

Company Registration Number: 08021855 (England & Wales)

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dr J W Brown
M Crow
Dr A Green
C Witt

Directors

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

¹ Members of the Finance and General Purpose Committee

Company registered number

08021855

Company name

Southmoor Multi Academy Trust

Principal and registered office

Ryhope Road
Sunderland
Tyne & Wear
SR2 7TF

Company secretary

Muckle Secretary Limited

Senior Leadership Team

J Maw, Chief Executive Officer
P Davison, Head of Trust Finance and Operations
T Garner, Acting Headteacher of Southmoor Academy
J Maw, Head Teacher of Sandhill View Academy

Independent auditors

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

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Bankers

NatWest
Fawcett Street
Sunderland
SR1 1SB

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle
NE1 4BF

SOUTHMOOR MULTI ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates two Academies, Southmoor Academy for pupils aged 11-18 and Sandhill View Academy for pupils aged 11-16, both academies serve catchment areas in Sunderland. The combined pupil capacity is 2,270 with a roll of 2,167 on the October 2021 school census.

Census Date	Sandhill View Academy	Southmoor Academy	Trust Total
October 2020	746	1,416	2,162
October 2021	709	1,458	2,167

Structure, governance and management

Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

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

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

The charitable company is known as Southmoor Multi Academy Trust.

Details of the Directors who served during the , and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' indemnities

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

Method of recruitment and appointment or election of Directors

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

Policies adopted for the induction and training of Directors

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Organisational structure

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

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

The key areas of responsibility and accountability are summarised below:

Board of Directors

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

Finance and General Purposes Committee

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Curriculum, Standards and Pupil Welfare Committee

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

Academy Councils

The Academy Councils are an additional layer between the Academy Trust Board and individual Academies.

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

Arrangements for setting pay and remuneration of key management personnel

Directors are unpaid.

The CEO is paid according to the Academy Trust Pay Policy.

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

Trade union facility time

The Academy Trust did not employ any union officials during the period

Related Parties and other Connected Charities and Organisations

No related parties or other connected charities and organisations.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities

Objects and aims

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

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

The main objectives of the Academy Trust during the year ending 31 August 2021 are:

Our academies have a clear approach to school improvement systems to ensure that they deliver a high-quality education.

Our academies make intelligent use of data resulting in excellent progress for all young people.

Our academies have a broad and balanced curriculum matched to the needs of their intake. The curriculum ensures that students develop knowledge, understanding and skills with clear links to higher education and the world of work.

No student is disadvantaged as a result of the pandemic.

Trust leaders are authentic. They are self-aware, genuine and focused on students' success in the short and long term. They have integrity and lead with their heart as well as their mind.

Staff know they are valued as individuals and as part of their Academy and Trust Team. Their views matter and drive the improvement of the Trust. Professional development is high quality and has impact.

The Trust demonstrates high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

Governance:

- Ensures clarity of vision, ethos and strategic direction.
- Holds executive leaders to account for educational performance of pupils and the performance management of staff.
- Oversees the effective financial performance of each academy and the Trust as a whole.

To grow sustainably as a family of schools within the Tyne and Wear area.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

Objectives, strategies and activities

The main objectives of both academies are encompassed in our vision:

To provide the highest quality education for young people in the community we serve

Our vision goes beyond our own Trust. We want to contribute to the broader regeneration of our region by empowering our students

We will achieve our vision by being an excellent employer which ensures that all staff within and across our academies work together with high levels of moral integrity. We base every decision around one fundamental question: how will things improve for our young people as a result of this?

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 extracurricular opportunities
- Provision of CPD which focuses on supporting the highest standards of professional practice

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

Public benefit

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

Strategic report

Achievements and performance

During the 2020-21 period, there have been some substantial and significant changes in the leadership of the Trust. Following a period of extended interim leadership, Trustees appointed a new CEO to commence 1st May 2021. Due to the small size of the Trust, the post of CEO is a dual post, linked to the headteacher position at Southmoor Academy, which had also been under an interim acting headteacher until 1st September 2021. It is a sign of the Trust's effective successful succession planning that this influential dual position was filled by an experienced headteacher who already worked within the Trust. The experienced 'Quality of Education' deputy head at Sandhill View was subsequently appointed as Headteacher of the school. Both appointments are anticipated to further deepen the already strong partnership between both Trust schools, both in terms of further developing our strongly aligned vision for excellence and clarity of purpose in terms of systems and processes.

The global Covid-19 pandemic continued to create significant challenges further to those faced in the previous academic year and these challenges will not recede in the immediate future; it must be acknowledged that leadership teams from both Academies in the Trust have responded swiftly, safely and decisively to manage

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

their respective school sites and communities to effectively keep staff and students safe. The level of communication across the Trust and with parents has frequently been commended. The speed and professionalism at which leaders at all levels, support and teaching staff, have adapted and responded to these significant challenges has been impressive. The challenges have been well documented in educational news, but to summarise, have included:

- Responding to daily updates in national and local guidance
- The logistical challenges of distributing Free School Meal families received vouchers
- Remaining open to provide full time, engaging education, plus enrichment activities for the children of key workers and vulnerable families throughout the first lockdown period.
- Moving swiftly from face to face teaching to ensuring immediate live, online provision, and where students struggled with this, providing paper resources to allow home learning to continue.
- Routine welfare calls to ensure the safety of vulnerable and SEN students throughout lockdown periods.
- Ordering and distribution of DfE laptops for disadvantaged students
- A thorough and carefully planned approach to ensure accurate, evidenced based TAGs and CAGs, further to the cancellation of the summer 2021 examinations
- A comprehensive review of health and safety arrangements and risk assessments to ensure safe returns following lockdowns.
- The logistical challenges linked with running two schools with 'bubbles' and 'zones'
- Planning the reopening of both schools and complete curriculum delivery whilst simultaneously training staff to be able to set up in school testing centres through which to administer lateral flow tests.
- Continuing to recruit and ensure staff received appropriate CPD during the national lock down.
- Updating curriculum resources to be delivered on line or face to face, according to self isolation needs of staff and students
- The significant staffing challenges posed by daily changes to the number of staff having to self isolate.
- The organisation of 1-1 tuition and academic mentoring as part of the Covid Recovery Curriculum
- A relentless focus, in both schools, on school improvement processes.

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

Conversion of the former Southmoor House is now complete. It officially opened in October 2021 and provides additional exceptional facilities for the Trust Sixth Form and access programmes. Additionally, an alternative provision centre known as 'The Bridge' has opened on site at Sandhill View Academy. Due to the success of the Bridge at Sandhill View, there are now plans in place to open a similar provision at Southmoor in 2022.

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

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

Both academies are committed to supporting early entrants to the profession and were included in uptake and delivery of the Early Career Framework, ahead of the national rollout this year. The support and training offered to new entrants to the profession in both schools is valued by all who access it.

Southmoor Academy's strong inspection report has certainly helped to support its continued high standing as the school of choice for an increasing number of feeder schools and this in turn has had a huge impact on the number of applications for school places. Sandhill View's recent, successful Ofsted inspection is likely to have a significant impact on the intake numbers in future years.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

Key Performance Indicator	Kreston Benchmark Average	Academies Report 2021	Kreston Benchmark Median	Academies Report 2021	Southmoor Multi Academy Trust
Total Income Per Pupil	£6,662		£6,118		£6,838
Total GAG Income Per Pupil	£5,030		£4,826		£5,696
GAG income Ratio	78.00%		81.00%		83.30%
Staff Cost Per Pupil	£4,920		£4,761		£4,696
Teaching Staff Cost Per Pupil	£2,549		£2,467		£3,311
Staff Costs Ratio (as % of Total Costs)	75.20%		76.50%		72.58%
Pupil to Teacher Ratio	17.7		18.1		18.32
Cash Ratio (as % of total Income)	14.80%		13.80%		14.87%

Going concern

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

Financial review

98% of the Trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of pupil led funding driven by the annual Autumn census, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/ESFA in the form of Devolved Formula Capital. In accordance with The Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Both academies in the MAT returned an operating surplus in 2020-2021 which added to cumulative reserves.

Both academies have balanced budgets for the 12 months ahead and Trust cashflow remains strong.

During the year ending 31 August 2021, total expenditure of £15,277,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed assets funds) was £1,288,000.

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

At 31 August 2021 the net book value of fixed assets was £15,850,000 and movements in tangible fixed assets are shown in note 15 to the Financial Statements. The assets were used exclusively for providing education and

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

the associated support to the students of the academy trust.

The provisions of FRS 102 has been applied in full in respect of LGPS, resulting in a deficit of £5,221,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2021 of £13,010,000 comprising £(3,634,000) of restricted funds, including £(5,221,000) on the pension reserves, and £762,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2021 was £2,349,000

Reserves policy

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

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

The Trust maintains a minimum reserves level equivalent to one month total wage bill and as reserves are in excess of this Trustees have approved the use of some of these reserves to support the continued investment in capital to improve the learning environments across both sites. .

The Directors review the reserve levels of the academy trust regularly throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors previously determined that the appropriate level of free reserves should be £500,000, in line with the agreed plan to increase reserves to at least £500,000 over a 3 year period. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy trust's current levels of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £762,000.

The value of unrestricted reserves as at 31 August 2021 is £762,000 and the value of restricted general funds as at 31 August 2021 is £1,587,000, which relates to GAG and COVID catch-up premium carried forward.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

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

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

After positive outcomes in 2018, performance of both academies dipped significantly in 2019 (Southmoor Academy's P8 score was -0.52 which is classed as 'well below average', Sandhill View's P8 score was -0.42 classed as 'below average'). Although swift action was taken to address the issues which led to this poor performance, external examinations did not take place in 2020 or 2021 and consequently there are no school performance tables to reflect an improved position. This poses a risk to Southmoor Academy in the event of an Ofsted inspection, as only the 2019 data will be used as a point of reference.

Sandhill View was inspected in September 2021 and achieved 'good' in all areas. This is a significant achievement during a time of great uncertainty.

Southmoor Academy's last inspection was in November 2017 (outcome 'Good' in all areas) and as such should be due for a one day inspection within 4 years of that date, although this could be up to five terms late due to the impact of Covid delays. The new headteacher needs time to embed new consistencies in order to be confident of continued success under the new Ofsted framework.

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

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

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

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

Fundraising

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

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

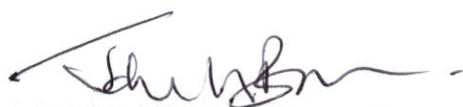
- Renaming the Academy Trust to create a collaborative brand image.
- Appointing an additional member.
- Ensuring staff and student wellbeing in response to the pandemic.
- Continuing to maintain the increased rolls at both schools.
- Investment in ICT hardware to ensure the Trust is well equipped to deliver quality first teaching, with blended learning to supplement this.
- Continually reviewing the broad and balanced curriculum that retains existing strengths around Ebacc.
- Investing more in vocational offers and in improving the performance of core subjects in order to improve Progress 8 scores.
- Investment in pastoral support systems, including CPD in wellbeing and mental health.
- Improving the existing learning environment at Southmoor.
- Creating new classroom spaces at Southmoor-required due to pressures of an increasing roll.
- Investment in improved sports facilities at Southmoor.
- Investment in outdoor shelter for use during inclement weather.

Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 14 December 2021 and signed on its behalf by:



Dr J W Brown
Chair

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Southmoor Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

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

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

Director	Meetings attended	Out of a possible
Dr J W Brown, Chair	5	5
A Lawson, Vice Chair	5	5
J Alder	4	5
H Catcherside	5	5
R Edmonds	4	5
J Purdy	5	5
H Shields	3	5
E Young	4	5

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

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Dr J W Brown, Chair	6	6
H Catcherside	5	6
R Edmonds	5	6
J Purdy	6	6

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy Trust has delivered improved value for money during the year looking at all contract and service level agreements for efficiencies underpinned by the development of a new contracts register which is regularly reviewed.

Improving educational results:

Results for 2021 in both Academies showed a marked improvement on the previous year and we can demonstrate that students have made strong progress in relation to their attainment on entry, although there is no holistic data for a P8 score.

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

Targeted improvement

- Additional accommodation funded from our own resources is due to come into use shortly and will enhance existing sixth form provision.
- Alternative provision at Southmoor
- Improvement of the Learning Environment at Southmoor
- Learning Spaces at Southmoor

Focus on individual pupils

The use of Pupil Premium funding has been carefully targeted to close the attainment gap for disadvantaged students. This is having an impact but continues to require continual focus to ensure outcomes are in line with the standards achieved by non-disadvantaged students.

The pandemic has exacerbated the attainment gap and consequently many resources are being targeted to close this.

Collaboration and New Initiatives

Both Academies have introduced Class Charts to streamline communications. The Trust Early Careers Framework delivery is through Teach First.

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. Quotes obtained as per guidelines for best value, Deals for Schools website used and procurement regularly benchmarked.

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GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Southmoor Multi Academy Trust for the year 1 September 2020 to 31 August 2021 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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

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

The Board of Directors has decided not to appoint an internal auditor. However, the Directors have appointed Duncan and Toplis, the external Internal Assurance provider, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of fixed assets;
- Testing of income;
- Testing of compliance;
- Testing of control account/bank reconciliations;

On a termly basis, the internal assurance provider reports to the Board of Directors through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Directors financial responsibilities.

The internal assurance providers 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
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- on discharge of the Board of Directors financial decisions to help the committee consider actions and assess year on year progress
- the work of the Internal Assurance provider;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Directors on 14 December 2021 and signed on their behalf by:


Dr J W Brown
Chair


Mrs J Maw
Accounting Officer

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Southmoor Multi Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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.



Mrs J Maw
Accounting Officer
14 December 2021

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 14 December 2021 and signed on its behalf by:


Dr J W Brown
Chair

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Southmoor Multi Academy Trust (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Trust. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be the regulations set out by the DfE/ESFA. Our audit focuses on financial matters as set out in our regularity opinion. Other key laws and regulations included safeguarding, Health & Safety, GDPR and employment law
- Enquiry of trustees and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of trustees and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

Use of our report

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



Gary Ellis BFP FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors

Kepier House

Belmont Business Park

Durham

DH1 1TW

Date: 16 December 2021

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Southmoor Multi Academy Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Southmoor Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

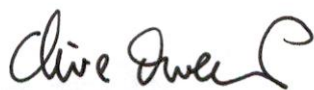
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has 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 Accountant

Kepier House
Belmont Business Park
Durham
DH1 1TW

Date: 16 December 2021

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:					
Donations and capital grants	4	-	349	349	44
Charitable activities	23	14,273	-	14,296	13,388
Other trading activities	123	-	-	123	161
Investments	7	-	-	-	6
Total income	<u>146</u>	<u>14,273</u>	<u>349</u>	<u>14,768</u>	<u>13,599</u>
Expenditure on:					
Raising funds	23	-	-	23	22
Charitable activities	45	13,703	1,506	15,254	14,093
Total expenditure	<u>68</u>	<u>13,703</u>	<u>1,506</u>	<u>15,277</u>	<u>14,115</u>
Net income/ (expenditure)	78	570	(1,157)	(509)	(516)
Transfers between funds	20	(19)	(962)	981	-
Net movement in funds before other recognised gains/(losses)	<u>59</u>	<u>(392)</u>	<u>(176)</u>	<u>(509)</u>	<u>(516)</u>
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	29	-	425	-	425
Net movement in funds	<u>59</u>	<u>33</u>	<u>(176)</u>	<u>(84)</u>	<u>(1,780)</u>
Reconciliation of funds:					
Total funds brought forward	703	(3,667)	16,058	13,094	14,874
Net movement in funds	59	33	(176)	(84)	(1,780)
Total funds carried forward	<u>762</u>	<u>(3,634)</u>	<u>15,882</u>	<u>13,010</u>	<u>13,094</u>

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

BALANCE SHEET
AS AT 31 AUGUST 2021


	Note	2021 £000		2020 £000
Fixed assets				
Tangible assets	15	15,850		16,144
		15,850		16,144
Current assets				
Stocks	16	4	4	
Debtors	17	858	556	
Cash at bank and in hand		2,196	1,919	
		3,058	2,479	
Creditors: amounts falling due within one year	18	(637)	(424)	
		2,421	2,055	
Net current assets		2,421		2,055
Total assets less current liabilities		18,271		18,199
Creditors: amounts falling due after more than one year	19	(40)		(99)
Net assets excluding pension liability		18,231		18,100
Defined benefit pension scheme liability	29	(5,221)		(5,006)
Total net assets		13,010		13,094

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note		2021 £000		2020 £000
Funds of the academy trust					
Restricted funds:					
Fixed asset funds	20	15,882		16,058	
Restricted income funds	20	1,587		1,339	
		17,469		17,397	
Restricted funds excluding pension asset	20	17,469		17,397	
Pension reserve	20	(5,221)		(5,006)	
		12,248		12,391	
Total restricted funds	20		12,248		12,391
Unrestricted income funds	20		762		703
			13,010		13,094
Total funds			13,010		13,094

The financial statements on pages 25 to 58 were approved by the Directors, and authorised for issue on 14 December 2021 and are signed on their behalf, by:


Dr J W Brown
 Chair

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	1,199	(94)
Cash flows from investing activities	24	(863)	(156)
Cash flows from financing activities	23	(59)	(29)
Change in cash and cash equivalents in the year		277	(279)
Cash and cash equivalents at the beginning of the year		1,919	2,198
Cash and cash equivalents at the end of the year	25, 26	<u>2,196</u>	<u>1,919</u>

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Fund accounting

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

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

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income (continued)

- **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated.

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Termination benefits

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

1.6 Going concern

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

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

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

1.8 Operating leases

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

1.9 Stocks

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

1.10 Interest receivable

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

SOUTHMOOR MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Debtors

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

1.13 Cash at bank and in hand

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

1.14 Liabilities and Provision

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

1.15 Concessionary loans

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

1.16 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

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1. Accounting policies (continued)

1.17 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £1,506,000.

Critical areas of judgement:

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

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

3. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, there are academies within the academy trust which were subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the academy trust exceeded the limits during the year ended 31 August 2021.

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4. Income from donations and capital grants

	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations	123	123	-
Capital Grants	226	226	44
Total 2021	349	349	44
Total 2020	44	44	

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5. Funding for the academy trust's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,315	12,315	11,584
Other DfE/ESFA grants				
Pupil Premium	-	736	736	731
Rates	-	60	60	61
Year 7 Catch Up	-	-	-	25
Teachers' pay grant	-	148	148	143
Teachers' pension grant	-	418	418	403
Other DfE Group grants	-	41	41	61
	-	13,718	13,718	13,008
Other Government grants				
SEN	-	81	81	61
Local Authority grants	-	59	59	54
	-	140	140	115
Other income from the academy trust's academy's educational operations	23	22	45	265
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	155	155	-
Other DfE/ESFA COVID-19 funding	-	238	238	-
	-	393	393	-
	23	14,273	14,296	13,388
Total 2020	130	13,258	13,388	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy received £155,000 of funding for catch-up premium and costs incurred in respect of this funding totalled £15,000. Unspent amounts have been carried forward in restricted funds.

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6. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from facilities and services	8	8	14
Rental and lettings income	3	3	3
Receipts from Supply Teacher Insurance claims	38	38	63
RPA claims	19	19	4
Other	55	55	64
Other insurance claims	-	-	13
	123	123	161
	123	123	161

All income from other trading activities was attributable to unrestricted funds for the year ended 31 August 2021.

7. Investment income

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Investment income	-	-	6
	-	-	6
	-	-	6

All investment income was attributable to unrestricted funds for the year ended 31 August 2021.

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NOTES TO THE FINANCIAL STATEMENTS
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8. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	Total 2020 £000
Expenditure on fundraising trading activities:					
Allocated support costs	-	-	23	23	22
Academy trust's educational operations:					
Direct costs	9,200	-	922	10,122	9,250
Allocated support costs	953	3,220	959	5,132	4,843
	<u>10,153</u>	<u>3,220</u>	<u>1,904</u>	<u>15,277</u>	<u>14,115</u>
Total 2020	<u>9,321</u>	<u>3,060</u>	<u>1,734</u>	<u>14,115</u>	

In 2021, of the total expenditure, £68,000 (2020 - £136,000) was to unrestricted funds and £15,209,000 (2020 - £13,979,000) was to restricted funds.

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

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

There were no ex gratia payments in the year.

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

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Academy trust's educational operations	10,122	5,132	15,254	14,093
	<u>10,122</u>	<u>5,132</u>	<u>15,254</u>	<u>14,093</u>
Total 2020	9,250	4,843	14,093	
	<u>9,250</u>	<u>4,843</u>	<u>14,093</u>	

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Staff costs	9,200	8,389
Educational supplies	500	403
Examination fees	198	221
Technology costs	47	56
Educational consultancy	159	167
Transport	10	14
Other costs	8	-
	<u>10,122</u>	<u>9,250</u>

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

Analysis of support costs

	Total funds 2021 £000	Total funds 2020 £000
Pension finance costs	83	61
Staff costs	953	932
Depreciation	1,506	1,393
Staff development	54	50
Technology costs	183	114
Staff expenses	5	4
Supply insurance	43	42
Transport	18	23
Maintenance of premises	109	78
Cleaning	189	157
Other premises costs	68	61
Energy	135	122
Rent & rates	1,308	1,266
Insurance	41	41
Operating lease rentals	66	80
Catering	128	172
Legal costs - other	11	42
Other costs	211	181
Governance costs	21	24
	<u>5,132</u>	<u>4,843</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £000	2020 £000
Operating lease rentals	66	69
Depreciation of tangible fixed assets	1,506	1,393
Fees paid to auditors for:		
- audit	14	13
- other services	2	9
	<u>1,588</u>	<u>1,594</u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£000	£000
Wages and salaries	7,260	6,771
Social security costs	767	705
Pension costs	2,025	1,741
	10,052	9,217
Agency staff costs	101	104
	10,153	9,321

Included in operating costs of defined benefit pension schemes is a charge of £557,000 (2020: £317,000) relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

	2021	2020
	No.	No.
Teachers	118	115
Administration and support	91	90
Management	13	10
	222	215
	222	215

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11. Staff (continued)

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	8	4
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	2
In the band £100,001 - £110,000	1	-
	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior management team as listed on page 1. The trust has reduced the number of staff included in their definition of key management to include only the CEO, Headteachers and Head of Finance as this more accurately reflects those classed as senior management. The prior year figure has also been amended to reflect this change. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £396,000 (2020 : £453,000).

12. Directors' remuneration and expenses

During the year, no Directors received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, no Director expenses have been incurred (2020 - £NIL).

13. Directors' and Officers' insurance

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

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NOTES TO THE FINANCIAL STATEMENTS
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14. Central services

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

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

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

Pupil numbers

The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
Southmoor Academy	467	495
Sandhill View Academy	247	351
Total	<u>714</u>	<u>846</u>

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15. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 September 2020	23,557	277	397	50	24,281
Additions	698	172	342	-	1,212
At 31 August 2021	<u>24,255</u>	<u>449</u>	<u>739</u>	<u>50</u>	<u>25,493</u>
Depreciation					
At 1 September 2020	7,690	160	265	22	8,137
Charge for the year	1,330	41	122	13	1,506
At 31 August 2021	<u>9,020</u>	<u>201</u>	<u>387</u>	<u>35</u>	<u>9,643</u>
Net book value					
At 31 August 2021	<u>15,235</u>	<u>248</u>	<u>352</u>	<u>15</u>	<u>15,850</u>
At 31 August 2020	<u>15,867</u>	<u>117</u>	<u>132</u>	<u>28</u>	<u>16,144</u>

16. Stocks

	2021 £000	2020 £000
Uniform	<u>4</u>	<u>4</u>

17. Debtors

	2021 £000	2020 £000
Trade debtors	1	13
Prepayments and accrued income	662	342
VAT recoverable	195	201
	<u>858</u>	<u>556</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	103	209
Other creditors	59	59
Accruals and deferred income	475	156
	637	424
	637	424
	2021	2020
	£000	£000
Deferred income at 1 September 2020	35	135
Resources deferred during the year	25	35
Amounts released from previous periods	(35)	(135)
	25	35
	25	35

At the Balance Sheet date the academy trust was holding funds received in advance for 16-19 bursary and some small non-government grants.

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

	2021	2020
	£000	£000
Other creditors	40	99
	40	99

Included within other creditors is a loan of £134,000 (2020: £133,000) from Salix Finance Ltd which is provided on the following terms: Interest free loan repayable through GAG in 6-monthly instalments of £27,000 from March 2017.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

20. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General Funds	703	146	(68)	(19)	-	762
Restricted general funds						
General Annual Grant (GAG)	1,339	12,315	(11,245)	(962)	-	1,447
Pupil Premium	-	736	(736)	-	-	-
Other DfE/ESFA grants	-	667	(667)	-	-	-
SEN	-	81	(81)	-	-	-
COVID Catch-up Premium	-	155	(15)	-	-	140
Other COVID funding	-	238	(238)	-	-	-
Other Government grants	-	59	(59)	-	-	-
Other income	-	22	(22)	-	-	-
Pension reserve	(5,006)	-	(640)	-	425	(5,221)
	<u>(3,667)</u>	<u>14,273</u>	<u>(13,703)</u>	<u>(962)</u>	<u>425</u>	<u>(3,634)</u>
Restricted fixed asset funds						
Legacy Assets - Southmoor Academy	6,325	-	(339)	-	-	5,986
Devolved Formula Capital	250	44	(51)	-	-	243
Condition Improvement Fund	1,511	182	(83)	-	-	1,610
Academies Capital Maintenance Fund	419	-	(5)	-	-	414
General Annual Grant (GAG)	913	-	(146)	962	-	1,729

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

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Legacy Assets - Sandhill View Academy	6,640	-	(840)	-	-	5,800
Donated assets	-	123	(41)	-	-	82
Receipts from RPA claims	-	-	(1)	19	-	18
	<u>16,058</u>	<u>349</u>	<u>(1,506)</u>	<u>981</u>	<u>-</u>	<u>15,882</u>
Total Restricted funds	<u>12,391</u>	<u>14,622</u>	<u>(15,209)</u>	<u>19</u>	<u>425</u>	<u>12,248</u>
Total funds	<u><u>13,094</u></u>	<u><u>14,768</u></u>	<u><u>(15,277)</u></u>	<u><u>-</u></u>	<u><u>425</u></u>	<u><u>13,010</u></u>

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20. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance, and insurance. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG it could carry forward at 31 August 2021. Note 3 discloses whether the limit was exceeded.

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

Other DfE/ESFA grants relates to rates relief, Supplementary Free School meals grant, the Teachers Pay Grant, the Teachers Pension Grant and Rates relief.

SEN is income to support students with special educational needs.

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

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

COVID-19 funding is to be spent on resources to assist pupils to catch up on learning missed during COVID-19 pandemic.

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

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

A transfer of £962,000 has been made out of GAG to capital expenditure to reflect those items included within fixed assets which have been purchased using GAG monies.

A transfer of £19,000 has been made out of unrestricted funds to capital expenditure to reflect those items included within fixed assets which have been purchased using receipts from RPA claims.

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

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20. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	542	297	(136)	-	-	703
Restricted general funds						
General Annual Grant (GAG)	521	11,584	(10,534)	(232)	-	1,339
Pupil Premium	-	731	(731)	-	-	-
Other DfE/ESFA grants	-	693	(693)	-	-	-
SEN	-	61	(61)	-	-	-
Other COVID funding	-	54	(54)	-	-	-
Non Government grants	-	135	(135)	-	-	-
Pension reserve	(3,364)	-	(378)	-	(1,264)	(5,006)
	<u>(2,843)</u>	<u>13,258</u>	<u>(12,586)</u>	<u>(232)</u>	<u>(1,264)</u>	<u>(3,667)</u>
Restricted fixed asset funds						
Legacy Assets - Southmoor Academy	6,662	-	(337)	-	-	6,325
Devolved Formula Capital	244	44	(38)	-	-	250
Condition Improvement Fund	1,575	-	(64)	-	-	1,511
Academies Capital Maintenance Fund	441	-	(22)	-	-	419
General Annual Grant (GAG)	768	-	(87)	232	-	913

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20. Statement of funds (continued)

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Legacy Assets - Sandhill View Academy	7,485	-	(845)	-	-	6,640
	<u>17,175</u>	<u>44</u>	<u>(1,393)</u>	<u>232</u>	<u>-</u>	<u>16,058</u>
Total Restricted funds	<u>14,332</u>	<u>13,302</u>	<u>(13,979)</u>	<u>-</u>	<u>(1,264)</u>	<u>12,391</u>
Total funds	<u><u>14,874</u></u>	<u><u>13,599</u></u>	<u><u>(14,115)</u></u>	<u><u>-</u></u>	<u><u>(1,264)</u></u>	<u><u>13,094</u></u>

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20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Southmoor Academy	304	537
Sandhill View Academy	2,045	1,505
	2,349	2,042
Total before fixed asset funds and pension reserve	2,349	2,042
Restricted fixed asset fund	15,882	16,058
Pension reserve	(5,221)	(5,006)
	13,010	13,094
Total	13,010	13,094

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	Total 2020 £000
Southmoor Academy	5,691	368	329	1,228	7,616	6,612
Sandhill View Academy	3,335	189	145	1,772	5,441	4,887
Central services	174	396	26	118	714	1,223
	9,200	953	500	3,118	13,771	12,722
Academy trust	9,200	953	500	3,118	13,771	12,722

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	15,850	15,850
Current assets	762	2,185	111	3,058
Creditors due within one year	-	(584)	(53)	(637)
Creditors due in more than one year	-	(14)	(26)	(40)
Provisions for liabilities and charges	-	(5,221)	-	(5,221)
Total	<u>762</u>	<u>(3,634)</u>	<u>15,882</u>	<u>13,010</u>

Analysis of net assets between funds - prior year

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

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22. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £000	2020 £000
Net expenditure for the year (as per Statement of Financial Activities)	(509)	(516)
Adjustments for:		
Depreciation	1,506	1,393
Capital grants from DfE and other capital income	(226)	(44)
Interest receivable	-	(6)
Defined benefit pension scheme cost less contributions payable	557	317
Defined benefit pension scheme finance cost	83	61
Increase in debtors	(302)	(57)
Increase/(decrease) in creditors	213	(1,242)
Donated fixed assets	(123)	-
Net cash provided by/(used in) operating activities	1,199	(94)

23. Cash flows from financing activities

	2021 £000	2020 £000
Cash inflows from new borrowing	-	25
Repayments of borrowing	(59)	(54)
Net cash used in financing activities	(59)	(29)

24. Cash flows from investing activities

	2021 £000	2020 £000
Dividends, interest and rents from investments	-	6
Purchase of tangible fixed assets	(1,089)	(429)
Capital grants from DfE Group	226	267
Net cash used in investing activities	(863)	(156)

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25. Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash in hand and at bank	2,196	1,919
Total cash and cash equivalents	2,196	1,919

26. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	1,919	277	2,196
	1,919	277	2,196

27. Net Finance Cost on Pension Scheme

	2021 £000	2020 £000
Interest income on pension scheme assets	134	146
Interest on pension scheme liabilities	(217)	(207)
	(83)	(61)

28. Capital commitments

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	111	398
	111	398

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FOR THE YEAR ENDED 31 AUGUST 2021

29. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2021.

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

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £1,201,000 (2020 - £1,121,000).

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

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

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29. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £357,000 (2020 - £391,000), of which employer's contributions totalled £259,000 (2020 - £303,000) and employees' contributions totalled £98,000 (2020 - £88,000). The agreed contribution rates for future years are 16.4% for employers and 5.5 - 12.0% for employees.

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

Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	4.10	3.80
Rate of increase for pensions in payment/inflation	2.60	2.30
Discount rate for scheme liabilities	1.70	1.70
Inflation assumption (CPI)	2.60	2.30
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:

	2021 Years	2020 Years
Retiring today		
Males	21.9	21.8
Females	25.1	25.0
Retiring in 20 years		
Males	23.6	23.5
Females	26.9	26.8

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(366)	(319)
Discount rate -0.1%	381	332
Mortality assumption - 1 year increase	(542)	(460)
Mortality assumption - 1 year decrease	557	460
CPI rate +0.1%	322	281
CPI rate -0.1%	(308)	(268)

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29. Pension commitments (continued)

Share of scheme assets

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

	2021 £000	2020 £000
Equities	5,244	4,156
Government bonds	198	187
Corporate bonds	1,895	1,780
Property	754	715
Cash and other liquid assets	377	148
Other	962	785
Total market value of assets	<u>9,430</u>	<u>7,771</u>

The actual return on scheme assets was £1,421,000 (2020 - £42,000).

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

	2021 £000	2020 £000
Current service cost	(816)	(620)
Interest income	134	146
Interest cost	(217)	(207)
Total amount recognised in the Statement of Financial Activities	<u>(899)</u>	<u>(681)</u>

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

	2021 £000	2020 £000
At 1 September	12,777	10,929
Current service cost	816	620
Interest cost	217	207
Employee contributions	98	88
Actuarial losses	862	1,076
Benefits paid	(119)	(143)
At 31 August	<u>14,651</u>	<u>12,777</u>

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29. Pension commitments (continued)

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

	2021 £000	2020 £000
At 1 September	7,771	7,565
Expected return on assets	134	146
Actuarial gains/(losses)	1,287	(188)
Employer contributions	259	303
Employee contributions	98	88
Benefits paid	(119)	(143)
At 31 August	<u>9,430</u>	<u>7,771</u>

30. Operating lease commitments

At 31 August 2021 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Not later than 1 year	9	64
Later than 1 year and not later than 5 years	35	55
Later than 5 years	38	-
	<u>82</u>	<u>119</u>

31. Other financial commitments

Under the PFI arrangement, the academy trust has a financial liability to make payments to the PFI contractor for the life of the contract, which began in September 2002 and will run for 25 years. The cost is based on pupil numbers and in the period was £1,248,000 (2020: £1,205,000). Funding was received from the ESFA to cover this cost.

32. Related party transactions

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

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