

Company Registration Number: 08021855 (England and Wales)

**SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS
SOUTHMOOR ACADEMY)**

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its members, directors and advisers	1 - 2
Directors' Report	3 - 9
Governance Statement	10 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Directors' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 48

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Dr JW Brown
A M Lawson (resigned 21 March 2018)
H Catcherside (resigned 20 July 2018)
M Crow
C Witt
Dr A Green (appointed 22 March 2018)

Directors

Dr J W Brown, Chair¹
A M Lawson, Vice Chair¹
H Catcherside¹
R A Edmonds¹
S F Garrett, Accounting Officer from 1 September 2018¹
Dr P Ingram, Accounting Officer (resigned 31 August 2018)¹
E Young¹

¹ Members of the Finance and General Purpose Committee

Company registered number

08021855

Company name

Southmoor Multi Academy Trust (formerly known as Southmoor Academy)

Principal and registered office

Ryhope Road
Sunderland
Tyne & Wear
SR2 7TF

Company secretary

Muckle Secretary Limited

Senior Leadership Team

Dr P Ingram, Chief Executive Officer
S F Garrett, Deputy Chief Executive Officer
R Carr, Head of School
P Davison, Head of Trust Finance and Operations

Independent auditors

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Bankers

NatWest
Fawcett Street
Sunderland
SR1 1SB

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle
NE1 4BF

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The academy trust operates two academies for pupils aged 11-18 serving a catchment area in Sunderland. It has a pupil capacity of 2,210 and had a roll of 1,982 in the school census on October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The 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 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 has become 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, save that this time limit shall not apply to the CEO or any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies and procedures 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 as it is. No new Directors were appointed during the academic year 2017-18.

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 (Trustees), Local Governors (a separate body at each academy) and the Trust Senior Leadership Team (SLT).

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

Organisational structure (continued)

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by use of the budgets 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, and some by the Local Governing Bodies (where delegation allows).

Directors' sub committees are:

Directors' Finance and General Purpose Committee (including the functions of the Finance, Personnel, Audit and Premises Committees) served by the CEO, Deputy CEO and Head of Trust Finance and Operations
Directors' Standards Committee served by the CEO and Deputy CEO.

The Southmoor Local Governing Body sub committees are:

Premises Committee served by the Head of Trust Finance and Operations.

The Sandhill View Local Governing Body do not yet have delegated functions / responsibilities for sub committees to meet.

Arrangements for setting pay and remuneration of key management personnel

Directors are unpaid. The CEO and Deputy CEO are paid according to the Trust Pay Policy which is reviewed on an annual basis and which says:

On appointment, the Chief Executive Officer will be appointed to a spot salary decided by the Board of Directors taking into account:

- the nature of the post – (i.e. is the academy causing concern, Multi Academy Trust, Single Academy Trust)
- the level of qualifications, skills and experience required
- market conditions
- the wider school context.

The Board of Directors may also consider additional payments in respect of additional responsibilities and activities due to, or in respect of, the provision of services by the Chief Executive Officer relating to the raising of educational standards to one or more additional schools including where the Chief Executive Officer is appointed as a temporary Chief Executive Officer for one or more schools, not included as a permanent factor of the ISR. The additional payment will be time limited and not exceed 25%.

In wholly exceptional circumstances the Board of Directors may consider a payment in excess of 25%. In such circumstances the Board of Directors will seek external independent advice. Progression of the Chief Executive Officer will be subject to a review of the Chief Executive Officer performance set against the annual appraisal review and the Governors' leadership skills level descriptors. The CEO will not move from Band 1 to Band 2, or from Band 2 to Band 3 on the ISR until all the elements of the Governors' leadership skills level descriptors for the post for either Band 2 or band 3 respectively have been met.

Trade union facility time

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

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, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

The academy trust's main objectives 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 pupils to broaden experiences beyond the classroom.
- Efficient deployment of resources to maximise impact on raising achievement and provision of extra curricular 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 academy's aims and achievements 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 trustees have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

Achievements and performance

Southmoor Academy has been successful in managing the transition of Sandhill View from a Local Authority PFI school into a sponsored academy as part of Southmoor Multi Academy Trust. The Board of Directors has been established and key senior executive MAT leadership posts have been appointed to, including the Chief Accounting Officer.

Southmoor Academy's Sixth Form has continued to expand. It attracted another 114 in Year 12, making a total of 203. This is a 24% increase in the last twelve months. Southmoor Academy as a whole has increased by 7% to 1291 pupils. This is largely due to a growth in the Y7 and Y12 intake. The PAN for lower school entry has therefore been increased from 210 to 240. This is encouraging at a time when a number of local secondaries are reducing in size and hundreds of surplus places remain in Sunderland. 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. In particular the Ofsted Inspection report drew attention to:

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

Achievements and performance (continued)

'Southmoor Academy is a good and improving school where pupils are achieving well'

'The headteacher provides strong and effective leadership. He is effectively assisted by leaders at all levels'

'Teachers have good subject knowledge and use skilful questioning to extend pupils' learning, develop skills and increase their understanding'

'Good teaching, learning and assessment enable all groups of pupils to progress well'

Sandhill View Academy has also increased its Y7 intake by 10% on last year although the overall number on roll has not risen. This is due to Y11 2018 leavers being a particularly large year group however both Y7 and Y8 have seen significant increases on previous years. The school remains below PAN but its growth is accelerating. Sandhill View Academy's inspection highlighted many improvements:

'School leaders are determined that the school will continue to improve. They have an unshakeable belief in the potential of the pupils who attend the school'

'Senior leaders have a clear understanding of the school's strengths and weaknesses. As a result, middle leaders and teachers are enthusiastic, energetic and up for the challenge of improving the school further'

'Behaviour has improved. Morale among staff and pupils is high. There is a well-founded optimism and belief that things are getting better and will continue to do so'

'Pupils' personal development and welfare are a strength of the school. Pupils are well supported, and have trust in the school to help them to succeed in life'

The school had been judged as having 'Serious Weaknesses' by Ofsted in the inspection prior to Southmoor Multi Academy Trust (MAT) taking over as sponsor. The progression to 'Requires Improvement' is a significant step in the right direction.

Academic performance in both schools has improved significantly despite a highly volatile environment for educational standards within Sunderland. Both academies have strengthened their relative positions within the area. Southmoor Academy and Sandhill View Academy can be considered at least 'Good' by the measures of national standards and the inspection framework. Subject to published tables in January 2019, Sixth Form will be in the top 20% in the country for progress at A level and may once again be the best performer in Sunderland. The use of Pupil Premium funding has had a significant impact in achieving high standards across the curriculum.

Both academies make significant efforts to support their local communities, especially through the provision of facilities. Out of hours activities have increased and Southmoor MAT successfully gained planning permission for a large astro turf pitch in 2018. This responded to local need, especially Ashbrooke Rugby following council plans to remove some of their existing facilities.

Sandhill View Academy has shown significant improvement across all key measures in the last year and all current projections suggest that further improvement can be confidently expected. This has not necessarily been reflected in pupil take up in the new year 7 where the school has attracted more pupils than in recent years as reputation improves. However PAN has not yet been reached.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

Key performance indicators

Key Performance Indicators	Trust 16/17 actual	MAT Average 16/17	Budget 17/18	Jan 18 Projection	April 18 Projection
Teaching Staff % Expenditure	45.0%	48.9%	49.7%	49.5%	49.4%
Education Support Staff % Expenditure	11.8%	9.2%	13.2%	13.0%	12.8%
Administration Staff % Expenditure	4.1%	9.6%	4.9%	4.7%	4.7%
Total Staff % Expenditure	61.9%	72.6%	69.7%	69.1%	69.7%
Average Teacher Cost	£53,974	£51,950	£49,505	£49,369	£49,719
Pupil Teacher Ratio	17	19	15.6	16	16
Total Reserves Per Pupil	£73.49	£676.85	£128.29	£111.08	£158.83
Total Spend Per Pupil	£7,020	£5,692	£6,234	£6,262	£6,228

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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

FINANCIAL REVIEW

Most 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 recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 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 accordance with The Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2018 the net book value of fixed assets was £17,839,000 and movements in tangible fixed assets are shown in note 14 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 the LGPS pension scheme, resulting in a deficit of £1,616,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2018 of £16,534,000 comprising £16,292,000 of restricted funds and £242,000 of unrestricted funds.

The excess of income over expenditure for the year (before transfers and LGPS movements, and excluding restricted fixed asset funds) was £102,000.

Reserves policy

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 have determined that the appropriate level of free reserves for this year should be £200,000 with a plan going forward to increase this 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 £242,000 (see note 19).

Principal risks and uncertainties

The principal 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.

The reforms being made to school inspection have not been consulted on yet but will be operational from September 2019. There are risks associated with changing curriculum expectations. Early signs show Southmoor Multi Academy Trust to be in line with what the new framework may turn out to be however early planning around curriculum staffing capacity is a priority in order to mitigate costs once the new framework is introduced.

Sandhill View Academy is still below its PAN and needs to grow. Southmoor Academy has raised its PAN but this places significant pressure on its infrastructure. The MAT must prioritise capital investment grants to support this.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

Principal risks and uncertainties (continued)

The Directors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Directors have implemented a number of systems to assess risks that the academy trust faces, 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 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.

PLANS FOR FUTURE PERIODS

Future developments

Continuing to increase rolls at both schools is a priority, particularly at Sandhill View Academy in order to close the gap in its PAN. Sixth Form growth will require capital investment for infrastructure and securing this through CIF funding is a priority.

The main objectives of the academy trust during the year ending 31 August 2019 are:

- Continue to build the sixth form's reputation and capacity for high academic standards in A2 performance.
- Continue to increase roll numbers across the academies and especially in sixth form.
- Consolidate recent changes to whole academy trust governance.
- Plan and implement significant reforms in response to the 2019 inspection framework.
- Grow trust capacity (especially leadership and governance) in order to support MAT expansion.

Disclosure of information to auditor

Insofar as the Directors are aware:

- there is no relevant information of which the charitable company's auditors is unaware
- the 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 auditor is aware of that information.

The Directors' Report was approved by order of the Board of Directors, as the company directors, on 17 December 2018 and signed on its behalf by:



Dr JW Brown
Chair

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Deputy 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 (formerly known as Southmoor Academy) 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 7 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	7	7
A M Lawson	6	7
H Catcherside	7	7
R A Edmonds	4	7
S F Garrett	3	3
Dr P Ingram	2	4
E Young	5	7

Finance and General Purpose Committee

The Finance and General Purpose 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's finances and resources including planning and monitoring.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Dr J W Brown, Chair	4	4
H Catcherside	4	4
R A Edmonds	3	4
S F Garrett	4	4
Dr P Ingram	3	4
A M Lawson	3	4
E Young	3	4

Review of Value for Money

As Accounting Officer, the Deputy 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 by:

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money (continued)

Improving educational results:

Examination results 2018 show 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 MAT will be looking at its building infrastructure relating to Sixth Form expansion through Condition Improvement Funding.

- **Focus on individual pupils**

The use of Pupil Premium funding has continued to result in the achievement of disadvantaged pupils being significantly above expectations. Sandhill View Academy's achievement has risen to the national average for FSM pupils and Southmoor Academy's FSM pupils now perform in line with the progress of all pupils nationally. This is a very significant achievement.

- **Collaboration and New Initiatives**

The Vice Principal and Director of Sixth Form 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. Southmoor MAT has also attracted financial support from private local benefactors who recognise the impact it is making to raising aspirations of its pupils.

- **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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Southmoor Multi Academy Trust (formerly known as Southmoor Academy) for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of Directors appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of fixed assets;
- Review of VAT and corporation tax position.

On a termly basis, the external auditors report is presented to the Board of Directors through the Finance and General Purpose 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.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

As Accounting Officer, the Deputy 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:

- 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 Purpose 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 17 December 2018 and signed on their behalf, by:



Dr JW Brown
Chair



S F Garrett
Accounting Officer

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Southmoor Multi Academy Trust (formerly known as Southmoor Academy) 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 2017.

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

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



S Garrett
Accounting Officer

Date: 17 December 2018

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

The Directors (who act as Governors of Southmoor Academy and 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 Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 17 December 2018 and signed on its behalf by:



Dr J W Brown
Chair

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Southmoor Multi Academy Trust (formerly known as Southmoor Academy) (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education 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 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education 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.

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. 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

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

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 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.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

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 BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

Kepier House
Belmont Business Park
Durham
DH1 1TW
17 December 2018

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)

(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY) AND THE
EDUCATION & SKILLS FUNDING AGENCY**

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

This report is made solely to Southmoor Multi Academy Trust (formerly known as Southmoor Academy) and the 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 (formerly known as Southmoor Academy) and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Southmoor Multi Academy Trust (formerly known as Southmoor Academy) and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Southmoor Multi Academy Trust (formerly known as Southmoor Academy)'s funding agreement with the Secretary of State for Education dated 1 May 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY) AND THE
EDUCATION & SKILLS FUNDING AGENCY (continued)**

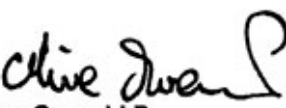
Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of Board of Directors and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtained 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;
- 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; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

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


Clive Owen LLP
Reporting Accountants

Kepier House
Belmont Business Park
Durham
DH1 1TW

17 December 2018

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations and capital grants	3	-	-	553	553	424
Charitable activities	6	-	11,928	-	11,928	11,918
Other trading activities	4	640	-	-	640	596
Investments	5	1	-	-	1	2
TOTAL INCOME		<u>641</u>	<u>11,928</u>	<u>553</u>	<u>13,122</u>	<u>12,940</u>
EXPENDITURE ON:						
Charitable activities		<u>539</u>	<u>12,017</u>	<u>1,356</u>	<u>13,912</u>	<u>14,749</u>
TOTAL EXPENDITURE	7	<u>539</u>	<u>12,017</u>	<u>1,356</u>	<u>13,912</u>	<u>14,749</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	102	(89)	(803)	(790)	(1,809)
		<u>-</u>	<u>(90)</u>	<u>90</u>	<u>-</u>	<u>-</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		102	(179)	(713)	(790)	(1,809)
Actuarial gains on defined benefit pension schemes	25	-	845	-	845	1,568
NET MOVEMENT IN FUNDS		<u>102</u>	<u>666</u>	<u>(713)</u>	<u>55</u>	<u>(241)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		140	(2,282)	18,621	16,479	16,720
TOTAL FUNDS CARRIED FORWARD		<u>242</u>	<u>(1,616)</u>	<u>17,908</u>	<u>16,534</u>	<u>16,479</u>

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	2017 £000
FIXED ASSETS				
Tangible assets	14		17,839	18,871
CURRENT ASSETS				
Stocks	15	4		4
Debtors	16	511		417
Cash at bank and in hand		1,081		951
		<u>1,596</u>		<u>1,372</u>
CREDITORS: amounts falling due within one year	17	<u>(1,098)</u>		<u>(1,241)</u>
NET CURRENT ASSETS			498	131
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,337</u>	<u>19,002</u>
CREDITORS: amounts falling due after more than one year	18		<u>(187)</u>	<u>(241)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			18,150	18,761
Defined benefit pension scheme liability	25		<u>(1,616)</u>	<u>(2,282)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>16,534</u>	<u>16,479</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds excluding pension liability		17,908		18,621
Pension reserve		<u>(1,616)</u>		<u>(2,282)</u>
Total restricted income funds			16,292	16,339
Unrestricted income funds	19		<u>242</u>	<u>140</u>
TOTAL FUNDS			<u>16,534</u>	<u>16,479</u>

The financial statements on pages 21 to 48 were approved by the Directors, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:



Dr JW Brown
Chair

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	71	(16)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1	2
Purchase of tangible fixed assets		(324)	(633)
Capital grants from DfE Group		436	424
Net cash provided by/(used in) investing activities		113	(207)
Cash flows from financing activities:			
Repayments of borrowings		(54)	(54)
Net cash used in financing activities		(54)	(54)
Change in cash and cash equivalents in the year		130	(277)
Cash and cash equivalents brought forward		951	1,228
Cash and cash equivalents carried forward		1,081	951

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Southmoor Multi Academy Trust (formerly known as Southmoor Academy) constitutes a public benefit entity as defined by 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 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 income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 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 (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold land	-	over 125 years
Long term leasehold property	-	over 12 - 25 years
Furniture and fixtures	-	over 7 years
Computer equipment	-	over 3 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 incorporating Income and Expenditure Account.

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 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.

1.9 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 Bank.

1.10 TAXATION

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 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.

1.12 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.

1.13 LIABILITIES AND PROVISIONS

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

1.14 FINANCIAL INSTRUMENTS

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.15 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

PENSIONS (continued)

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

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

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 £1,356,000.

Land – Land and buildings at Southmoor Academy are held under a 125 year lease 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 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.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG 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.

The academy trust has not exceeded these limits during the year ended 31 August 2018.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Capital grants	-	-	553	553	424
Total 2017	-	-	424	424	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Sundry income	35	-	35	18
Lettings	21	-	21	17
Uniform	1	-	1	6
School trips	133	-	133	175
Catering	282	-	282	289
School fund income	42	-	42	27
Maternity insurance	48	-	48	46
Income from other schools	78	-	78	18
	640	-	640	596
Total 2017	596	-	596	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	1	-	1	2
Total 2017	2	-	2	

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	10,930	10,930	10,873
Pupil Premium	-	730	730	739
16-19 Bursary	-	19	19	12
Other DfE/ESFA grants	-	84	84	95
	<u>-</u>	<u>11,763</u>	<u>11,763</u>	<u>11,719</u>
Other Government grants				
SEN	-	137	137	105
Other Government grants	-	28	28	91
	<u>-</u>	<u>165</u>	<u>165</u>	<u>196</u>
Other funding				
Other grants	-	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
	<u>-</u>	<u>11,928</u>	<u>11,928</u>	<u>11,918</u>
Total 2017	<u>-</u>	<u>11,918</u>	<u>11,918</u>	

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

7. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	8,052	-	672	8,724	9,309
Support costs	844	1,799	2,545	5,188	5,440
	<u>8,896</u>	<u>1,799</u>	<u>3,217</u>	<u>13,912</u>	<u>14,749</u>
Total 2017	<u>9,474</u>	<u>2,993</u>	<u>2,282</u>	<u>14,749</u>	

In 2018, of the total expenditure, £539,000 (2017 - £836,000) was to unrestricted funds and £13,373,000 (2017 - £13,913,000) was to restricted funds.

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

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

There were no ex-gratia payments in the year

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

8. CHARITABLE ACTIVITIES

	2018 £000	2017 £000
DIRECT COSTS		
Wages and salaries	6,267	6,674
National insurance	626	639
Pension cost	1,159	1,352
Educational supplies	316	325
Examination fees	210	168
Staff development	33	55
Educational consultancy	-	11
Travel and subsistence	22	23
Other direct costs	91	64
	8,724	9,311
SUPPORT COSTS		
Wages and salaries	647	629
National insurance	67	50
Pension costs	130	130
Depreciation	1,356	1,347
Net interest cost on pension scheme	53	65
Technology costs	150	125
Recruitment and support	30	34
Maintenance of premises and equipment	98	171
Cleaning	125	120
Rent	1,102	1,076
Rates	99	101
Energy	125	123
Insurance	62	107
Security	2	3
Transport	8	23
Catering	475	388
Occupancy costs	25	84
Bank interest and charges	4	3
Other support costs	582	772
Governance costs	48	87
	5,188	5,438
	13,912	14,749

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	1,356	1,347
Auditor's remuneration - audit	13	12
Auditor's remuneration - non audit	2	6
Operating lease rentals	74	72
	<u> </u>	<u> </u>

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	6,740	6,744
Social security costs	693	689
Operating costs of defined benefit pension schemes	1,289	1,482
	8,722	8,915
Agency staff costs	97	390
Staff restructuring costs	77	169
	8,896	9,474

Included in operating costs of defined benefit pension schemes is a charge of £126,000 (2017: £338,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	2018 £000	2017 £000
Redundancy payments	13	89
Severance payments	64	80
	77	169

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £25,000 (2017: £80,000). Individual payments were: £3,000 made on 7 December 2017, £15,000 made on 14 May 2018, £5,000 made on 25 October 2018 and £2,000 made on 25 October 2018. Payments made on 25 October 2018 were included in accruals as at 31 August 2018.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	122	105
Administration and support	104	115
Management	12	12
	238	232

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

10. STAFF COSTS (continued)

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £120,001 - £130,000	1	1
In the band £150,001 - £160,000	0	1
In the band £160,001 - £170,000	1	0

The employees above participated in the Teachers' Pension Scheme.

e. Key management personnel

The key management personnel of the academy trust comprise the Directors and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £708,000 (2017: £699,000).

11. 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:

	2018 £000	2017 £000
Southmoor Academy	406	389
Sandhill View Academy	346	318
Total	<u>752</u>	<u>707</u>

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

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 other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		2018 £000	2017 £000
Dr P Ingram (CEO and Director)	Remuneration	160-165	155-160
	Pension contributions paid	15-20	25-30
S F Garrett (Principal and Director)	Remuneration	125-130	120-125
	Pension contributions paid	20-25	20-25

During the year, no Directors received any benefits in kind (2017 - £NIL).

During the year, no Directors received any reimbursement of expenses (2017 - £NIL).

13. DIRECTORS' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
COST				
At 1 September 2017	22,462	201	226	22,889
Additions	297	18	9	324
At 31 August 2018	22,759	219	235	23,213
DEPRECIATION				
At 1 September 2017	3,815	64	139	4,018
Charge for the year	1,274	31	51	1,356
At 31 August 2018	5,089	95	190	5,374
NET BOOK VALUE				
At 31 August 2018	17,670	124	45	17,839
At 31 August 2017	18,647	137	87	18,871

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

15. STOCKS

	2018 £000	2017 £000
Uniform	4	4

16. DEBTORS

	2018 £000	2017 £000
Trade debtors	2	30
VAT recoverable	145	161
Prepayments and accrued income	364	226
	<u>511</u>	<u>417</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	464	1,083
Other creditors	54	54
Accruals and deferred income	580	104
	<u>1,098</u>	<u>1,241</u>

DEFERRED INCOME

	2018 £000	2017 £000
Deferred income at 1 September 2017	39	-
Resources deferred during the year	37	39
Amounts released from previous years	(39)	-
Deferred income at 31 August 2018	<u>37</u>	<u>39</u>

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

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £000	2017 £000
Other creditors	<u>187</u>	<u>241</u>

Included within other creditors is a loan of £241,000 (2017: £295,000) 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.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS						
General Funds - all funds	140	641	(539)	-	-	242
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	10,930	(10,840)	(90)	-	-
Pupil Premium	-	730	(730)	-	-	-
Other ESFA/DfE grants	-	103	(103)	-	-	-
Other Government grants	-	28	(28)	-	-	-
SEN	-	137	(137)	-	-	-
Pension reserve	(2,282)	-	(179)	-	845	(1,616)
	<u>(2,282)</u>	<u>11,928</u>	<u>(12,017)</u>	<u>(90)</u>	<u>845</u>	<u>(1,616)</u>
RESTRICTED FIXED ASSET FUNDS						
Legacy Assets - Southmoor Academy	7,338	-	(338)	-	-	7,000
Devolved Formula Capital Condition Improvement Fund	121	42	(27)	-	-	136
Academies Capital Maintenance Fund	801	511	(32)	-	-	1,280
General Annual Grant (GAG)	503	-	(40)	-	-	463
Legacy Assets - Sandhill View Academy	669	-	(63)	90	-	696
	9,189	-	(856)	-	-	8,333
	<u>18,621</u>	<u>553</u>	<u>(1,356)</u>	<u>90</u>	<u>-</u>	<u>17,908</u>
Total restricted funds	<u>16,339</u>	<u>12,481</u>	<u>(13,373)</u>	<u>-</u>	<u>845</u>	<u>16,292</u>
Total of funds	<u>16,479</u>	<u>13,122</u>	<u>(13,912)</u>	<u>-</u>	<u>845</u>	<u>16,534</u>

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

General Annual Grant (GAG) must be used for the normal running costs 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 that it could carry forward at 31 August 2018. Note 2 discloses whether the limit was exceeded.

Pupil Premium is additional funding to be spent as the academy trust sees fit to support disadvantaged pupils.

Other DfE/ESFA grants include amounts for Year 7 Catch Up, Rates Relief and 16-19 Bursary.

SEN funding is income to support students with special educational needs.

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

19. STATEMENT OF FUNDS (continued)

Other Government grants includes income from the Local Authority for additional Pupil Premium to support disadvantaged pupils. Amounts received in the year have been fully spent.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 25.

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

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

Unrestricted funds include the income from: uniform, lettings, school trips, catering and maternity insurance with the relevant costs allocated accordingly.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Southmoor Academy	59	167
Sandhill View Academy	183	(27)
Total before fixed asset fund and pension reserve	242	140
Restricted fixed asset fund	17,908	18,621
Pension reserve	(1,616)	(2,282)
Total	16,534	16,479

ANALYSIS OF ACADEMIES BY COST

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 2018 £000	Total 2017 £000
Southmoor Academy	4,591	313	189	1,600	6,693	7,059
Sandhill View Academy	3,133	196	126	1,657	5,112	5,636
Central Services	328	335	1	88	752	707
	8,052	844	316	3,345	12,557	13,402

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
GENERAL FUNDS						
General fund	378	598	(836)	-	-	140
RESTRICTED FUNDS						
General Annual Grant (GAG)	504	10,874	(11,119)	(259)	-	-
Pupil Premium	-	738	(738)	-	-	-
Other ESFA/DfE grants	-	107	(107)	-	-	-
Other grants	-	3	(3)	-	-	-
Other Government grants	-	196	(196)	-	-	-
Pension reserve	(3,447)	-	(403)	-	1,568	(2,282)
	(2,943)	11,918	(12,566)	(259)	1,568	(2,282)
RESTRICTED FIXED ASSET FUNDS						
Legacy Assets -						
Southmoor Academy	7,677	-	(339)	-	-	7,338
Devolved Formula Capital	93	41	(13)	-	-	121
Condition Improvement Fund	446	383	(28)	-	-	801
Academies Capital Maintenance Fund	507	-	(22)	18	-	503
General Annual Grant (GAG)	526	-	(95)	238	-	669
Legacy Assets - Sandhill View Academy	10,036	-	(850)	3	-	9,189
	19,285	424	(1,347)	259	-	18,621
Total restricted funds	16,342	12,342	(13,913)	-	1,568	16,339
Total of funds	16,720	12,940	(14,749)	-	1,568	16,479

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS						
General fund	378	1,239	(1,375)	-	-	242

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	504	21,804	(21,959)	(349)	-	-
Pupil Premium	-	1,468	(1,468)	-	-	-
Other ESFA/DfE grants	-	210	(210)	-	-	-
Other grants	-	3	(3)	-	-	-
SEN	-	28	(28)	-	-	-
Other Government grants	-	333	(333)	-	-	-
Pension reserve	(3,447)	-	(582)	-	2,413	(1,616)
	<u>(2,943)</u>	<u>23,846</u>	<u>(24,583)</u>	<u>(349)</u>	<u>2,413</u>	<u>(1,616)</u>

RESTRICTED FIXED ASSET FUNDS

Legacy Assets - Southmoor Academy	7,677	-	(677)	-	-	7,000
Devolved Formula Capital	93	83	(40)	-	-	136
Condition Improvement Fund	446	894	(60)	-	-	1,280
Academies Capital Maintenance Fund	507	-	(62)	18	-	463
General Annual Grant (GAG)	526	-	(158)	328	-	696
Legacy Assets - Sandhill View Academy	10,036	-	(1,706)	3	-	8,333
	<u>19,285</u>	<u>977</u>	<u>(2,703)</u>	<u>349</u>	<u>-</u>	<u>17,908</u>
	<u>16,342</u>	<u>24,823</u>	<u>(27,286)</u>	<u>-</u>	<u>2,413</u>	<u>16,292</u>
Total of funds	<u>16,720</u>	<u>26,062</u>	<u>(28,661)</u>	<u>-</u>	<u>2,413</u>	<u>16,534</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	17,839	17,839
Current assets	242	1,044	310	1,596
Creditors due within one year	-	(1,044)	(54)	(1,098)
Creditors due in more than one year	-	-	(187)	(187)
Provisions for liabilities and charges	-	(1,616)	-	(1,616)
	<u>242</u>	<u>(1,616)</u>	<u>17,908</u>	<u>16,534</u>

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £000	2017 £000	2017 £000	2017 £000
Tangible fixed assets	-	-	18,871	18,871
Current assets	140	1,187	45	1,372
Creditors due within one year	-	(1,187)	(54)	(1,241)
Creditors due in more than one year	-	-	(241)	(241)
Provisions for liabilities and charges	-	(2,282)	-	(2,282)
	<u>140</u>	<u>(2,282)</u>	<u>18,621</u>	<u>16,479</u>

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

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(790)	(1,809)
Adjustment for:		
Depreciation charges	1,356	1,347
Return on investments and servicing of finance	(1)	(2)
Increase in stocks	-	(4)
(Increase)/decrease in debtors	(94)	11
(Decrease)/increase in creditors	(143)	462
Capital grants from DfE and other capital income	(436)	(424)
Defined benefit pension scheme cost less contributions payable	126	338
Defined benefit pension scheme finance cost	53	65
Net cash provided by/(used in) operating activities	<u>71</u>	<u>(16)</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	1,081	951
Total	<u>1,081</u>	<u>951</u>

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

23. NET FINANCE COST ON PENSION SCHEME

	2018 £000	2017 £000
Interest income on pension scheme assets	150	101
Interest on pension scheme liabilities	(203)	(166)
	<u>(53)</u>	<u>(65)</u>

24. CAPITAL COMMITMENTS

At 31 August 2018 the academy trust had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	<u>165</u>	<u>58</u>

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

25. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £773,000 (2017 - £771,000).

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

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

25. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme (continued)

Under the definitions set out in FRS 102, the TPS is a 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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £484,000 (2017 - £473,000), of which employer's contributions totalled £390,000 (2017 - £383,000) and employees' contributions totalled £94,000 (2017 - £90,000). The agreed contribution rates for future years are 25.2% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
RPI Inflation	3.10 %	3.10 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Rate of revaluation of pension accounts	2.00 %	2.00 %
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:

	2018	2017
Retiring today		
Males	22.9	22.8
Females	26.4	26.3
Retiring in 20 years		
Males	25.1	25.0
Females	28.7	28.6

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	8,065	7,920
Discount rate -0.1%	8,456	8,304
Mortality assumption - 1 year increase	8,025	8,350
Mortality assumption - 1 year decrease	8,491	7,872
CPI rate +0.1%	8,381	8,231
CPI rate -0.1%	8,137	7,991

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	4,483	3,852
Property	565	525
Corporate bonds	744	671
Government bonds	266	227
Cash and other liquid assets	146	227
Other	438	326
Total market value of assets	6,642	5,828

The actual return on scheme assets was £448,000 (2017 - £626,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £000	2017 £000
Current service cost	(516)	(713)
Past service cost	-	(8)
Interest income	150	101
Interest cost	(203)	(166)
Total	(569)	(786)

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

	2018 £000	2017 £000
Opening defined benefit obligation	8,110	8,326
Current service cost	516	713
Interest cost	203	166
Employee contributions	95	90
Actuarial gains	(547)	(1,043)
Benefits paid	(119)	(150)
Past service costs	-	8
Closing defined benefit obligation	8,258	8,110

SOUTHMOOR MULTI ACADEMY TRUST (FORMERLY KNOWN AS SOUTHMOOR ACADEMY)
(A Company Limited by Guarantee)

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

25. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	5,828	4,879
Expected return on assets	150	101
Actuarial gains	298	525
Employer contributions	390	383
Employee contributions	95	90
Benefits paid	(119)	(150)
Closing fair value of scheme assets	6,642	5,828

26. OPERATING LEASE COMMITMENTS

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

	2018 £000	2017 £000
AMOUNTS PAYABLE:		
Within 1 year	101	104
Between 1 and 5 years	166	135
After more than 5 years	5	5
Total	272	244

27. 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 £1,076,000. Funding was received from the ESFA to cover this cost.

28. 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 a Director have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook 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.