

Company Registration Number: 08021855 (England & Wales)

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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SOUTHMOOR MULTI ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dr J W Brown
M Crow
Dr A Green
C Witt

Director

Dr J W Brown, Chair¹
A Lawson, Vice Chair
J Alder
H Catcherside¹
R Edmonds¹
J Purdy¹
H Shields
E Young

¹ Members of the Finance and General Purpose Committee

Company registered number

08021855

Company name

Southmoor Multi Academy Trust

Principal and registered office

Ryhope Road
Sunderland
Tyne & Wear
SR2 7TF

Company secretary

Muckle Secretary Limited

Senior Leadership Team

S F Garrett, Chief Executive Officer and Principal (until 30 April 2020)
J Maw, Head Teacher at Sandhill View Academy
P Davison, Head of Trust Finance and Operations
T Garner, Acting Headteacher of Southmoor Academy (from 9 March 2020)
J Dodd, Deputy Head Teacher of Sandhill View Academy
P Ingram, Chief Executive Officer (from 22 June 2020)
H Mather, Director of Learning and Progress
L Mellefont, Assistant Principal at Southmoor Academy
S Wright, Vice Principal at Southmoor Academy
A Johnston, Deputy Head Teacher of Sandhill View Academy

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
Kepier House
Belmont Business Park
Durham
DH1 1TW

Bankers

NatWest
Fawcett Street
Sunderland
SR1 1SB

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle
NE1 4BF

SOUTHMOOR MULTI ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Directors' report and a directors' report under company law.

The academy trust operates two academies, Southmoor Academy for pupils aged 11-18 and Sandhill View Academy for pupils aged 11-16, both academies serve catchment areas in Sunderland. The combined pupil capacity is 2,270 with a roll of 2,101 on the October 2019 school census. Both academies have increased pupil numbers in the current academic year.

Census Date	Sandhill View Academy	Southmoor Academy	Trust Total
October 2019	727	1,374	2,101
October 2020	744	1,418	2,162

Structure, governance and management

Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Article of Association and Memorandum of Association are the primary governing document of the academy trust.

The Directors of Southmoor Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Southmoor Multi Academy Trust.

Details of the Directors who served during the year, and to the date these accounts are approved 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.

Directors' indemnities

The academy trust is a member of the Department for Education's Risk Protection Arrangement which provides unlimited protection for the Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business.

Method of recruitment and appointment or election of Directors

The term of office for any Director shall be 4 years. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Policies adopted for the induction and training of Directors

The training and induction provided for new Directors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As new appointments are not a regular occurrence, induction tends to be done informally and is tailored specifically to the individual following a personalised skills audit.

Organisational structure

During the year the academy trust continued to operate a unified management structure. The structure consists of 4 levels, the Members, the Directors (Directors), Local Governors Academy Councils (a separate body at each Academy) and the academy trust Senior Leadership Team (SLT).

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by use of the MAT budget and making major decisions about the direction of the academies within the academy trust, capital expenditure and senior staff appointments. Much of the detailed work is done by the sub committees of the Directors, each served by a member of the academy trust SLT.

The key areas of responsibility and accountability are summarised below:

Board of Directors

- Assessing the quality of education that each academy provides for the students
- Assessing the impact of the staff on student outcomes and their experience as professional educators in the academy trust
- Assessing the quality of engagement with parents, carers and students who attend the academies
- Holding the CEO and Headteachers / senior leaders to account for the standards in the academy
- Holding the academies to account for delivering budget outcomes agreed with the academy trust
- Ensuring staff and students are safe
- Ensure safeguarding policies are in place / SCR
- Ensuring the academies contribute to the capacity of the academy trust

Finance and General Purposes Committee

- Ensure effective financial management
- Maximise value for money
- Monitor and review expenditure
- Determine the staffing compliment for each academy
- Agree and oversee the application of the pay policy
- Receive reports of staffing issues

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Curriculum, Standards and Pupil Welfare Committee

- Monitoring standards and progress
- Monitoring attendance, behaviour and exclusions
- Monitoring post Ofsted action
- Monitoring underperforming departments
- Setting high ambitious targets
- Reviewing curriculum breadth and planning
- Evaluating the impact of teaching

Academy Councils

The Academy Councils are an additional layer between the academy trust Board and individual academies.

Their aim is to oversee the effectiveness of an academy by acting as a key link between the academy, parents and local community. An Academy Council does not make any strategic decisions; they provide feedback to the academy trust Board informing and reporting on the running of the academy to allow informed decisions to be made by the academy trust Board.

Arrangements for setting pay and remuneration of key management personnel

Directors are unpaid.

The CEO is paid according to the academy trust Pay Policy.

Senior Leaders (Headteachers and Deputy Heads) are paid in accordance with the School Teachers Pay and Conditions Document and points on the Leadership Pay Range.

Trade union facility time

The academy trust did not employ any union officials during the period.

Related Parties and other Connected Charities and Organisation

No related parties or other connected charities and organisations.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Southmoor Multi Academy Trust to provide education for students of different abilities between the ages of 11 and 19.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy trust during the year ending 31 August 2020 is to:

Maintain a safe working environment for all employees and pupils.

Minimise Covid-related disruption to pupil progress through effective management and revised curriculum delivery.

Continue to raise standards and protect pupil well-being.

Restructure governance of increased accountability, challenge and support for senior leaders.

Secure an effective succession in senior academy trust leadership at CEO and headteacher level.

Objectives, strategies and activities

The main objectives of both academies are encompassed in its mission statement. To this end the objectives and the strategies used to achieve them include:

- Staff appraisal systems which reflect career stage expectations and support, monitor and enhance staff performance
- A broad and balanced curriculum including increased opportunities for students to broaden experiences beyond the classroom
- Efficient deployment of resources to maximise impact on raising achievement and provision of extracurricular opportunities
- Provision of CPD which focuses on supporting the highest standards of professional practice

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 19.

Public benefit

The aims and achievements of the academy trust are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy trust should undertake.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

2019-2020 has been a year of unforeseeable change and challenge for academy trust leaders.

Firstly, the global Covid-19 pandemic has created significant challenges; it must be acknowledged that leadership teams from both academies in the trust have responded swiftly, safely and decisively to manage their respective school sites and communities to effectively reduce the risks of viral transmission. The level of communication across the academy trust and with parents has been commended. The speed and professionalism at which leaders at all levels, support and teaching staff, have adapted and responded to these significant challenges has been impressive. The challenges have been well documented in educational news, but to summarise, have included:

- Responding to daily updates in national and local guidance.
- The logistical challenges of ensuring Free School Meal families received vouchers.
- Remaining open to provide full time, engaging education, plus enrichment activities for the children of key workers and vulnerable families throughout the first lockdown period.
- Moving swiftly from face to face teaching to ensuring effective online provision, and where families could not access this, providing paper resources to allow home learning to continue.
- Continuing to make welfare calls to ensure the safety of vulnerable and SEN students throughout the lockdown period.
- Ordering and distribution of the significantly delayed DfE laptops for disadvantaged students.
- A rational response to ensure accurate and evidenced based student data further to the cancellation of the Summer 2020 examinations.
- A calm, swift and student-focussed response to the national outrage caused as a result of the exam results algorithm.
- A comprehensive review of health and safety arrangements and risk assessments to ensure a safe partial return of Y10 and 12 students in the Summer, and a full return by all in Autumn 2020.
- Continuing to recruit and ensure staff received appropriate CPD during the national lock down.
- Updating curriculum resources to be delivered on line or face to face, according to self isolation needs of staff and students.
- The significant staffing challenges posed by daily changes to the number of staff having to self isolate.

The above represents significant achievements in terms of resilience and the relentless focus on our collective core purpose.

This is more commendable when considering that academy trust leadership was in a state of flux immediately before the pandemic reached the UK. In April 2020 the CEO resigned from post and Directors acted decisively to ensure that an experienced interim CEO and leadership arrangements were in place alongside the development of a sound succession plan.

Conversion of the former Southmoor House is nearing completion and will provide additional facilities for the academy trust Sixth Form when opened early in the Spring Term 2021. Additionally, an alternative provision centre known as 'The Bridge' has now opened on site at Sandhill View Academy.

Both academies have had considerable success as a result of the high quality careers education, advice and guidance on offer. Sandhill View achieved the Gold Quality in Careers Award in July 2019, Southmoor achieved Silver in July 2020 and is now working towards Gold.

Southmoor MAT is recognised as a ground-breaking organisation for social mobility. Southmoor Academy was the national winner of School/College of the Year for Social mobility in October 2019. Southmoor is the Oxnet hub for the whole of the North East of England. This involves joint work between the school and the universities of Oxford and Durham in order to support raising of aspirations of young people across the region. Southmoor's Vice Principal sits on the Social Mobility Commission with responsibility for education.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Both academies are committed to supporting early entrants to the profession and are included in uptake and delivery of the Early Career Framework, ahead of the national rollout next year.

Southmoor Academy's strong inspection report has certainly helped to support its continued high standing as the school of choice for an increasing number of feeder schools and this in turn has had a huge impact on the number of applications for school places.

Key performance indicators

Key Performance Indicator	Kreston Benchmark Report 2020 (FY 2018-2019)	Financial Statements 2019 (FY 2018-2019)
	Secondary Academies	Southmoor Trust
Total Income per pupil	£6,719	£6,637
Total GAG Income per pupil	£4,931	£5,694
GAG to Total Income Ratio	78.00%	85.79%
Staff Cost Ratio as % of Total Costs	69.80%	68.69%
Teaching Staff Salary per pupil	£2,508	£3,009
Pupil Teacher Ratio	17.50	17.25

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

96% of the academy trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of student led funding driven by the annual Autumn census, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA in the form of Devolved Formula Capital. In accordance with The Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Both academies in the academy trust returned an operating surplus in 2019-2020 which added to cumulative reserves. Both academies have surplus budgets for the 12 months ahead and academy trust cashflow remains strong.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial review (continued)

During the year ended 31 August 2020, total expenditure of £14,115,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding fixed asset funds) was £833,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2020 net book value of tangible fixed assets was £16,144,000 and movements in tangible fixed assets are shown in note 15 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £5,006,000 recognized on the Balance Sheet.

The academy trust held fund balances as at 31 August 2020 of £13,094,000 comprising £1,339,000 of restricted general funds, £16,058,000 of restricted fixed asset funds, a pension deficit of £5,006,000 and £703,000 of unrestricted funds. The in year surplus and balance on restricted funds (excluding pension reserves) and unrestricted funds was £979,000 and £2,042,000 respectively.

Reserves policy

The Directors review the reserve levels of the academy trust regularly throughout the year alongside budget monitoring.

Cumulative reserves have reached a healthy position in excess of targets identified set in the previous year following two successive financial years which have returned in-year budget surpluses.

Directors have approved the use of some of these reserves to conclude the current construction project to restore the former Southmoor House to provide additional capacity and facilities for the Trust Sixth Form. Then, to use further reserves for additional capital works during the coming financial year to enhance the external fabrication of the Southmoor site.

The Directors review the reserve levels of the academy trust regularly throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors previously determined that the appropriate level of free reserves should be £500,000, in line with the agreed plan to increase reserves to at least £500,000 over a 3 year period. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy trust's current levels of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £703,000.

The value of unrestricted reserves as at 31 August 2020 is £703,000 and the value of restricted general funds as at 31 August 2020 is £1,339,000, which relates to GAG carried forward.

Principal risks and uncertainties

Covid-19 clearly poses an ongoing risk to the well-being of students and educational progress and the health of everyone. We are confident that we have put in place the best possible measures to minimise this risk.

Other ongoing risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust Balance Sheet.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties (continued)

After positive outcomes in 2018, performance of both academies dipped significantly in 2019 (Southmoor Academy's P8 score was -0.52 which is classed as 'well below average', Sandhill View's P8 score was -0.42 classed as 'below average'). Although swift action was taken to address the issues which led to this poor performance, external examinations did not take place in 2020 and consequently there are no school performance tables to reflect an improved position. This poses a risk to both academies in the event of an Ofsted inspection, as only the 2019 data will be used as a point of reference.

Southmoor Academy's last inspection was in November 2017 (outcome 'Good' in all areas) and as such should be due for a one day inspection within 4 years of that date. Sandhill View was inspected in March 2018 (outcome 'Requires Improvement' overall, with good for leadership and management, personal development, behaviour and welfare). Sandhill View was due for reinspection from September 2020, although routine Section 5 inspections are postponed until after January 2021.

Southmoor has been hugely successful in becoming the most popular non-faith school in the area and this is reflected in pupil numbers and the financial health of the academy trust but this rise in numbers places significant pressure on its infrastructure and the physical capacity of the site. Sandhill View is still below its PAN, the number of students in its feeder schools indicates that the roll is not likely to rise in the near future, a consultation to reduce the PAN to 150 is in process.

The academy trust has prioritised capital investment bids and has the reserves to support this. We have so far not been successful in bids aimed at increasing capacity but we feel sure that our case continues to gather strength with our rising numbers and hope to succeed in the next year.

Directors have assessed the major risks to which the academy trust is exposed, in particular those relating specifically to teaching provision, facilities and other operational areas of the academies and their finances. The Directors have implemented a number of systems to assess risks, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Directors.

Plans for future periods

The following highlight priorities for the future development of the Trust:

- Ensuring staff and student wellbeing in response to the pandemic.
- Continuing to maintain the increased rolls at both academies.
- Investment in ICT systems and hardware to ensure the Trust is well equipped to deliver effective blended learning.
- Sixth Form growth will require capital investment for infrastructure; securing this through CIF funding and an allocation of reserves.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods (continued)

- Continually reviewing the broad and balanced curriculum that retains existing strengths around Ebacc.
- Equally, both academies must invest more in vocational offers and in improving the performance of core subjects in order to improve Progress 8 scores.
- Investment in pastoral support systems, including CPD in wellbeing and mental health.

Even after deducting the still to come costs for Southmoor House the academy trust has healthy cumulative reserves. It is planned to take further capital projects from these. Discussions are at an early stage although the key areas of investment are for CCTV/Security, resurfacing of external areas (yards, driveways) and a canopy feature for external areas/walkway. Estimated project costs are £200k-£250k.

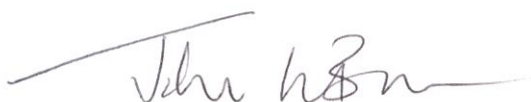
This decision is supported by the 3-year financial forecast that shows the academy trust budget to be in surplus for each of the next 3 financial years and no strain on reserves to prop up the budget.

Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 9 December 2020 and signed on its behalf by:



Dr J W Brown
Chair

SOUTHMOOR MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Southmoor Multi Academy 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.

As Directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Southmoor Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 6 times during the year.

Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dr J W Brown, Chair	6	6
A Lawson, Vice Chair	5	6
J Alder	5	6
H Catcherside	6	6
R Edmonds	6	6
J Purdy	6	6
H Shields	4	6
E Young	6	6

The Finance and General Purposes Committee is a sub-committee of the main Board of Directors. Its purpose is to assist in the decision making of the Board by enabling more detailed consideration to be given to assist in fulfilling their responsibility in ensuring good management of the academy trust's finances and resources including planning and monitoring.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Dr J W Brown, Chair	8	8
H Catcherside	1	1
R Edmonds	8	8
J Purdy	8	8

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Chief Executive Officer 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 Directors 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 looking at all contract and service level agreements for efficiencies underpinned by the development of a new contracts register which is regularly reviewed. In 2019-2020 Southmoor Academy commenced new contracts with external providers for catering and cleaning.

Improving educational results:

Results for 2020 showed a marked improvement on the previous year and we can demonstrate that students have made strong progress in relation to their attainment on entry.

Sixth Form is particularly strong and ranks as being well above average.

- Targeted improvement

The academy trust will continue to review its building infrastructure relating to Sixth Form expansion through Condition Improvement Funding. Additional accommodation funded from our own resources is due to come into use shortly and will enhance existing Sixth Form provision.

- Focus on individual pupils

The use of Pupil Premium funding has been carefully targeted to close the attainment gap for disadvantaged students. This is having an impact but continues to require continual focus to ensure outcomes are in line with the standards achieved by non-disadvantaged students. Sandhill View's achievement has risen to close to the national average for FSM students and Southmoor's FSM students now perform in line with the progress of all students nationally. This is a very significant achievement.

- Collaboration and New Initiatives

The Vice Principal has recently been appointed as one of 12 Social Mobility Commissioners. This highly significant role, approved by the Prime Minister lends national profile to Southmoor MAT.

- Quantifying improvements:

All improvements are quantified with the Academy Self-Evaluation Form, using national benchmark data.

- Better Purchasing:

All purchases are made following relevant procedures i.e. quotes obtained as per guidelines for best value.

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 on-going 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 Southmoor Multi Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Directors 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 Directors 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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 Directors
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Directors has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The academy trust has sought tenders for the provision of internal audit services for the financial year 2020/21 to separate the role in line with revised FRC Ethical Standard (15 March 2020).

The external auditors' role includes giving advice on financial and other 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:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of control account/bank reconciliations;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Testing of Director appointments/resignations and declarations of interest;
- Testing of gifts and hospitality & honorarium/ex-gratia payments;
- Testing of fixed assets;
- Testing of VAT and corporation tax position;
- Review of budgeting and financial management including purchasing and income.

On a termly basis, the external auditors report to the Board of Directors through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Directors financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

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GOVERNANCE STATEMENT (CONTINUED)

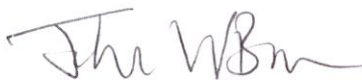
Review of effectiveness

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

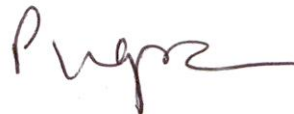
- on discharge of the Board of Directors financial decisions to help the committee consider actions and assess year on year progress
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal 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 Finance and General Purposes committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 9 December 2020 and signed on their behalf by:



Dr J W Brown
Chair



P Ingram
Accounting Officer

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

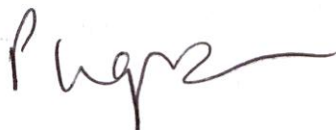
As Accounting Officer of Southmoor Multi Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the 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 2019.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of all 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 2019.

During the year it was discovered that due process was not followed in respect of a tender for a value of £456,000. However, following external advice the matter was dealt with appropriately and the Board of Directors are confident similar will not reoccur.

I confirm that no further 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 Directors and ESFA.

P Ingram
Accounting Officer
9 December 2020



SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 Directors 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 Directors on 9 December 2020 and signed on its behalf by:



Dr J W Brown
Chair

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTHMOOR MULTI ACADEMY TRUST**

Opinion

We have audited the financial statements of Southmoor Multi Academy Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors 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.

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTHMOOR MULTI ACADEMY TRUST (CONTINUED)**

Other information

The Directors 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. Other information includes the Reference and Administrative Details, the Directors' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTHMOOR MULTI ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Directors' Responsibilities Statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

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.



Gary Ellis BFP FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors

Kepier House

Belmont Business Park

Durham

DH1 1TW

9 December 2020

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
SOUTHMOOR MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Southmoor Multi Academy Trust during the year 1 September 2019 to 31 August 2020 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 Southmoor Multi Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Southmoor Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Southmoor Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Southmoor Multi Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Southmoor Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
SOUTHMOOR MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Approach (continued)

- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year it was discovered that due process was not followed in respect of a tender for a value of £456,000. However, following external advice the matter was dealt with appropriately and the Board of Directors are confident similar will not reoccur.



Clive Owen LLP

Reporting Accountant

Kepier House
Belmont Business Park
Durham
DH1 1TW

9 December 2020

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	4	-	-	44	44	493
Charitable activities	5	130	13,258	-	13,388	12,792
Other trading activities	6	161	-	-	161	327
Investments	7	6	-	-	6	4
Total income		<u>297</u>	<u>13,258</u>	<u>44</u>	<u>13,599</u>	<u>13,616</u>
Expenditure on:						
Raising funds		22	-	-	22	26
Charitable activities	9	114	12,586	1,393	14,093	13,835
Total expenditure		<u>136</u>	<u>12,586</u>	<u>1,393</u>	<u>14,115</u>	<u>13,861</u>
Net income/ (expenditure)		<u>161</u>	<u>672</u>	<u>(1,349)</u>	<u>(516)</u>	<u>(245)</u>
Transfers between funds	20	-	(232)	232	-	-
Net movement in funds before other recognised gains/(losses)		<u>161</u>	<u>440</u>	<u>(1,117)</u>	<u>(516)</u>	<u>(245)</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	29	-	(1,264)	-	(1,264)	(1,415)
Net movement in funds		<u>161</u>	<u>(824)</u>	<u>(1,117)</u>	<u>(1,780)</u>	<u>(1,660)</u>
Reconciliation of funds:						
Total funds brought forward		542	(2,843)	17,175	14,874	16,534
Net movement in funds		161	(824)	(1,117)	(1,780)	(1,660)
Total funds carried forward		<u>703</u>	<u>(3,667)</u>	<u>16,058</u>	<u>13,094</u>	<u>14,874</u>

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08021855

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	15	16,144	17,108
		16,144	17,108
Current assets			
Stocks	16	4	4
Debtors	17	556	722
Cash at bank and in hand		1,919	2,198
		2,479	2,924
Creditors: amounts falling due within one year	18	(424)	(1,661)
Net current assets		2,055	1,263
Total assets less current liabilities		18,199	18,371
Creditors: amounts falling due after more than one year	19	(99)	(133)
Net assets excluding pension liability		18,100	18,238
Defined benefit pension scheme liability	29	(5,006)	(3,364)
Total net assets		<u>13,094</u>	<u>14,874</u>

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08021855

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	20	16,058	17,175
Restricted income funds	20	1,339	521
Restricted funds excluding pension asset	20	17,397	17,696
Pension reserve	20	(5,006)	(3,364)
Total restricted funds	20	12,391	14,332
Unrestricted income funds	20	703	542
Total funds		13,094	14,874

The financial statements on pages 23 to 55 were approved by the Directors, and authorised for issue on 09 December 2020 and are signed on their behalf, by:



Dr J W Brown

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(94)	1,421
Cash flows from investing activities	24	(156)	(250)
Cash flows from financing activities	23	(29)	(54)
Change in cash and cash equivalents in the year		(279)	1,117
Cash and cash equivalents at the beginning of the year		2,198	1,081
Cash and cash equivalents at the end of the year	25, 26	1,919	2,198

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

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 historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Southmoor Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 Directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Termination benefits

Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. If the expected settlement date of the termination payments is 12 months or more after making the provision and the effect would be material, the present value of the obligation is calculated using an appropriate discount rate.

1.6 Going concern

The Directors 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 Directors 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.

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Depreciation is provided on the following bases:

Leasehold land	- over 125 years
Long term leasehold property	- over 12 - 25 years
Furniture and equipment	- over 7 years
Computer equipment	- over 3 years
Motor vehicles	- over 4 years

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.

1.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 Stocks

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

1.10 Interest receivable

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 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.

1.13 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.

1.14 Liabilities and Provision

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.

1.15 Concessionary loans

Concessionary loans are initially recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

1.16 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 bases 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 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.17 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 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.

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2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £1,393,000.

Critical areas of judgement:

Land – Land and buildings at Southmoor Academy are held under a 125 year lease from Sunderland City Council. These assets are included on the Balance Sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy trust, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy trust could use them without major modification.

The PFI contract for Sandhill View Academy is an engagement to receive services and, as the academy trust is deemed to control the services that are provided under the PFI scheme, the academy trust has recognised the assets used under the contract within tangible fixed assets. The Directors consider the cost to obtaining an additional valuation would outweigh the benefit.

3. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, there are academies within the academy trust which were subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the academy trust exceeded the limits during the year ended 31 August 2020.

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4. Income from donations and capital grants

	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations	-	-	-	3
Capital Grants	-	44	44	490
Total 2020	<u>-</u>	<u>44</u>	<u>44</u>	<u>493</u>
Total 2019	<u>3</u>	<u>490</u>	<u>493</u>	

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5. Funding for the academy trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	11,584	11,584	11,244
Pupil Premium	-	731	731	740
Rates	-	61	61	62
Year 7 Catch Up	-	25	25	24
Teachers' pay grant	-	143	143	91
Teachers' pension grant	-	403	403	-
Other DfE Group grants	-	61	61	45
	-	13,008	13,008	12,206
Other Government grants				
SEN	-	61	61	98
Other Government grants	-	54	54	45
	-	-	115	143
Other funding				
Income from academies	12	-	12	-
Non Government grant income	-	135	135	36
Student trips	112	-	112	149
Student catering	6	-	6	258
	130	-	265	443
	130	13,258	13,388	12,792
Total 2019	407	12,385	12,792	

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NOTES TO THE FINANCIAL STATEMENTS
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6. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from facilities and services	14	14	26
Non student catering	-	-	6
Rental and lettings income	3	3	3
Receipts from Supply Teacher Insurance claims	63	63	49
RPA claims	4	4	-
Other insurance claims	13	13	-
Other income	64	64	243
	<u>161</u>	<u>161</u>	<u>327</u>

All income from other trading activities was attributable to unrestricted funds for the year ended 31 August 2019.

7. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Investment income	<u>6</u>	<u>6</u>	<u>4</u>

All investment income was attributable to unrestricted funds for the year ended 31 August 2019.

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8. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Expenditure on fundraising trading activities:					
Allocated support costs	-	-	22	22	26
Academy trust's educational operations:					
Direct costs	8,389	-	861	9,250	8,824
Allocated support costs	932	3,060	851	4,843	5,011
	<u>9,321</u>	<u>3,060</u>	<u>1,734</u>	<u>14,115</u>	<u>13,861</u>
Total 2019	<u>8,828</u>	<u>2,961</u>	<u>2,072</u>	<u>13,861</u>	

In 2020, of the total expenditure, £136,000 (2019 - £438,000) was to unrestricted funds and £13,979,000 (2019 - £13,423,000) was to restricted funds.

There were no individual transactions over £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Cash losses
- Unrecoverable debts

There were no ex-gratia payments in the year.

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NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Academy trust's educational operations	9,250	4,843	14,093	13,835
Total 2019	8,824	5,011	13,835	

Analysis of direct costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Staff costs	8,389	8,389	7,944
Educational supplies	403	403	401
Examination fees	221	221	248
Technology costs	56	56	43
Educational consultancy	167	167	170
Transport	14	14	18
	9,250	9,250	8,824
Total 2019	8,824	8,824	

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NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Net interest cost on pension scheme	61	61	40
Staff costs	932	932	884
Depreciation	1,393	1,393	1,370
Staff development	50	50	45
Technology costs	114	114	81
Staff expenses	4	4	5
Supply insurance	42	42	49
Transport	23	23	31
Maintenance of premises	78	78	111
Cleaning	157	157	135
Other premises costs	61	61	59
Energy	122	122	125
Rent & rates	1,266	1,266	1,215
Insurance	41	41	41
Operating lease rentals	80	80	55
Catering	172	172	405
Legal costs - other	42	42	15
Other costs	181	181	314
Governance costs	24	24	31
	<u>4,843</u>	<u>4,843</u>	<u>5,011</u>
Total 2019	<u>5,011</u>	<u>5,011</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	69	116
Depreciation of tangible fixed assets	1,393	1,370
Fees paid to auditors for:		
- audit	13	13
- other services	9	5
	<u> </u>	<u> </u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	6,771	6,569
Social security costs	705	673
Pension costs	1,741	1,392
	<u>9,217</u>	<u>8,634</u>
Agency staff costs	104	131
Staff restructuring costs	-	63
	<u>9,321</u>	<u>8,828</u>

Included in operating costs of defined benefit pension schemes is a charge of £317,000 (2019: £293,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	2020 £000	2019 £000
Redundancy payments	-	19
Severance payments	-	44
	<u> </u>	<u> </u>
	-	63

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2019: £17,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff (continued)

c. Staff numbers

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

	2020 No.	2019 No.
Teachers	115	115
Administration and support	90	97
Management	10	11
	<u>215</u>	<u>223</u>

d. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	4	5
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	2	-
In the band £130,001 - £140,000	-	1
	<u>-</u>	<u>1</u>

e. Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £896,000 (2019 : £590,000).

12. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

	2020 £000	2019 £000
S Garrett, (CEO from 1 September 2019 / Principal / Accounting Officer)	-	130 - 135
Pension contributions paid	-	20 - 25

During the year ended 31 August 2020, no Director expenses have been incurred (2019 - £NIL).

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13. Directors' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme.

14. Central services

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

- Finance staff
- Legal services
- Audit
- HR SLA
- Governance SLA
- Finance SLA
- School Improvement

The academy trust charges for these services on the following basis:

Pre-16 pupil numbers

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Southmoor Academy	495	503
Sandhill View Academy	351	362
Total	846	865

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 September 2019	23,267	232	303	50	23,852
Additions	290	45	94	-	429
At 31 August 2020	<u>23,557</u>	<u>277</u>	<u>397</u>	<u>50</u>	<u>24,281</u>
Depreciation					
At 1 September 2019	6,381	127	226	10	6,744
Charge for the year	1,309	33	39	12	1,393
At 31 August 2020	<u>7,690</u>	<u>160</u>	<u>265</u>	<u>22</u>	<u>8,137</u>
Net book value					
At 31 August 2020	<u>15,867</u>	<u>117</u>	<u>132</u>	<u>28</u>	<u>16,144</u>
At 31 August 2019	<u>16,886</u>	<u>105</u>	<u>77</u>	<u>40</u>	<u>17,108</u>

16. Stocks

	2020 £000	2019 £000
Uniform	<u>4</u>	<u>4</u>

17. Debtors

	2020 £000	2019 £000
Trade debtors	13	3
Other debtors	-	14
Prepayments and accrued income	342	554
VAT recoverable	201	151
	<u>556</u>	<u>722</u>

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18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	209	871
Other creditors	59	54
Accruals and deferred income	156	736
	<u>424</u>	<u>1,661</u>
	<u><u>424</u></u>	<u><u>1,661</u></u>

	2020 £000	2019 £000
Deferred income at 1 September 2019	135	37
Resources deferred during the year	35	135
Amounts released from previous periods	(135)	(37)
	<u>35</u>	<u>135</u>
	<u><u>35</u></u>	<u><u>135</u></u>

At the Balance Sheet date the academy trust was holding funds received in advance for rates relief.

19. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Other creditors	99	133
	<u>99</u>	<u>133</u>

Included within other creditors is a loan of £133,000 (2019: £187,000) from Salix Finance Ltd which is provided on the following terms: Interest free loan repayable through GAG in 6-monthly instalments of £27,000 from March 2017.

Also included is a CIF loan of £25,000 (2019: £Nil) from the ESFA which is provided on the following terms: Repayable through GAG in 48 monthly instalments from September 2020.

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	542	297	(136)	-	-	703
Restricted general funds						
General Annual Grant (GAG)	521	11,584	(10,534)	(232)	-	1,339
Pupil Premium	-	731	(731)	-	-	-
Other DfE/ESFA grants	-	693	(693)	-	-	-
SEN	-	61	(61)	-	-	-
Other Government grants	-	54	(54)	-	-	-
Non Government grants	-	135	(135)	-	-	-
Pension reserve	(3,364)	-	(378)	-	(1,264)	(5,006)
	(2,843)	13,258	(12,586)	(232)	(1,264)	(3,667)
Restricted fixed asset funds						
Legacy Assets - Southmoor Academy	6,662	-	(337)	-	-	6,325
Devolved Formula Capital	244	44	(38)	-	-	250
Condition Improvement Fund	1,575	-	(64)	-	-	1,511
Academies Capital Maintenance Fund	441	-	(22)	-	-	419
General Annual Grant (GAG)	768	-	(87)	232	-	913
Legacy Assets - Sandhill View Academy	7,485	-	(845)	-	-	6,640
	17,175	44	(1,393)	232	-	16,058
Total Restricted funds	14,332	13,302	(13,979)	-	(1,264)	12,391
Total funds	14,874	13,599	(14,115)	-	(1,264)	13,094

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20. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance, and insurance. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG it could carry forward at 31 August 2020. Note 3 discloses whether the limit was exceeded.

Pupil Premium is additional funding to be spent as the academies see fit to support deprived students.

Other DfE/ESFA grants relates to rates relief, Year 7 Catch-up funding, Supplementary Free School meals grant, the Teachers Pay Grant and the Teachers Pension Grant.

SEN is income to support students with special educational needs.

Other Government grants includes income from the Local Authority for additional Pupil Premium to support disadvantaged students.

Non Government grants relates to various grants awarded to cover specific educational projects and resources.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 29 .

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Transfers have been made out of GAG to fund capital expenditure.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

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20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
Southmoor Academy	537	188
Sandhill View Academy	1,505	875
Total before fixed asset funds and pension reserve	2,042	1,063
Restricted fixed asset fund	16,058	17,175
Pension reserve	(5,006)	(3,364)
Total	13,094	14,874

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	Total 2019 £000
Southmoor Academy	4,802	341	236	1,233	6,612	6,378
Sandhill View Academy	2,881	237	167	1,602	4,887	4,916
Central services	706	354	-	163	1,223	1,197
Academy trust	8,389	932	403	2,998	12,722	12,491

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20. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Balance at 31 August 2019 £000
Unrestricted funds					
General Funds	242	738	(438)	-	542
Restricted general funds					
General Annual Grant (GAG)	-	11,244	(10,576)	-	521
Pupil Premium	-	740	(740)	-	-
Other DfE/ESFA grants	-	222	(222)	-	-
SEN	-	98	(98)	-	-
Other Government grants	-	45	(45)	-	-
Non Government grants	-	36	(36)	-	-
Donations	-	3	(3)	-	-
Pension reserve	(1,616)	-	(333)	(1,415)	(3,364)
	<u>(1,616)</u>	<u>12,388</u>	<u>(12,053)</u>	<u>(1,415)</u>	<u>(2,843)</u>
Restricted fixed asset funds					
Legacy Assets -Southmoor Academy	7,000	-	(338)	-	6,662
Devolved Formula Capital	136	144	(36)	-	244
Condition Improvement Fund	1,280	346	(51)	-	1,575
Academies Capital Maintenance Fund	463	-	(22)	-	441
General Annual Grant (GAG)	696	-	(75)	-	768
Legacy Assets - Sandhill View Academy	8,333	-	(848)	-	7,485
	<u>17,908</u>	<u>490</u>	<u>(1,370)</u>	<u>-</u>	<u>17,175</u>
Total Restricted funds	<u>16,292</u>	<u>12,878</u>	<u>(13,423)</u>	<u>(1,415)</u>	<u>14,332</u>
Total funds	<u><u>16,534</u></u>	<u><u>13,616</u></u>	<u><u>(13,861)</u></u>	<u><u>(1,415)</u></u>	<u><u>14,874</u></u>

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21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	16,144	16,144
Current assets	703	1,704	72	2,479
Creditors due within one year	-	(365)	(59)	(424)
Creditors due in more than one year	-	-	(99)	(99)
Provisions for liabilities and charges	-	(5,006)	-	(5,006)
Total	703	(3,667)	16,058	13,094

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	17,108	17,108
Current assets	542	2,128	254	2,924
Creditors due within one year	-	(1,607)	(54)	(1,661)
Creditors due in more than one year	-	-	(133)	(133)
Provisions for liabilities and charges	-	(3,364)	-	(3,364)
Total	542	(2,843)	17,175	14,874

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £000	2019 £000
Net expenditure for the period (as per Statement of Financial Activities)	(516)	(245)
Adjustments for:		
Depreciation	1,393	1,370
Capital grants from DfE and other capital income	(44)	(490)
Interest receivable	(6)	(4)
Defined benefit pension scheme cost less contributions payable	317	293
Defined benefit pension scheme finance cost	61	40
Increase in debtors	(57)	(106)
(Decrease)/increase in creditors	(1,242)	563
Net cash (used in)/provided by operating activities	(94)	1,421

23. Cash flows from financing activities

	2020 £000	2019 £000
Cash inflows from new borrowing	25	-
Repayments of borrowing	(54)	(54)
Net cash used in financing activities	(29)	(54)

24. Cash flows from investing activities

	2020 £000	2019 £000
Dividends, interest and rents from investments	6	4
Purchase of tangible fixed assets	(429)	(639)
Capital grants from DfE Group	267	385
Net cash used in investing activities	(156)	(250)

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	1,919	2,198
Total cash and cash equivalents	<u>1,919</u>	<u>2,198</u>

26. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	2,198	(279)	1,919
	<u>2,198</u>	<u>(279)</u>	<u>1,919</u>

27. Net Finance Cost on Pension Scheme

	2020 £000	2019 £000
Interest income on pension scheme assets	146	191
Interest on pension scheme liabilities	(207)	(231)
	<u>(61)</u>	<u>(40)</u>

28. Capital commitments

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	<u>398</u>	<u>157</u>

SOUTHMOOR MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

29. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £1,121,000 (2019 - £736,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

29. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £391,000 (2019 - £453,000), of which employer's contributions totalled £303,000 (2019 - £363,000) and employees' contributions totalled £ 88,000 (2019 - £90,000). The agreed contribution rates for future years are 16.4% for employers and 5.5 - 12.0% 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

	2020 %	2019 %
Rate of increase in salaries	3.80	3.60
Rate of increase for pensions in payment/inflation	2.30	2.10
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.30	2.10
Commutation of pensions to lump sums	75.00	75.00

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

	2020 Years	2019 Years
Retiring today		
Males	21.8	21.9
Females	25.0	25.1
Retiring in 20 years		
Males	23.5	23.6
Females	26.8	26.9

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(319)	(256)
Discount rate -0.1%	332	262
Mortality assumption - 1 year increase	(460)	(365)
Mortality assumption - 1 year decrease	460	370
CPI rate +0.1%	281	161
CPI rate -0.1%	(268)	(159)

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29. Pension commitments (continued)

Share of scheme assets

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

	2020 £000	2019 £000
Equities	4,156	4,955
Government bonds	187	310
Corporate bonds	1,780	862
Property	715	651
Cash and other liquid assets	148	159
Other	785	628
Total market value of assets	7,771	7,565

The actual return on scheme assets was £42,000 deficit (2019 - £550,000 gain).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £000	2019 £000
Current service cost	(620)	(439)
Past service cost	-	(217)
Interest income	146	191
Interest cost	(207)	(231)
Total amount recognised in the Statement of Financial Activities	(681)	(696)

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

	2020 £000	2019 £000
At 1 September	10,929	8,258
Current service cost	620	439
Interest cost	207	231
Employee contributions	88	90
Actuarial losses	1,076	1,774
Benefits paid	(143)	(80)
Past service costs	-	217
At 31 August	12,777	10,929

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2020 £000	2019 £000
At 1 September	7,565	6,642
Expected return on assets	146	191
Actuarial (losses)/gains	(188)	359
Employer contributions	303	363
Employee contributions	88	90
Benefits paid	(143)	(80)
At 31 August	<u>7,771</u>	<u>7,565</u>

30. Operating lease commitments

At 31 August 2020 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	64	69
Later than 1 year and not later than 5 years	55	86
	<u>119</u>	<u>155</u>

31. Other financial commitments

Under the PFI arrangement, the academy trust has a financial liability to make payments to the PFI contractor for the life of the contract, which began in September 2002 and will run for 25 years. The cost is based on pupil numbers and in the period was £1,205,000 (2019: £1,153,000). Funding was received from the ESFA to cover this cost.

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NOTES TO THE FINANCIAL STATEMENTS
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32. Related party transactions

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Directors' remuneration and expenses already disclosed in note 12.