Trustee, is employed by the Academy Trust as a teacher. S Palladino's appointment was made in open competition and R Palladino was not involved in the decision making process regarding the appointment. S Palladino is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to the Executive Headteacher.

J Bale, the spouse of T Bale, a Member, is employed by the Academy Trust as a teacher. J Bale's appointment was made prior to T Bale's appointment as a Member. J Bale is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Member.

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22. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while 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 cease to be a member.

23. Post balance sheet events

On 1 September 2018 Hazel Court School converted to academy status and joined the Academy Trust. The assets and liabilities of the School were transferred to the Academy Trust on this date at their fair value and will be accounted for in the financial statements of the Academy Trust for the year ending 31 August 2019.