

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 18
Statement on regularity, propriety and compliance	19
Statement of Trustees' responsibilities	20
Independent auditors' report on the financial statements	21 - 23
Independent reporting accountant's report on regularity	24 - 25
Statement of financial activities incorporating income and expenditure account	26
Balance sheet	27 - 28
Notes to the financial statements	29 - 53

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	S Hayday J Moore H Williamson-Cole M Heathcote V Pillinger-Cork
Trustees	S Hayday, Chair of Trustees J Moore J Valin L Buckley G Dryja W Golinska V Simpson (resigned 22 August 2019) D Rix S Tyler A Martinowsky (appointed 1 July 2019) A Gardner (appointed 1 July 2019) S Taylor (appointed 1 November 2019)
Company registered number	08190187
Company name	Southfields Multi Academy Trust
Principal and registered office	333 Merton Road London SW18 5JU
Chief executive officer	Jacqueline Valin
Senior management team	J Valin, CEO/Principal Southfields Multi Academy Trust W Golinska, Headteacher Southfields Academy L Davis, Deputy Headteacher Southfields Academy S Gray, Deputy Headteacher Southfields Academy T Gray, Deputy Headteacher Southfields Academy D Holt, Deputy Headteacher Southfields Academy S Elson, Director of Finance Southfields Multi Academy Trust D Rix, Headteacher Linden Lodge School D Shaw, Deputy Headteacher Linden Lodge
Independent auditors	Landau Baker Ltd Chartered Accountants Mountcliff House 154 Brent Street London NW4 2DR

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers	Lloyds Bank 34 Moorgate London EC2R 6PL
Solicitors	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum and articles of Association is the primary governing document of the academy.

The Trustees of Southfields Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Southfields MAT and both schools within the MAT are known by their own names; Linden Lodge School and Southfields Academy.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the articles of association and funding agreement:

- The MAT Chief Executive Officer
- Up to 9 trustees, appointed by the members
- A secondary school headteacher from within the Trust
- A special school headteacher from within the Trust
- A primary school headteacher from within the Trust (when appropriate)

The term of office for any trustee is 4 years. The MAT CEO's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new trustees will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new trustees are given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

f. Organisational structure

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the trustees and the executive who are the senior leadership team.

The board of trustees has considered its role thoughtfully and decided that the role of the trustees is to approve the strategic direction and objectives of the trust and monitor its progress towards these objectives.

The trustee board has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The CEO is directly responsible for the day to day running of the trust and is assisted by a senior leadership team.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the trusts by use of budgets and making major decisions about the direction of the trust, including capital expenditure and senior staff appointments.

The Chief Executive assumes the accounting officer role.

g. Arrangements for setting pay and remuneration of key management personnel

The Personnel Committee is responsible for the implementation of the Trust Pay Policy and this includes carrying out annual pay reviews for the CEO/Principal, Headteachers of schools within the Trust (currently Linden Lodge School and Southfields Academy) and other members of the Senior Leadership Teams for each academy.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	444
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
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Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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i. Related parties and other connected charities and organisations

Southfields Academy was the founding member of the Southfields Multi Academy Trust which is a separate Trust where Southfields Academy and Linden Lodge School are the two members. The Trust undertakes educational support activities.

Southfields Academy has relationships with other charities, as named below, with which it cooperates in the pursuit of charitable activities:

nursery@aspire	Charity No. 1149367
aspire@southfields	Charity No. 1147877
Friends of Southfields Academy	Charity No. 0802055

Linden Lodge School has a strong relationship with the charity below that exists to raise funds for Linden Lodge School.

The Linden Lodge Charitable Trust	Charity No. 1168169
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Objectives and activities

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

a. Objects and aims

The principal object and activity of the Southfields Multi Academy Trust is to provide an umbrella organization that supports the very different educational aims of Linden Lodge School and Southfields Academy.

The aim of Southfields Academy to provide a broad and balanced education for pupils of all abilities in the south London area and beyond. The trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the multi academy trust.

Linden Lodge School has now joined the Southfields Multi Academy Trust and the Trust has followed the same aims and objectives in respect of Linden Lodge School with reference to the particular circumstances of Linden Lodge School's characteristics as a special school that serves the south-east England region.

In accordance with the articles of association, the multi academy trust has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy.

The Scheme of Government specifies, amongst other things, that the trust will be at the heart of their community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; the basis for charging pupils.

b. Objectives, strategies and activities

The Multi Academy Trust has undertaken self-evaluation activities to correctly identify objectives for the next year.

The main objectives for the coming year are to provide the best possible education of the students of Southfields Academy and Linden Lodge School and to continue to maintain, manage and develop the Southfields Multi Academy Trust. This will include continuing to offer a balanced and inclusive curriculum to all students within the Trust.

Southfields Multi Academy Trust will continue to help all students within the Trust develop the following skills and qualities:

High expectations of themselves and others; self-discipline; self-motivation; independent working; questioning and enquiring minds; application of knowledge; confidence; creative and aesthetic capability; scientific and technological capability; excellent communicators orally and through the written word; tolerance; sensitivity and respect for others; honesty and reliability; excellence in numeracy.

The overall aim of the Southfields Multi Academy Trust is for students and staff to accept the challenges of learning so that students leave with the knowledge, skills and maturity to take up their adult roles.

The Southfields Multi Academy Trust will build its capacity as appropriate.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

c. Public benefit

In setting the objectives, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As a trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities.
- Inclusive sports programmes that provide sporting activities to local primary and special schools.
- Support of local primary schools in a number of academic areas.
- Supporting parents of children with special needs.
- Teaching School status.
- Offering facilities to local community organisations.

Strategic report

Achievements and performance

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

Southfields Academy created the Southfields Multi Academy Trust in February 2017.

Linden Lodge School joined the Southfields Multi Academy Trust on 1 September 2018.

The Southfields Academy results in KS3 Teacher Assessments and GCSE exams at KS4 were as follows:

	2019		
	Target	Actual	Diff.
Progress 8	0.00	+0.44	+0.44
Attainment 8	39.04	44.23	+5.19
% 9 to 4 in English and Mathematics	53%	60%	+7%
% 9 to 5 in English and Mathematics	32%	40%	8%
% EBacc 9 to 4	15%	15%	0
Cohort		164	

Linden Lodge Whole School Outcomes 2018-19

Autumn 2018

All Pupils - Autumn 2018 (127 in total)				
Area of learning	Below Expected Progress	At Expected Progress	Above Expected Progress	At Expected or Above Expected Progress
Communication	8 (6%)	66% (52%)	53 (42%)	95%
English	6 (5%)	78% (61%)	43 (34%)	95%
Maths	9 (7%)	77% (61%)	41 (32%)	93%
Self Help	11 (9%)	65% (51%)	51 (40%)	91%
Physical and Sensory	7 (6%)	74% (58%)	46 (36%)	94%

Spring 2019

All Pupils - Spring (121 in total)				
Area learning	Below Expected Progress	At Expected Progress	Above Expected Progress	At Expected or Above Expected Progress
Communication	1 (1%)	69 (57%)	51 (42%)	99%
English	1 (1%)	79 (65%)	41 (34%)	99%
Maths		79 (65%)	42 (35%)	100%
Self Help & Independence		67 (55%)	54 (45%)	100%
Conceptual Development		83 (69%)	38 (31%)	100%

Summer 2019

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

All Pupils - Summer 2019 (125 in total)				
Area of learning	Below Expected Progress	At Expected Progress	Above Expected Progress	At Expected or Above Expected Progress
English		37 (30%)	88 (70%)	100%
Maths		52 (42%)	73 (58%)	100%
PSHCE		42 (34%)	83 (66%)	100%
Self Help & Independence		57 (46%)	68 (54%)	100%
Conceptual Development		55 (44%)	70 (56%)	100%

b. Going concern

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

a. Financial review

During the period, ESFA/LA grants received totaled to £16,874,666. Other income included within restricted funds totaled to £1,432,192. Restricted fund expenditure totaled to £20,205,789.

Most of Southfields Academy's, and a smaller proportion of Linden Lodge School's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The majority of Linden Lodge's income is received from local authorities in the form of top-up funding for named students. Southfields Academy receives a lower amount from local authorities. Local authority funding is shown as restricted funds in the Statement of financial activities.

The trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the trust. It should be noted that this does not present the trust with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the trust has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the trust's schools in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

Linden Lodge School, as a special school, is mainly reliant on funding from local authorities. This funding can be volatile and cashflow can be a risk for all special school academies as top-up funding is paid on invoice. To mitigate the cashflow risk, Linden Lodge School has employed a specialist in special needs recoupment.

The Director of Finance and Financial Controller have continued to review costs and significant savings have been found in staffing, and non-staffing areas such as cleaning, paper procurement, telecoms and waste disposal. This will continue to be an on-going process and will continue with the addition of Linden Lodge School to the Trust.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

b. Reserves policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the trust has or can make available to spend for any or all of the trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the trust and is to be spent at the trustees' discretion in furtherance of any of the trust's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The trustees will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the trust.

Total reserves at the end of the period amounted to £8,406,542. This balance is made up of restricted funds. The amount of designations made in relation to the unrestricted reserves totals to £nil.

Planned uses for the Trust's reserves are as follows:

o Southfields Academy All weather pitch renewal	£600,000
o Southfields Academy Changing Rooms renewal	£200,000
o Southfields Academy Fitness Suite Renewal	£150,000
o Southfields Academy Maintenance of buildings	£500,000
o Linden Lodge School Maintenance of buildings	£500,000
o Linden Lodge School Boiler Renewal	£200,000
o Trust IT Renewal	£400,000
o Southfields Academy Swimming pool repairs	£500,000
o Linden Lodge School Swimming pool repairs	£500,000
o Linden Lodge lift renewal	£200,000

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

c. Investment policy

It should be noted that the Multi Academy Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at academy level, which is agreed by the local Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academies to additional risk. The only investments held by Southfields Academy are in safe deposit accounts. Trustees have agreed a Liquidity Policy that states that the equivalent of one month's salary should be held in a current account so as to be immediately available. This policy has also been applied to Linden Lodge School. Linden Lodge School does not currently hold any funds on deposit.

d. Principal risks and uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The trustees have assessed the major risks to which the Multi Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Multi Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and students.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2019.

Fundraising

Linden Lodge School raises funds through a charity called The Linden Lodge Charitable Trust. The Trust raises significant amounts of money which it then passports to Linden Lodge School for specific projects.

Southfields Academy raises funds through a charity called Friends of Southfields Academy. A fundraising event for former students has been arranged for May 2020.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

Linden Lodge School joined the Southfields Multi Academy Trust on 1 September 2018. The Trust has no immediate plans to add further schools though it will continue to talk to interested, local schools, if they wish to explore their options regarding academy status. The overall aim will be to ensure that the Trust is sustainable and capable of fully supporting all of its member schools.

The Trust will continue to pursue procurement opportunities that offer value for money and will seek, wherever practical, to find procurement savings across the Trust.

Funds held as custodian on behalf of others

The Academy Trust and its trustees did not act as custodian trustee during the current or previous period.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy's equal opportunities policy, the academy has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the academy's offices.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all 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.

Auditors

The auditors, Landau Baker Ltd, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

S Hayday
Chair of Trustees

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Southfields 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.

The board of Trustees has delegated the day-to-day responsibility to the Chief executive, 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 Southfields Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 3 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Hayday, Chair of Trustees	2	3
J Moore	3	3
J Valin	3	3
L Buckley	3	3
G Dryja	3	3
W Golinska	3	3
V Simpson	3	3
D Rix	3	3
S Tyler	3	3
A Martinowsky	0	1
A Gardner	1	1

The impact of each Governing Body Committee is reviewed and monitored through the Headline Document that each committee reviews and produces on a termly basis. Governance has been fully reviewed as a consequence of Linden Lodge School joining the Trust. The Terms of Reference for the Trust have been rewritten and agreed at the Members' AGM. The Trust Scheme of Delegation has also been rewritten and agreed by Members. The governance of the Trust will stay under review in 2018-19 to ensure that it is appropriate and effective for a multi academy trust.

The Policy, Finance and Premises committee is a sub-committee of the main board of trustees. The meetings are held as part of the MAT Trustee Board. One of its key roles is to ensure the Trust is following the ESFA's funding regulations and guidance. This committee incorporated the audit committee function for the Trust.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

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 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 Southfields Multi Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- 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
- delegation of authority and segregation of duties
- identification and management of risks.

The trust continues to employ C Evans ACA as Financial Controller responsible of carrying out internal financial reviews across the trust.

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

On a termly basis, C Evans ACA, the Financial Controller reports to the Multi Academy Trust board of Trustees through the finance, policy and premises committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. The Financial Controller also produces a projected outturn that explains to trustees the predicted variances against the original budget for the year.

Review of effectiveness

As accounting officer, the Chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Director of Finance and the Financial Controller;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance, policy and premises committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 4 December 2019 and signed on their behalf by:

S Hayday
Chair of Trustees

J Valin
Accounting Officer

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Southfields Multi Academy Trust I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy 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 2018.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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

J Valin
Accounting Officer
Date: 4 December 2019

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 4 December 2019 and signed on its behalf by:

S Hayday
Trustee

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Southfields Multi Academy Trust (the 'academy') for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Durst (Senior statutory auditor)

for and on behalf of
Landau Baker Ltd
Chartered Accountants
Statutory Auditors
Mountcliff House
154 Brent Street
London
NW4 2DR

Date:

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 4 April 2013 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Southfields Multi Academy Trust during the year 1 September 2018 to 31 August 2019 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 Southfields Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Southfields 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 Southfields Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Southfields Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Southfields Multi Academy Trust's funding agreement with the Secretary of State for Education dated 31 August 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Landau Baker Ltd

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 4 December 2019

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and capital grants	3	(94,514)	29,550,437	29,455,923	24,711
Charitable activities		16,992,391	-	16,992,391	8,002,186
Teaching schools		130,553	-	130,553	111,400
Other trading activities		1,259,935	-	1,259,935	719,740
Investments	6	54,532	-	54,532	55,513
Total income		18,342,897	29,550,437	47,893,334	8,913,550
Expenditure on:					
Charitable activities	8	20,067,942	1,240,671	21,308,613	11,398,481
Teaching schools		48,176	-	48,176	62,635
Total expenditure		20,116,118	1,240,671	21,356,789	11,461,116
Net (expenditure)/income		(1,773,221)	28,309,766	26,536,545	(2,547,566)
Transfers between funds	18	(69,172)	69,172	-	-
Net movement in funds before other recognised gains/(losses)		(1,842,393)	28,378,938	26,536,545	(2,547,566)
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	25	(688,000)	-	(688,000)	1,191,000
Net movement in funds		(2,530,393)	28,378,938	25,848,545	(1,356,566)
Reconciliation of funds:					
Total funds brought forward		6,477,935	47,925,523	54,403,458	55,760,024
Net movement in funds		(2,530,393)	28,378,938	25,848,545	(1,356,566)
Total funds carried forward		3,947,542	76,304,461	80,252,003	54,403,458

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 29 to 53 form part of these financial statements.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08190187

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	76,304,461	47,925,523
		<u>76,304,461</u>	<u>47,925,523</u>
Current assets			
Debtors	15	961,700	260,636
Cash at bank and in hand		8,492,406	8,002,362
		<u>9,454,106</u>	<u>8,262,998</u>
Creditors: amounts falling due within one year	16	(975,564)	(485,063)
Net current assets		8,478,542	7,777,935
Total assets less current liabilities		84,783,003	55,703,458
Creditors: amounts falling due after more than one year	17	(72,000)	-
Net assets excluding pension liability		84,711,003	55,703,458
Defined benefit pension scheme liability	25	(4,459,000)	(1,300,000)
Total net assets		80,252,003	54,403,458
Funds of the academy			
Restricted funds:			
Fixed asset funds	18	76,304,461	47,925,523
Restricted income funds	18	8,406,542	7,777,935
		<u>84,711,003</u>	<u>55,703,458</u>
Restricted funds excluding pension asset	18	84,711,003	55,703,458
Pension reserve	18	(4,459,000)	(1,300,000)
Total restricted funds	18	80,252,003	54,403,458
Unrestricted income funds	18	-	-
Total funds		80,252,003	54,403,458

The financial statements on pages 26 to 53 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

S Hayday
Chair of Trustees

The notes on pages 29 to 53 form part of these financial statements.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the academy, can be reliably measured.

- **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.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

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.

- **Transfer on conversion**

Where assets and liabilities are received by the academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £10,000 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

on the following bases:

Freehold property	- 2% straight-line basis
Long-term leasehold property	- 10% straight-line basis
Furniture and fixtures	- 33% straight-line basis
Plant and machinery	- 20% straight-line basis
Computer equipment	- 33% straight-line basis
Motor vehicles	- 20% straight-line basis

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.

1.6 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.

1.7 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.

1.8 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement 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 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 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.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Conversion to an academy trust

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Linden Lodge School to the academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

1.12 Fund accounting

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.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	1,901,368	-	1,901,368
Transfer from Local Authority on Conversion	(1,995,882)	29,437,000	27,441,118
Capital Grants	-	113,437	113,437
	<u>(94,514)</u>	<u>29,550,437</u>	<u>29,455,923</u>
		<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Grants		<u>24,711</u>	<u>24,711</u>

4. Funding for the academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants			
General Annual Grants	9,015,218	9,015,218	7,135,569
Other DfE/ESFA Grants	549,461	549,461	350,647
Other Govt Grants	1,163,651	1,163,651	288,268
Local Authority Grants	6,146,336	6,146,336	118,410
Other Funding	117,725	117,725	109,292
	<u>16,992,391</u>	<u>16,992,391</u>	<u>8,002,186</u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Income from other trading activities

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Catering income	165,403	165,403	116,098
Trips income	32,461	32,461	9,561
Letting income	374,958	374,958	236,907
Other income	687,113	687,113	357,174
	<u>1,259,935</u>	<u>1,259,935</u>	<u>719,740</u>

6. Investment income

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank Interest	54,532	54,532	55,513
	<u>54,532</u>	<u>54,532</u>	<u>55,513</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational Operations:				
Direct costs	8,735,433	-	1,317,729	10,053,162
Allocated support costs	7,913,291	1,388,808	1,953,352	11,255,451
Teaching school	-	-	48,176	48,176
	<u>16,648,724</u>	<u>1,388,808</u>	<u>3,319,257</u>	<u>21,356,789</u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

	<i>Staff Costs</i> 2018 £	<i>Premises</i> 2018 £	<i>Other</i> 2018 £	<i>Total</i> 2018 £
Educational Operations:				
Direct costs	5,322,741	-	570,156	5,892,897
Allocated support costs	2,844,478	1,922,002	739,104	5,505,584
Teaching school	62,635	-	-	62,635
	<u>5,322,741</u>	<u>1,922,002</u>	<u>570,156</u>	<u>7,814,939</u>

8. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational Operations	21,249,613	21,249,613	11,349,481
Pension cost	59,000	59,000	49,000
	<u>21,249,613</u>	<u>21,249,613</u>	<u>11,349,481</u>

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Operations	10,053,162	11,255,451	21,308,613
	<u>10,053,162</u>	<u>11,255,451</u>	<u>21,308,613</u>

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational Operations	5,892,897	5,505,584	11,398,481
	<u>5,892,897</u>	<u>5,505,584</u>	<u>11,398,481</u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff Costs	8,115,943	8,115,943	5,322,741
Teaching Supply Costs	619,490	619,490	-
Staff Development and Training	118,837	118,837	16,020
Educational Supplies	669,601	669,601	174,041
Examination Fees	185,114	185,114	173,344
Technology Costs	167,381	167,381	132,471
Educational Consultancy	96,000	96,000	50,000
Other Direct Costs	80,796	80,796	24,280
	<u>10,053,162</u>	<u>10,053,162</u>	<u>5,892,897</u>

Analysis of support costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Pension Finance Cost	59,000	59,000	49,000
Staff Costs	7,104,999	7,104,999	2,844,478
Depreciation	1,240,671	1,240,671	1,137,697
Support Staff Supply Costs	808,292	808,292	-
Recruitment and Support	48,088	48,088	17,942
Maintenance of Premises and Equipment	417,910	417,910	222,459
Cleaning	346,945	346,945	286,497
Rent and Rates	105,775	105,775	75,003
Energy	437,922	437,922	273,559
Insurance	80,256	80,256	66,260
Security and Transport	16,677	16,677	22,613
Catering	310,346	310,346	211,165
Governance Costs	77,997	77,997	143,096
Other Support Costs	200,573	200,573	155,815
	<u>11,255,451</u>	<u>11,255,451</u>	<u>5,505,584</u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

10. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2019	2018
	£	£
Depreciation of tangible fixed assets	1,240,671	1,317,697
Fees paid to auditors for:		
- audit	4,800	4,800
- other services	2,600	3,085
	<u><u> </u></u>	<u><u> </u></u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	<i>2018</i>
	£	£
Wages and salaries	11,232,347	6,209,809
Social security costs	1,126,737	611,279
Pension costs	2,861,858	1,346,131
	15,220,942	8,167,219
Supply teaching costs	619,490	-
Teaching school	-	62,635
Support staff supply costs	808,292	-
	16,648,724	8,229,854

b. Staff numbers

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

	2019	<i>2018</i>
	No.	No.
Management	17	13
Teachers	131	98
Support	265	103
	413	214

c. Higher paid staff

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

c. Higher paid staff (continued)

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	8	<i>4</i>
In the band £70,001 - £80,000	4	<i>4</i>
In the band £110,001 - £120,000	1	<i>-</i>
In the band £120,001 - £130,000	-	<i>1</i>
In the band £140,001 - £150,000	1	<i>-</i>
In the band £180,001 - £190,000	-	<i>1</i>
In the band £190,001 - £200,000	1	<i>-</i>

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for the services to the academy trust was £1,090,016 (2018: £1,399,328)

12. Related Party Transactions- Trustees' remuneration and expenses

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

		2019	<i>2018</i>
		£	<i>£</i>
J Valin	Remuneration	195,000 -	<i>185,000 -</i>
		200,000	<i>190,000</i>
	Pension contributions paid	NIL	<i>NIL</i>
W Golinska	Remuneration	140,000 -	<i>125,000 -</i>
		145,000	<i>130,000</i>
	Pension contributions paid	20,000 -	<i>20,000 -</i>
		25,000	<i>25,000</i>
Deborah Rix	Remuneration	115,000 -	
		120,000	
	Pension contributions paid	15,000 -	
		20,000	

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £427 (2018 - £427). The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	53,855,593	-	2,373,182	231,563	56,460,338
Additions	-	29,474,000	133,109	12,500	29,619,609
At 31 August 2019	<u>53,855,593</u>	<u>29,474,000</u>	<u>2,506,291</u>	<u>244,063</u>	<u>86,079,947</u>
Depreciation					
At 1 September 2018	5,930,070	-	2,373,182	231,563	8,534,815
Charge for the year	1,045,669	168,460	24,042	2,500	1,240,671
At 31 August 2019	<u>6,975,739</u>	<u>168,460</u>	<u>2,397,224</u>	<u>234,063</u>	<u>9,775,486</u>
Net book value					
At 31 August 2019	<u><u>46,879,854</u></u>	<u><u>29,305,540</u></u>	<u><u>109,067</u></u>	<u><u>10,000</u></u>	<u><u>76,304,461</u></u>
At 31 August 2018	<u><u>47,925,523</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>47,925,523</u></u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	457,726	74,136
Other debtors	216,805	32,556
Prepayments and accrued income	287,169	153,944
	961,700	260,636
	961,700	260,636

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	92,000	-
Trade creditors	27,689	-
Other taxation and social security	280,093	162,681
Other creditors	187,436	84,502
Accruals and deferred income	388,346	237,880
	975,564	485,063
	975,564	485,063
	2019	2018
	£	£
Deferred income at 1 September 2018	90,722	114,469
Resources deferred during the year	85,019	90,722
Amounts released from previous periods	(90,722)	(114,469)
	85,019	90,722
	85,019	90,722

At the balance sheet date the academy was holding funds received in advance for 16-19 bursary income.

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

	2019 £	2018 £
Other loans	72,000	-
	72,000	-

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted general funds						
Restricted Funds - all funds	7,777,935	19,662,897	(18,965,118)	(69,172)	-	8,406,542
Pension reserve	(1,300,000)	(1,320,000)	(1,151,000)	-	(688,000)	(4,459,000)
	<u>6,477,935</u>	<u>18,342,897</u>	<u>(20,116,118)</u>	<u>(69,172)</u>	<u>(688,000)</u>	<u>3,947,542</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	47,925,523	29,550,437	(1,240,671)	69,172	-	76,304,461
Total Restricted funds	<u><u>54,403,458</u></u>	<u><u>47,893,334</u></u>	<u><u>(21,356,789)</u></u>	<u><u>-</u></u>	<u><u>(688,000)</u></u>	<u><u>80,252,003</u></u>

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

Restricted fixed assets funds have been increased by capital grants provided by DfE and reduced by depreciation charges.

Restricted general fund have been increased by revenue grants provided by DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Soutfields Academy	7,938,666	7,777,935
Linden Lodge School	467,876	-
Total before fixed asset funds and pension reserve	<u>8,406,542</u>	<u>7,777,935</u>
Restricted fixed asset fund	76,304,461	47,925,523
Pension reserve	(4,459,000)	(1,300,000)
Total	<u><u>80,252,003</u></u>	<u><u>54,403,458</u></u>

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Soutfields Academy	5,611,867	2,388,435	463,410	1,608,051	10,071,763
Linden Lodge School	3,123,566	4,432,856	487,305	1,016,628	9,060,355
Intercompany Adjustments	-	-	-	(167,000)	(167,000)
Academy	<u><u>8,735,433</u></u>	<u><u>6,821,291</u></u>	<u><u>950,715</u></u>	<u><u>2,457,679</u></u>	<u><u>18,965,118</u></u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Restricted general funds					
Restricted Funds - all funds	8,244,598	8,888,839	(9,355,502)	-	7,777,935
Pension reserve	(2,040,000)	-	(451,000)	1,191,000	(1,300,000)
	<u>6,204,598</u>	<u>8,888,839</u>	<u>(9,806,502)</u>	<u>1,191,000</u>	<u>6,477,935</u>
Restricted fixed asset funds					
Class II Restricted Funds - all funds	49,555,426	24,711	(1,654,614)	-	47,925,523
Total Restricted funds	<u>55,760,024</u>	<u>8,913,550</u>	<u>(11,461,116)</u>	<u>1,191,000</u>	<u>54,403,458</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	76,304,461	76,304,461
Current assets	9,454,106	-	9,454,106
Creditors due within one year	(975,564)	-	(975,564)
Creditors due in more than one year	(72,000)	-	(72,000)
Provisions for liabilities and charges	(4,459,000)	-	(4,459,000)
Total	<u>3,947,542</u>	<u>76,304,461</u>	<u>80,252,003</u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	47,925,523	47,925,523
Current assets	8,262,998	-	8,262,998
Creditors due within one year	(485,063)	-	(485,063)
Provisions for liabilities and charges	(1,300,000)	-	(1,300,000)
Total	<u>6,477,935</u>	<u>47,925,523</u>	<u>54,403,458</u>

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of financial activities)	<u>26,536,545</u>	<u>(2,547,566)</u>
Adjustments for:		
Depreciation	1,240,671	1,137,697
Capital grants from DfE and other capital income	(113,437)	(24,711)
Transfer from local authority on conversion	(29,471,400)	-
Defined benefit pension scheme obligation inherited	1,320,000	-
Defined benefit pension scheme cost less contributions payable	1,092,000	400,000
Defined benefit pension scheme finance cost	59,000	51,000
Increase in debtors	(805,053)	(32,640)
Increase in creditors	502,490	8,098
Net cash provided by/(used in) operating activities	<u>360,816</u>	<u>(1,008,122)</u>

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Cash flows from financing activities

	2019	2018
	£	£
Cash inflows from new borrowing	164,000	-
Net cash provided by financing activities	164,000	-

22. Cash flows from investing activities

	2019	2018
	£	£
Purchase of tangible fixed assets	(148,209)	-
Capital grants from DfE Group	113,437	24,711
Net cash (used in)/provided by investing activities	(34,772)	24,711

23. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	8,492,406	8,002,362
Total cash and cash equivalents	8,492,406	8,002,362

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Conversion to an academy trust

On 1 September 2018 Linden Lodge School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Southfields Multi Academy Trust from Wandsworth County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	29,437,000	29,437,000
Other tangible fixed assets	-	34,400	34,400
Current assets			
Loan - representing budget deficit on LA funds	(454,282)	-	(454,282)
Current liabilities			
Loan	(256,000)	-	(256,000)
LGPS pension liability	(1,320,000)	-	(1,320,000)
Net (liabilities)/assets	<u>(2,030,282)</u>	<u>29,471,400</u>	<u>27,441,118</u>

25. Pension commitments

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

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

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Pension commitments (continued)

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 and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £829,711 (2018 - £495,904).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. 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 2019 was £1,062,000 (2018 - £427,000), of which employer's contributions totalled £800,000 (2018 - £319,000) and employees' contributions totalled £ 262,000 (2018 - £108,000). The agreed contribution rates for future years are 19.2 per cent for employers and 7.5 per cent 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

	2019	<i>2018</i>
	%	%
Rate of increase in salaries	3.65	3.80
Rate of increase for pensions in payment/inflation	2.15	2.30
Discount rate for scheme liabilities	1.9	2.65

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

	2019	<i>2018</i>
	Years	Years
<i>Retiring today</i>		
Males	23.4	24.5
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	25.1	26.8
Females	26.7	28.5

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Pension commitments (continued)

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

	At 31 August 2019	<i>At 31 August 2018</i>
	£	£
Equities	8,545,000	4,607,000
Debt instruments	1,804,000	964,000
Property	634,000	236,000
Cash	143,000	38,000
Multi Asset Fund	1,626,000	1,040,000
Total market value of assets	12,752,000	6,885,000

The actual return on scheme assets was £1,262,000 (2018 - £445,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019	<i>2018</i>
	£	£
Current service cost	(1,686,000)	(719,000)
Past service cost	(206,000)	(2,000)
Interest income	292,000	165,000
Interest cost	(351,000)	(214,000)
Administrative expenses	(5,000)	(2,000)
Total amount recognised in the Statement of financial activities	(1,956,000)	(772,000)

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

	2019	<i>2018</i>
	£	£
At 1 September	8,185,000	8,260,000
Conversion of academy trusts	4,963,000	-
Current service cost	1,686,000	719,000
Interest cost	351,000	214,000
Employee contributions	262,000	108,000
Actuarial losses/(gains)	1,658,000	(911,000)
Benefits paid	(95,000)	(205,000)
Past service costs	201,000	-
At 31 August	17,211,000	8,185,000

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	6,885,000	6,220,000
Conversion of academy trusts	3,643,000	-
Interest income	292,000	165,000
Actuarial gains	970,000	280,000
Employer contributions	800,000	319,000
Employee contributions	262,000	108,000
Benefits paid	(95,000)	(205,000)
Administration expenses	(5,000)	(2,000)
At 31 August	12,752,000	6,885,000

26. Members' liability

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

27. Related party transactions

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

SOUTHFIELDS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

28. Teaching school trading account

	2019	2019	<i>2018</i>	<i>2018</i>
	£	£	£	£
Income				
Direct income				
NCTL Income	130,553		<i>111,400</i>	
Total income		130,553		<i>111,400</i>
Expenditure				
Direct expenditure				
Expenditure type 1	48,176		<i>62,635</i>	
Total expenditure		48,176		<i>62,635</i>
Surplus from all sources		82,377		<i>48,765</i>
Teaching school balances at 1 September 2018		48,765		<i>-</i>
Teaching school balances at 31 August 2019		131,142		<i>48,765</i>