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Company Registration No. 09040388 (England and Wales)

**SOUTHERN ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# **SOUTHERN ACADEMY TRUST**

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# SOUTHERN ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Mr Christopher Brickell  
Mr Stewart Mckie - to 19 November 2018  
Mr Howard Parfitt  
Salisbury Diocesan Board of Education(Represented by Rev Helen Dawes)

### Trustees

Mr M Blackman (Accounting Officer) (Resigned 31 August 2019)  
Mr C Brickell (Chair of Trust Board)  
Reverend H Dawes  
Mr N Hiscock (Resigned 26 September 2019)  
Mr A Kennard (Appointed 1 November 2018)  
Dr C White (Resigned 10 September 2018)  
Mr C Wilkins (Vice Chair of Trust Board) (Resigned 18 October 2019)  
Mrs S Lacey  
Mrs M Pearson (Resigned 2 October 2019)  
Ms H Croud (Resigned 5 October 2018)  
Mrs C Owen (Appointed 9 May 2019)  
Mrs J White (Accounting Officer) (Appointed 1 September 2019 and resigned 18 October 2019)  
Mr S Hillier (Accounting Officer) (Appointed 1 November 2019)

### Senior management team

- Chief Executive and Headteacher
- Headteacher
- Headteacher
- Head of Boarding
- Operations Manager
- Trust Accountant
- Headteacher

Mr Mark Blackman to 31 August 2019  
Mr Timothy Farrer  
Mr Paul Lavis  
Mr Steven Crossley  
Miss Kirsty Williams  
Mrs Kelly Crawford  
Mr Matthew Barge

### Company secretary

C Sawyer

### Company registration number

09040388 (England and Wales)

### Registered office

Salisbury Road  
Shaftesbury  
Dorset  
SP7 8ER

### Academies operated

Shaftesbury School  
Shaftesbury CE Primary School  
Motcombe CE Primary School  
Southern Academy Trust

### Location

Shaftesbury  
Shaftesbury  
Motcombe  
Shaftesbury

### Chief Executive

Mr Farrer  
Mr Lavis  
Mr Barge  
Mr Blackman to 31 August 2019  
Mr Blackman to 31 August 2019

St Andrews CE Primary

Fontmell Magna

# SOUTHERN ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Independent auditor**

Moore (South) LLP  
33 The Clarendon Centre  
Salisbury Business Park  
Dairy Meadow Lane  
Salisbury  
Wiltshire  
SP1 2TJ

### **Bankers**

Lloyds Bank Plc Salisbury  
38 Blue Boar Row  
Salisbury  
Wiltshire  
SP1 1DB

### **Solicitors**

Veale Wasbrough Vizards  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2019***

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The trustees present their annual report together with the accounts and auditor's 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.

The academy trust operates four academies for pupils aged 4 to 19 serving a catchment area in the north of Dorset and South Wiltshire. The trust comprises three primary academies and one secondary academy which also offers a state boarding facility.

The academies are Shaftesbury School, Shaftesbury Church of England Primary School, Motcombe Church of England Primary School and St Andrew's Church of England Primary School. The boarding facility is known as Barton Hill House.

#### **Structure, governance and management**

##### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The charitable company is known as Southern Academy Trust.

The trustees of Southern Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

The company trades under the names of Southern Academy Trust, Shaftesbury School, Motcombe Primary School, Shaftesbury Primary School and St Andrew's Primary School.

##### Members' liability

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

##### Trustees' indemnities

The Trust holds insurance through the Academies Risk Protection Arrangement to indemnify the Trustees whilst operating within their role.

##### Method of recruitment and appointment or election of trustees

Trustees are selected by category according to an evaluation of the skills required to effectively govern the Academy Trust. Trustee skills are evaluated against a skills matrix in order to arrive at a Board that is well balanced and provides effective oversight of the Trust.

The Members are the Chair of Trust Board, the Chair of the Shaftesbury School Foundation (The Lushtrust, an independent charity), a member selected by the Diocese of Salisbury and a representative of the Diocese of Salisbury Education Trust (DSET).

Up to four Trustees are appointed by the Members.

More than four but no more than six Trustees are appointed by the Diocese of Salisbury

The Chief Executive of the Trust is an ex-Officio member.

Up to two Co-Optees may be chosen by the Board of Trustees.

# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2019***

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#### Policies and procedures adopted for the induction and training of trustees

Trustee training is provided through Dorset County Council Governor Services, The National Governor Association and by the trustees and other external bodies.

#### Organisational structure

The Trustees have a number of duties as responsibilities towards the management of the Academy Trust and its finances.

- the carrying on of the Academy Trust in accordance with the objects of the Academy Trust as set out in the Articles and safeguarding the assets of the Academy Trust;
- The running of the academies and for directing the education, pastoral care, financial and other policies of the academies in accordance with the Articles and the Funding Agreements (including the Academies Financial Handbook);
- ensuring sound management and administration of the Academy Trust, and ensuring that managers are equipped with the relevant skills and guidance;
- financial controls and the financial management of the Academy Trust in accordance with the provisions of the Handbook, which sets out in detail provisions for the financial management of each academy including guidance on financial systems and controls and accounting and reporting requirements;
- setting standards of conduct and values, monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon;
- risk management, that is identifying, quantifying and devising systems to minimise the major risks affecting the Academy Trust; and
- ensuring the Academy Trust and the academies are conducted in compliance with the general law.

The Trustees have established local governing bodies for the constituent academies as advisory bodies for the Trustees in matters relating to individual academies. The Headteachers of the academies are responsible for their day to day running.

The Trustees have appointed a Chief Executive Officer (CEO) to manage the day to day affairs of the trust and operate as the Accounting Officer. The role is to provide professional leadership, strategic management and direction for the Academy Trust and its academies.

The Trustees hold the CEO, the Chief Financial Officer and Headteachers accountable. They offer support, constructive advice, are a sounding board for ideas, a second opinion on proposals and help where needed, but will also challenge, ask questions, seek information and improve proposals where appropriate and at all times act in the best interests of the Academy Trust.

A full scheme of governance and delegation is in place for delegated decision making.

# SOUTHERN ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Arrangements for setting pay and remuneration of key management personnel

No trustee, other than the Chief Executive Officer will receive payment for their work for the trust.

For the Headteachers in the trust, the Chief Executive Officer and the local governing bodies of the schools review pay in line with the school teachers' pay and conditions document. For those who are in leadership positions employed under non-teaching contracts the so called "green book" pay and conditions are followed. In respect of the CEO, who is also Executive Headteacher, the Trustees established a panel to review the additional work involved in being CEO above the role of Executive Headteacher and established an additional payment to be paid as salary in respect of the wider duties.

#### Trade union facility time

##### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period

1

Full-time equivalent employee number

1.00

##### *Percentage of time spent on facility time*

Percentage of time

Number of employees

0%

1

1%-50%

-

51%-99%

-

100%

-

##### *Percentage of pay bill spent on facility time*

Total cost of facility time

2,150

Total pay bill

7,334,649

Percentage of the 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

-

#### Related parties and other connected charities and organisations

The Lushtrust is a related charity which holds the ownership of the land on which Shaftesbury School sits, and its Chapel and associated hall. The trustees of this charity are chosen from the governing body of Shaftesbury School but it is operated independently of the school.

#### **Objectives and activities**

##### Objects and aims

The purpose of the trust is primarily to take responsibility for the education of the students within its care. For Church of England academies this is to be done within the ethos and tenets of the Church of England.

This is to be achieved through the establishment of academies which offer a broad and balanced curriculum designed to develop the whole person, academically, socially, spiritually and morally.

# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Objectives, strategies and activities

Within the operating period the Trust has operated with the clear objective of improving the education of children in its constituent academies. During the operating period the Trust has focused on the improvement of the quality of outcomes for young people as a key priority. The effective governance and day to day running of the Trust has been a significant objective through the period of operation looking to develop the staffing and central services of the Trust to best support its academies.

### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

The Academy Trust operates four academies for pupils aged 4 to 19, serving a catchment area in North Dorset and South Wiltshire. Pupils are admitted in accordance with the admissions policies published on the academy website.

## **Strategic report**

### **Achievements and performance**

The main achievements of the Trust have been academic and organisational in the period.

In terms of A level performance:

Outcomes for Shaftesbury School students are once again showing great levels of personal success for students. The school is achieving in line with national expectations for students. Progress from KS4 to KS5 is very good – ALPS grade 4. Students have done well with their qualifications and with a significant percentage of students progressing to university and other destinations, including students progressing to Russell group universities.

In terms of GCSE performance:

Shaftesbury School KS4 attainment is at or very close to national for the percentage of students gaining grade 4 + in English and in Maths. Overall progress 8 is below national. There is a new school improvement plan to address the key priorities for action.

The success of the boarding provision continues with numbers in boarding averaging 90 throughout the period. In this respect the provision remains healthy.

In terms of primary school performance:

Motcombe CE Primary School is oversubscribed with 187 pupils. KS1 performance is close to or in line with national averages. KS2 progress and attainment was lower than national.

Shaftesbury CE Primary School is popular with 395 pupils. Both KS1 and KS2 performance increased significantly. KS2 progress scores for all of Reading, Writing and Maths are now in line with national averages.

St Andrews CE Primary School joined the Trust as a sponsored academy in November 2017. Progress and attainment are currently below expectations. The school is receiving targeted leadership support and has great potential to thrive.



# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2019***

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#### Key performance indicators

##### **Shaftesbury School:**

Ofsted judgement remains as good.

Boarding provision Ofsted judgement remains good, with outcomes for boarders deemed to be outstanding.

A level value added scores are indicating progress above similar schools nationally.

GCSE outcomes in 2019 require improvement for 2020.

##### **Shaftesbury Church of England Primary School:**

Ofsted judgement of the predecessor school was requires improvement and this judgement has been maintained.

In 2019 there have been significant improvements in performance so that they are now in line with national.

Average scaled scores in reading and mathematics are above national and over 104.

##### **Motcombe Church of England Primary School:**

Ofsted judgement of the predecessor school was good, this judgement was maintained in inspection during the period.

Average scaled scores in reading, writing and mathematics are all above 100.

##### **St Andrew's Church of England Primary School:**

The school joined the Trust on the 1st November 2017. Ofsted judgement of the predecessor school was inadequate.

Average scaled scores in reading and mathematics are at or close to 100.

#### Going concern

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

# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **Financial review**

Most of the Trust's income is obtained from the ESFA in the form of recurring grants, the use of which is restricted to particular purposes. Grants received from the ESFA in the period are shown as restricted funds in the Statement of Financial Activities. In summary the total of this income is: £7,945k (2018: £8,015k)

The Trust received GAG income of £7,339k (2018: £7,501k) during the period. Additional grants were received for pupil premium of £382k (2018: £376k) to be spent on students with lower income backgrounds.

In addition the Trust receives income from the parents of boarding students: The total of this income £1,002k (2018: £907K).

The Trust accounted for capital income, comprising Devolved Formula Capital and funding for Capital Improvement projects, of £372k (2018: £167k) during the period.

The main area of expenditure incurred in working towards the objectives of the Trust is staff salaries: The total of this expenditure was £7,335k (2018: 7,396k).

In addition, the trust received income from the The Lushtrust of £68k (2018: £54k).

The in-year revenue deficit was £86k (2018: £397k) which agrees to the change in balance of restricted general funds (excluding pension reserve) plus unrestricted funds.

The closing position of revenue reserves was £707k (2018:£793k) (restricted general funds, excluding pension reserves, plus unrestricted funds) as at 31 August 2019.

Ongoing pension liabilities are addressed via employer contribution to non-teaching and teaching staff pension schemes.

#### Reserves policy

Funds are held in reserve for the purposes of general contingency to meet teaching and learning needs, to support capital development and plan for unforeseen circumstances.

The Trust holds restricted and unrestricted revenue reserves of £707k (2018:£793k) , this being determined to be within those boundaries which the Trustees would hold as reasonable for the Trust.

The total funds including pension and fixed asset fund as at 31 August 2019 were £27,659k (2018:£29,640k).

The current level of the pension reserve is in deficit by £5,189k (2018: Deficit £3,797k). This fund is in respect of the Local Government Pension Scheme, and is largely outside of the control of the Trustees.

#### Investment policy

Where substantial balances are held the investment of these is considered at board level. The board will not place funds at risk.

# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### Principal risks and uncertainties

The following risk factors have been identified:

Financial Risk: caused by variation in pupil numbers, unanticipated expenses or variation in income.

Data security and integrity: IT software or hardware failure causing loss of data or compromised security

Long or short term staffing absence or failure to recruit key staff.

Governance and strategy putting at risk educational standards

Loss of Buildings

Teaching Quality and Standards not meeting the required standard.

The Trust has risk management processes in place to mitigate the effect of these and where substantive losses are insurable these are insured.

In addition there are risks associated with the non-teaching staff pension scheme being in deficit at the time of conversion to academy status. The management of this risk is through spreading the reduction of the deficit over the academy group within the county and long term deficit reduction strategies.

#### **Fundraising**

The schools and pupils raise money for local and national charities which are usually nominated by the senior leadership team.

The schools do not directly carry out any fundraising activities to benefit the students, however the primary schools in the Trust have active Parent Teacher Associations (PTA) who raise funds on their behalf to support the costs of resources, educational visits and activities and improvements to educational facilities. Publicity for PTA fundraising projects is measured and is restricted to students at the school, their family members and the local community.

For trips that occur during the school day, parents and carers are requested to make a voluntary donation towards the costs of the trip. Parents are made aware that there is no obligation to contribute and no student will be omitted from the trip if their parents or carers do not contribute, but the trip may not take place if insufficient funds are raised.

The Trust does not work with any third party commercial participators or professional fundraisers to raise funds. There have been no fundraising complaints during 2018/19.

Fundraising projects for the school are managed through the school PTA newsletters and other communication with parents. Voluntary donations towards trips are requested through letters to parents and carers, ensuring they are not pressured in to making payments which are not compulsory. Individual reminder letters are not issued for donation requests.

# **SOUTHERN ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **Plans for future periods**

In terms of plans for future periods these are centered around the improvement of outcomes for students in the Trust at all levels.

- The primary outcome will be to achieve increases in the headline published outcomes for all four schools.
- The second outcome will be to ensure the provision for all schools is deemed to be good or better by Ofsted.
- Maintaining the quality of the boarding provision is a key objective.

Changing national policies and a challenging funding situation for all schools mean smaller Trusts need to look carefully at how they continue to provide the very best education for the children in their schools.

A group of Trustees are working with Headteachers and Chairs of the school governing bodies to consider what the best option will be for our children in the years ahead. This work is supported by specialist staff from the Salisbury Diocesan Board of Education and the Regional Schools' Commissioner's office. This process may lead to us joining with another Trust, but that will only happen if we are persuaded that this is the best option for our schools and if the Diocese and RSC agree that joining another Trust will deliver the best future for our children.

#### **Funds held as custodian trustee on behalf of others**

The Trust holds no assets and funds as custodian trustee on behalf of others.

#### **Employee consultation and disabled employees**

The policy in respect of applications for employment from disabled persons is that all persons shall be treated equally when they make applications to the trust. The Trust will seek to make reasonable adjustments to recruitment and working practice and will not discriminate on grounds of disability.

The Trust will support employees who become disabled and promote the training, career development and promotion of disabled persons in line with its wider equality duties.

#### **Auditor**

In so far as the trustees are aware:

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

A resolution proposing that Moore (South) LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 09 December 2019 and signed on its behalf by:



Mr C Brickell  
**Chair of Trust Board**

# SOUTHERN ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Southern 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 Southern 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr M Blackman (Accounting Officer) (Resigned 31 August 2019)	6	6
Mr C Brickell (Chair of Trust Board)	6	6
Reverend H Dawes	6	6
Mr N Hiscock (Resigned 26 September 2019)	6	6
Mr A Kennard (Appointed 1 November 2018)	4	5
Dr C White (Resigned 10 September 2018)	0	0
Mr C Wilkins (Vice Chair of Trust Board) (Resigned 18 October 2019)	5	6
Mrs S Lacey	3	6
Mrs M Pearson (Resigned 2 October 2019)	5	6
Ms H Croud (Resigned 5 October 2018)	0	0
Mrs C Owen (Appointed 9 May 2019)	1	2
Mrs J White (Accounting Officer) (Appointed 1 September 2019 and resigned 18 October 2019)	0	0
Mr S Hillier (Accounting Officer) (Appointed 1 November 2019)	0	0

During the period the governance of the Board was subject to continual review and alignment to DFE best practice. A professional Clerk to the local governors was appointed to provide effective clerking services.

The Trustees have separate Finance and Audit Committees.

Governance is felt to be effective and fit for purpose.

The Board is well served with data on performance, both academically and in terms of finance.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to scrutinise the finances of the Trust in terms of budget setting, monitoring of income against expenditure and review of accounts.

# SOUTHERN ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr M Blackman (Accounting Officer) (Resigned 31 August 2019)	6	6
Mr C Brickell (Chair of Trust Board)	1	1
Reverend H Dawes	6	6
Mr N Hiscock (Resigned 26 September 2019)	5	6
Mr A Kennard (Appointed 1 November 2018)	5	5
Mr C Wilkins (Vice Chair of Trust Board) (Resigned 18 October 2019)	1	1
Mr S Hillier (Accounting Officer) (Appointed 1 November 2019)		

The Audit Committee is also a sub-committee of the main board of trustees. Its purpose is to scrutinise the operation of the trust, responding to the reports of the Responsible Officer and managing identified risks.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr M Blackman (Accounting Officer) (Resigned 31 August 2019)	2	2
Mr C Brickell (Chair of Trust Board)	1	2
Mr C Wilkins (Vice Chair of Trust Board) (Resigned 18 October 2019)	2	2
Mrs S Lacey	2	2

# **SOUTHERN ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Review of value for money**

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

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

- Ensuring there is improvement in outcomes for students
  - Achievements of students have increased through the effective management of the teaching staff and increased focus on outcomes. Targeted spending has ensured that students who are disadvantaged are supported.
- Achieving effective staffing structures in order to maximise the effective deployment of staff
  - Staffing structures in the schools have been modified to better support students, thus ensuring that funds are available primarily for learning.
- Monitoring expenditure and income in order to ensure that money is effectively spent
  - The Chief Executive reviews expenditure in the light of what constitutes effective use of public money.
- Ensuring prudent financial practices minimise risks to the trust and provide for effective use of resources.
  - The use of an internal audit service and effective day to day practices have enabled a sharp focus on ensuring that there is effective management of financial resources.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Southern Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

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

# SOUTHERN ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **The risk and control framework**

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

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

The board of trustees has considered the need for a specific internal audit function and have decided:

- to appoint Moore (South) LLP as Internal Auditor (Responsible Officer) for the period

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- reviewing and advising on process and procedures

On a typically termly basis, the internal auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### **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:

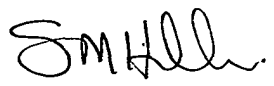
- the work of the internal auditor (Responsible Officer);
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 09 December 2019 and signed on its behalf by:



Mr C Brickell  
Chair of Trust Board



Mr S Hillier  
Accounting Officer



# **SOUTHERN ACADEMY TRUST**

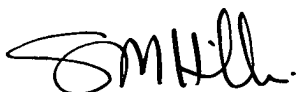
## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019**

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As accounting officer of Southern Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



Mr S Hillier  
**Accounting Officer**

09 December 2019

# **SOUTHERN ACADEMY TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees (who also act as governors for Southern Academy Trust and are also the directors of Southern Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 09 December 2019 and signed on its behalf by:

  
Mr C Brickell  
Chair of Trust Board

# **SOUTHERN ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN ACADEMY TRUST**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the accounts of Southern Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the academy trust'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

### **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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes the trustees' report (incorporating the strategic report and directors' report) the governance statement and the statement of regularity, propriety and compliance. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# **SOUTHERN ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN ACADEMY TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinions 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 incorporated strategic report and directors' report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report, included within the trustees' 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **SOUTHERN ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN ACADEMY TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Use of our report**

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



**Esme Shakeshaft (Senior Statutory Auditor)  
for and on behalf of Moore (South) LLP**



**Chartered Accountants  
Statutory Auditor**

33 The Clarendon Centre  
Salisbury Business Park  
Dairy Meadow Lane  
Salisbury  
Wiltshire  
SP1 2TJ

# **SOUTHERN ACADEMY TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2019***

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In accordance with the terms of our engagement letter dated 29 August 2019 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 Southern Academy Trust during the period 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 Southern Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Southern 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 Southern Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Southern Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Southern Academy Trust's funding agreement with the Secretary of State for Education dated 1 June 2014 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 period 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the academy trust;
- a review of minutes of committees and board meetings which may be relevant to regularity;
- consideration of discussions with key personnel including the accounting officer and governing body;
- tests of control have been carried out on a control activity which are relevant to regularity;
- substantive testing of individual transactions.

# **SOUTHERN ACADEMY TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

*Moore South LLP*

### **Reporting Accountant**

Moore (South) LLP  
33 The Clarendon Centre  
Salisbury Business Park  
Dairy Meadow Lane  
Salisbury  
Wiltshire  
SP1 2TJ

Dated: *17 Dec 2019*

# SOUTHERN ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	50,535	-	371,686	422,221	194,044
Charitable activities:						
- Funding for educational operations	4	-	8,119,878	-	8,119,878	8,252,104
- Funding for boarding activities	26	-	1,012,642	-	1,012,642	915,368
Other trading activities	5	410,487	4,025	-	414,512	356,418
Investments	6	802	-	-	802	785
<b>Total</b>		461,824	9,136,545	371,686	9,970,055	9,718,719
<b>Expenditure on:</b>						
Raising funds	7	-	5,947	-	5,947	4,749
Charitable activities:						
- Grants		-	-	-	-	61,956
- Educational operations	9	331,680	8,761,549	737,988	9,831,217	10,405,386
- Boarding activities	26	-	1,090,813	-	1,090,813	884,098
Charitable expenditure - transfer from local authority on conversion		-	-	-	-	401,261
<b>Total</b>	7	331,680	9,858,309	737,988	10,927,977	11,757,450
<b>Net income/(expenditure)</b>		130,144	(721,764)	(366,302)	(957,922)	(2,038,731)
Transfers between funds	18	(235,530)	372,095	(136,565)	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(1,023,000)	-	(1,023,000)	880,000
<b>Net movement in funds</b>		(105,386)	(1,372,669)	(502,867)	(1,980,922)	(1,158,731)
<b>Reconciliation of funds</b>						
Total funds brought forward		607,810	(3,612,069)	32,643,810	29,639,551	30,798,282
Total funds carried forward		502,424	(4,984,738)	32,140,943	27,658,629	29,639,551



# SOUTHERN ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	26,495	-	167,549	194,044
Charitable activities:					
- Funding for educational operations	4	-	8,252,104	-	8,252,104
- Funding for boarding activities	26	-	915,368	-	915,368
Other trading activities	5	286,869	69,549	-	356,418
Investments	6	785	-	-	785
<b>Total</b>		<b>314,149</b>	<b>9,237,021</b>	<b>167,549</b>	<b>9,718,719</b>
<b>Expenditure on:</b>					
Raising funds	7	121	4,628	-	4,749
Charitable activities:					
- Grants		-	61,956	-	61,956
- Educational operations	9	286,471	9,383,205	735,710	10,405,386
- Boarding activities	26	-	884,098	-	884,098
Charitable expenditure - transfer from local authority on conversion		-	404,881	(3,620)	401,261
<b>Total</b>	<b>7</b>	<b>286,592</b>	<b>10,738,768</b>	<b>732,090</b>	<b>11,757,450</b>
<b>Net income/(expenditure)</b>		<b>27,557</b>	<b>(1,501,747)</b>	<b>(564,541)</b>	<b>(2,038,731)</b>
Transfers between funds	18	(247,604)	334,592	(86,988)	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	880,000	-	880,000
<b>Net movement in funds</b>		<b>(220,047)</b>	<b>(287,155)</b>	<b>(651,529)</b>	<b>(1,158,731)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		827,857	(3,324,914)	33,295,339	30,798,282
Total funds carried forward		607,810	(3,612,069)	32,643,810	29,639,551

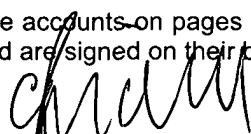
# SOUTHERN ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	2,361	5,198
Tangible assets	14	31,980,758	32,622,736
		<u>31,983,119</u>	<u>32,627,934</u>
<b>Current assets</b>			
Debtors	15	788,226	418,857
Cash at bank and in hand		1,486,084	1,558,669
		<u>2,274,310</u>	<u>1,977,526</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(1,409,800)	(1,168,909)
<b>Net current assets</b>		<u>864,510</u>	<u>808,617</u>
<b>Net assets excluding pension liability</b>		<u>32,847,629</u>	<u>33,436,551</u>
Defined benefit pension scheme liability	20	(5,189,000)	(3,797,000)
<b>Total net assets</b>		<u>27,658,629</u>	<u>29,639,551</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	18		
- Fixed asset funds		32,140,943	32,643,810
- Restricted income funds		204,262	165,622
- Pension reserve		(5,189,000)	(3,797,000)
<b>Total restricted funds</b>		<u>27,156,205</u>	<u>29,012,432</u>
<b>Unrestricted income funds</b>	18	<u>502,424</u>	<u>627,119</u>
<b>Total funds</b>		<u>27,658,629</u>	<u>29,639,551</u>

The accounts on pages 22 to 49 were approved by the trustees and authorised for issue on 09 December 2019 and are signed on their behalf by:



Mr C Brickell  
Chair of Trust Board

Company Number 09040388

# SOUTHERN ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	21		(351,900)		(405,435)
Cash funds transferred on conversion			-		12,119
			<u>(351,900)</u>		<u>(393,316)</u>
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		802		785	
Capital grants from DfE Group		371,686		167,549	
Purchase of intangible fixed assets		-		(5,703)	
Purchase of tangible fixed assets		(93,173)		(64,271)	
		<u></u>		<u></u>	
<b>Net cash provided by investing activities</b>			279,315		98,360
<b>Net decrease in cash and cash equivalents in the reporting period</b>			<u>(72,585)</u>		<u>(294,956)</u>
Cash and cash equivalents at beginning of the year			1,558,669		1,853,625
<b>Cash and cash equivalents at end of the year</b>			<u><u>1,486,084</u></u>		<u><u>1,558,669</u></u>

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

Southern Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

##### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The accounts are prepared in sterling which is the functional currency and rounded to the nearest £1.

Southern 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 charitable company 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 accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

##### 1.3 Income

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

###### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

###### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### Donations

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

#### Other income

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

#### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

### 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

### 1.5 Intangible fixed assets and amortisation

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software has been amortised over 3 years.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 1.6 Tangible fixed assets and depreciation

Assets costing £2,000 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 that require 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

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

#### 1.7 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### 1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.9 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 1.10 Taxation

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

#### 1.11 Pensions benefits

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

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

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

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

#### 1.12 Fund accounting

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

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

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

#### 1.13 Agency Agreements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and that is recognised in the statement of financial activities. The funds received and paid any balances held are disclosed in note 26.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

#### Critical areas of judgement

On conversion to an academy trust, the asset and liabilities of the Trust are measured at fair value. This includes any buildings. The valuation of the buildings involves a significant degree of estimation refer to Note 15 for further detail of this estimation.

The Trust has reviewed the 2017 Accounts Direction and the Church supplemental agreements. In recognition of the 2 year rolling notice, Diocese control and permission required for significant capital works, the Trust has removed the land and buildings in respect of Shaftesbury Primary School and Motcombe Primary School. Likewise, no land and buildings is recognised on the acquisition of St Andrews CE Primary. The value of the donation of occupying such properties rent free has also been considered. A notional rental value has not been included as it cannot be reliably measured.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	371,686	371,686	167,549
Other donations	50,535	-	50,535	26,495
	<u>50,535</u>	<u>371,686</u>	<u>422,221</u>	<u>194,044</u>



# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	7,339,481	7,339,481	7,501,242
Other DfE group grants	-	605,770	605,770	514,013
	-	7,945,251	7,945,251	8,015,255
<b>Other government grants</b>				
Local authority grants	-	105,828	105,828	152,931
Other government grants	-	-	-	33,487
	-	105,828	105,828	186,418
<b>Other funding</b>				
Boarding activities income	-	1,012,642	1,012,642	915,368
Other incoming resources	-	68,799	68,799	50,431
	-	1,081,441	1,081,441	965,799
<b>Total funding</b>	-	9,132,520	9,132,520	9,167,472

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	8,724	-	8,724	16,431
Catering income	115,584	-	115,584	10,889
Music tuition	16,385	-	16,385	23,325
Trips and activities	114,638	-	114,638	205,088
Other income	155,156	4,025	159,181	100,685
	410,487	4,025	414,512	356,418

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Other investment income	802	-	802	785

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	5,947	5,947	4,749
Academy's educational operations					
- Direct costs	6,084,044	-	384,947	6,468,991	6,964,738
- Allocated support costs	1,492,862	1,414,294	455,070	3,362,226	3,440,648
Grants - support costs	-	-	-	-	61,956
Boarding activities					
- Direct costs	54,687	-	86,415	141,102	133,321
- Allocated support costs	471,443	235,710	242,558	949,711	750,777
	<u>8,103,036</u>	<u>1,650,004</u>	<u>1,174,937</u>	<u>10,927,977</u>	<u>11,356,189</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for:		
- Audit	11,000	11,000
- Other services	5,267	4,000
- Responsible Officer	2,402	2,025
Operating lease rentals	11,301	20,000
Depreciation of tangible fixed assets	737,988	735,710
Net interest on defined benefit pension liability	(118,000)	112,000

### 8 Central services

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

- Human resources;
- Financial services;
- Professional services including legal audit and actuarial services;
- Estates and compliance management;
- Company Secretarial services
- IT services;
- Chief Executive Officer and Accounting Officer;

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

- a 6% flat percentage of GAG income and for Boarding a 6% flat percentage of fee income;

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £	2018 £
Shaftesbury School	277,488	326,735
Shaftesbury CE Primary School	89,844	83,282
Motcombe CE Primary School	37,848	-
Southern Academy Trust	-	-
St Andrews CE Primary	31,920	30,757
Motcombe CE VA Primary School	-	32,252
	<u>437,100</u>	<u>473,026</u>

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	107,704	6,361,287	6,468,991	6,964,738
Boarding activities	-	141,102	141,102	133,321
<b>Support costs</b>				
Educational operations	223,976	3,138,250	3,362,226	3,502,604
Boarding activities	-	949,711	949,711	750,777
	<u>331,680</u>	<u>10,590,350</u>	<u>10,922,030</u>	<u>11,351,440</u>

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Charitable activities

(Continued)

Analysis of costs	Boarding £	Educational operations £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Teaching and educational support staff costs	54,687	6,057,154	6,111,841	5,935,775
Staff development	-	26,890	26,890	65,940
Technology costs	6,156	24,663	30,819	27,201
Educational supplies and services	59,615	161,810	221,425	852,321
Examination fees	-	93,218	93,218	88,130
Educational consultancy	-	716	716	-
Other direct costs	20,644	104,540	125,184	128,692
	<u>141,102</u>	<u>6,468,991</u>	<u>6,610,093</u>	<u>7,098,059</u>
<b>Support costs</b>				
Support staff costs	471,443	1,492,862	1,964,305	2,019,527
Depreciation	-	737,988	737,988	735,710
Technology costs	350	118,510	118,860	114,811
Maintenance of premises and equipment	151,112	238,224	389,336	274,285
Cleaning	11,857	177,620	189,477	184,816
Energy costs	38,944	136,083	175,027	149,960
Rent, rates and other occupancy costs	30,803	81,515	112,318	91,989
Insurance	2,994	42,864	45,858	70,448
Security and transport	392	59,087	59,479	65,844
Catering	205,070	225,173	430,243	230,587
Finance costs	-	(118,000)	(118,000)	112,000
Other support costs	36,273	126,819	163,092	176,373
Governance costs	473	43,481	43,954	27,031
	<u>949,711</u>	<u>3,362,226</u>	<u>4,311,937</u>	<u>4,253,381</u>

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	5,825,059	5,894,795
Social security costs	522,743	528,851
Pension costs	1,473,848	1,432,821
Amounts paid to employees	7,821,650	7,856,467
Agency staff costs	54,996	95,335
Staff restructuring costs	199,500	3,500
Amounts paid to staff	8,076,146	7,955,302
Staff development and other staff costs	26,890	65,940
Total staff expenditure	8,103,036	8,021,242

Staff restructuring costs comprise:

Redundancy payments	184,884	-
Severance payments	14,616	3,500
	199,500	3,500

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,616 (2018: £3,500). Individually, the payments were: £14,616

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	98	98
Administration and support	154	192
Management	16	14
	268	304

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

(Continued)

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
£110,001-£120,000	1	-
£120,001-£130,000	-	1
	<u>          </u>	<u>          </u>

#### 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 their services to the academy trust was £600,490 (2018: £597,456).

### 11 Trustees' remuneration and expenses

The Chief Executive only receives remuneration in respect of services provided undertaking the role of Chief Executive, and not in respect of the services as trustee. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £Nil (2018: £248) were reimbursed to Nil (2018: 2) trustees

The value of trustees' remuneration was as follows:

M Blackman (Headteacher and CEO- resigned 31 August 2019)

Salary £115,000 to £120,000 (2018:£120,000 to £125,000)

Employers Pension Contribution £15,000 to £20,000 (2018:£20,000 to £25,000)

Other related party transactions involving the trustees are set out within the related parties note.

### 12 Trustees and officers insurance

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

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Intangible fixed assets

	Computer Software £
<b>Cost</b>	
At 1 September 2018 and at 31 August 2019	32,878
<b>Amortisation</b>	
At 1 September 2018	27,680
Charge for year	2,837
At 31 August 2019	30,517
<b>Carrying amount</b>	
At 31 August 2019	2,361
At 31 August 2018	5,198

### 14 Tangible fixed assets

	Leasehold Land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 September 2018	35,083,696	282,930	277,532	35,644,158
Additions	-	38,908	54,265	93,173
At 31 August 2019	35,083,696	321,838	331,797	35,737,331
<b>Depreciation</b>				
At 1 September 2018	2,638,825	208,181	174,416	3,021,422
Charge for the year	620,900	53,249	61,002	735,151
At 31 August 2019	3,259,725	261,430	235,418	3,756,573
<b>Net book value</b>				
At 31 August 2019	31,823,971	60,408	96,379	31,980,758
At 31 August 2018	32,444,871	74,749	103,116	32,622,736

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 14 Tangible fixed assets

(Continued)

The Shaftsbury school buildings are held on a 125 year lease agreement with the LushTrust, who retain the freehold title. The Barton hill boarding house, Shaftsbury school land, Shaftsbury CE primary school playing fields and Motcombe primary school playing fields are also held on a 125 year lease agreement with Dorset County Council, who retain freehold title.

The value on transfer of the buildings to the academy trust is the insurance re-build cost, valued by professional surveyors, Webb Valuations. The valuation for Shaftesbury School took place in July 2014. The school's building was valued at £24,195,000 and the land was valued at £2,919,000, the boarding facilities were valued separately with the building being valued at £6,850,000 and the land was valued at £354,000. ESFA have performed a desktop valuation on 31 March 2015 based on square metres of Shaftesbury School. The academy trust has decided not to use this as the professional valuation is more accurate. However the value of the Shaftesbury School's land was brought in at ESFA valuation as the re-build value does not consider the land value.

In September 2015 the valuation was undertaken for the playing fields relating to Shaftesbury CE Primary School and Motcombe Primary School. They were valued at £586,236 and £179,460 respectively.

The Shaftesbury Primary School and Motcombe Primary School land and buildings (other than the playing fields referred to above) have been removed by way of a prior year adjustment in 2017 due to the clarification by the ESFA on Church owned land and buildings operated by the trust on a Church Supplementary Agreement.

15 Debtors	2019 £	2018 £
Trade debtors	190,285	126,627
VAT recoverable	253,483	86,515
Other debtors	382	-
Prepayments and accrued income	344,076	205,715
	<u>788,226</u>	<u>418,857</u>
16 Creditors: amounts falling due within one year	2019 £	2018 £
Trade creditors	587,970	458,351
Other creditors	250,910	250,862
Accruals and deferred income	570,920	459,696
	<u>1,409,800</u>	<u>1,168,909</u>



# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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17	Deferred income	2019 £	2018 £
	Deferred income is included within:		
	Creditors due within one year	527,417	419,160
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2018	419,160	421,191
	Released from previous years	(419,160)	(421,191)
	Resources deferred in the year	527,417	419,160
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2019</b>	<b>527,417</b>	<b>419,160</b>
		<u>          </u>	<u>          </u>

Deferred Income at the year ended 31 August 2019 relates to the following:

Boarding Fees Autumn Term 2019/20	£374,922
Universal Free School Meals	£51,240
Rates Grant	£31,958
Trip Income received in advance	£67,745
Other income	£1,552

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	7,339,481	(7,615,609)	276,128	-
Other DfE / ESFA grants	24,897	605,770	(607,074)	-	23,593
Other government grants	-	105,828	(102,989)	-	2,839
Boarding activities	160,034	1,012,642	(1,090,813)	95,967	177,830
Other restricted funds	-	72,824	(72,824)	-	-
Pension reserve	(3,797,000)	-	(369,000)	(1,023,000)	(5,189,000)
	<u>(3,612,069)</u>	<u>9,136,545</u>	<u>(9,858,309)</u>	<u>(650,905)</u>	<u>(4,984,738)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	<u>32,643,810</u>	<u>371,686</u>	<u>(737,988)</u>	<u>(136,565)</u>	<u>32,140,943</u>
<b>Total restricted funds</b>	<u>29,031,741</u>	<u>9,508,231</u>	<u>(10,596,297)</u>	<u>(787,470)</u>	<u>27,156,205</u>
<b>Unrestricted funds</b>					
General funds	607,810	347,186	(213,566)	(239,006)	502,424
Trips and activities	-	114,638	(118,114)	3,476	-
	<u>607,810</u>	<u>461,824</u>	<u>(331,680)</u>	<u>(235,530)</u>	<u>502,424</u>
<b>Total funds</b>	<u>29,639,551</u>	<u>9,970,055</u>	<u>(10,927,977)</u>	<u>(1,023,000)</u>	<u>27,658,629</u>

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

Restricted General Funds are those which are supplied for a specific duty and the funds spent only in accordance with the agreement or restriction placed upon each.

Restricted Fixed Asset Funds are those which have been capitalised as a result of a donation from the original school on conversion to an academy or assets purchased from one of the other funds since gaining academy status and transferred. The trust also receive a devolved formula capital grant from the ESFA which contributes to the maintenance of the school's premise and for purchase of any capital items.

Unrestricted Funds are all other sources of income generated by the academy through trading or fundraising and to which no restrictions apply regarding the way they are spent.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	129,585	7,501,242	(7,989,871)	359,044	-
Start up grants	57,155	-	(57,155)	-	-
Other DfE / ESFA grants	22,922	514,013	(512,038)	-	24,897
Other government grants	-	186,418	(186,418)	-	-
Boarding activities	151,020	915,368	(884,098)	(22,256)	160,034
Other restricted funds	1,404	119,980	(119,188)	(2,196)	-
Pension reserve	(3,687,000)	-	(990,000)	880,000	(3,797,000)
	<u>(3,324,914)</u>	<u>9,237,021</u>	<u>(10,738,768)</u>	<u>1,214,592</u>	<u>(3,612,069)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	-	3,620	-	3,620
DfE group capital grants	33,295,339	167,549	(735,710)	(86,988)	32,640,190
	<u>33,295,339</u>	<u>167,549</u>	<u>(732,090)</u>	<u>(86,988)</u>	<u>32,643,810</u>
<b>Total restricted funds</b>	<u>29,970,425</u>	<u>9,404,570</u>	<u>(11,470,858)</u>	<u>1,127,604</u>	<u>29,031,741</u>
<b>Unrestricted funds</b>					
General funds	816,427	109,061	(89,383)	(228,295)	607,810
Trips and activities	11,430	205,088	(197,209)	(19,309)	-
	<u>827,857</u>	<u>314,149</u>	<u>(286,592)</u>	<u>(247,604)</u>	<u>607,810</u>
<b>Total funds</b>	<u>30,798,282</u>	<u>9,718,719</u>	<u>(11,757,450)</u>	<u>880,000</u>	<u>29,639,551</u>

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

#### Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Shaftesbury School	474,959	596,353
Shaftesbury CE Primary School	98,956	83,588
Motcombe CE Primary School	42,485	-
Southern Academy Trust	7,160	(8,573)
St Andrews CE Primary	83,126	99,635
Motcombe CE VA Primary School	-	21,738
Total before fixed assets fund and pension reserve	706,686	792,741
Restricted fixed asset fund	32,140,943	32,643,810
Pension reserve	(5,189,000)	(3,797,000)
Total funds	27,658,629	29,639,551

#### Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Shaftesbury School	3,701,255	855,830	335,084	1,243,730	6,135,899	6,310,858
Shaftesbury CE Primary School	1,239,734	163,414	66,225	294,923	1,764,296	1,904,589
Motcombe CE Primary School	531,634	38,831	36,197	140,107	746,769	-
Southern Academy Trust	102,337	334,349	1,000	70,533	508,219	546,224
St Andrews CE Primary	378,533	43,728	25,582	212,017	659,860	571,816
Motcombe CE VA Primary School	-	-	-	-	-	709,250
	5,953,493	1,436,152	464,088	1,961,310	9,815,043	10,042,737

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Intangible fixed assets	-	-	2,361	2,361
Tangible fixed assets	-	-	31,980,758	31,980,758
Current assets	502,424	1,614,062	157,824	2,274,310
Creditors falling due within one year	-	(1,409,800)	-	(1,409,800)
Defined benefit pension liability	-	(5,189,000)	-	(5,189,000)
<b>Total net assets</b>	<b>502,424</b>	<b>(4,984,738)</b>	<b>32,140,943</b>	<b>27,658,629</b>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Intangible fixed assets	-	-	5,198	5,198
Tangible fixed assets	-	-	32,622,736	32,622,736
Current assets	607,810	1,353,840	15,876	1,977,526
Creditors falling due within one year	-	(1,168,909)	-	(1,168,909)
Defined benefit pension liability	-	(3,797,000)	-	(3,797,000)
<b>Total net assets</b>	<b>607,810</b>	<b>(3,612,069)</b>	<b>32,643,810</b>	<b>29,639,551</b>

### 20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £114,334 were payable to the schemes at 31 August 2019 (2018: £121,588) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

#### 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 2016 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 in March 2019.

The key elements of the valuation and subsequent consultation are:

- an increase in employer rates from 16.48% to 23.68% of pensionable pay (including a 0.08% employer administration charge)
- the rise in contribution delayed from 1 April to September 2019
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,000 million giving a notional past service deficit of £22,100 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- there will be funding from the DFE for the financial year 2019/20 to help maintained schools and academies meet the additional costs resulting from the scheme valuation. Funding for 2020/21 onwards will be discussed as part of the next Spending Review round.

The TPS valuation for 2016 determined an employer rate of 23.6%, which is payable from September 2019. The next valuation of the TPS will be at March 2020 and will be based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

The pension costs paid to the TPS in the period amounted to £ 643,776 (2018: £616,337).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2019 were £426,000 (2018: £453,000), of which employer's contributions totalled £325,000 (2018: £347,000) and employees' contributions totalled £101,000 (2018: £106,000). The agreed contribution rates for future years are 18.8 per cent for employers and 5.5 to 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £325,000 (2018: £347,000.)

The Academy has agreed to pay the default contributions rates using contribution rate relief, these future rates are as follows:

Period	Employer Contribution Rate
2019/20	18.8%
2020/21	20.0%
2021/22	21.0%
2020/23	22.0%

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

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.

Total contributions made	2019 £	2018 £
Employer's contributions	325,000	347,000
Employees' contributions	101,000	106,000
Total contributions	426,000	453,000

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.7	3.8
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.2	2.3

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

	2019 Years	2018 Years
Retiring today		
- Males	22.9	24
- Females	24.8	26.1
Retiring in 20 years		
- Males	24.6	26.3
- Females	26.6	28.5

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £'000	2018 £'000
Discount rate + 0.1%	-222	-171
Mortality assumption + 1 year	336	239
CPI rate + 0.1%	198	152

#### Defined benefit pension scheme net liability

Scheme assets	4,195,000	3,490,000
Scheme obligations	(9,384,000)	(7,287,000)
Net liability	(5,189,000)	(3,797,000)

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

#### The academy trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	2,690,000	2,344,000
Bonds	958,000	760,000
Cash	109,000	32,000
Property	438,000	354,000
Total market value of assets	4,195,000	3,490,000

The actual return on scheme assets was £312,000 (2018: £71,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	342,000	461,000
Past service cost	145,000	-
Interest income	(312,000)	(71,000)
Interest cost	194,000	183,000
Total operating charge	369,000	573,000

#### Changes in the present value of defined benefit obligations

	2019 £
At 1 September 2018	7,287,000
Current service cost	667,000
Interest cost	194,000
Employee contributions	101,000
Actuarial loss/(gain)	1,023,000
Benefits paid	(33,000)
Past service cost	145,000
At 31 August 2019	9,384,000



# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

#### Changes in the fair value of the academy trust's share of scheme assets

	2019 £
At 1 September 2018	3,490,000
Interest income	312,000
Employer contributions	325,000
Employee contributions	101,000
Benefits paid	(33,000)
At 31 August 2019	<u>4,195,000</u>

### 21 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	(957,922)	(2,038,731)
Adjusted for:		
Net deficit on conversion to academy	-	401,261
Capital grants from DfE and other capital income	(371,686)	(167,549)
Investment income receivable	(802)	(785)
Defined benefit pension costs less contributions payable	487,000	461,000
Defined benefit pension scheme finance (income)/cost	(118,000)	112,000
Depreciation of tangible fixed assets	737,988	735,710
(Increase)/decrease in debtors	(369,369)	28,186
Increase in creditors	240,891	63,473
<b>Net cash used in operating activities</b>	<u>(351,900)</u>	<u>(405,435)</u>

### 22 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	28,825	28,825
Amounts due in two to five years	63,967	81,392
	<u>92,792</u>	<u>110,217</u>

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 23 Related party transactions

Owing to the nature of the academy trust'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 the academy trust has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

#### Expenditure related party transactions

The following have been identified as close family members of one of the trustees. The value of remuneration to close family members of the trustees is as follows;

A Whitehead the spouse of M Blackman the CEO who resigned 31 August 2019, was employed by the trust. Their salary and benefits for the year were:

Salary £18,166 (2018: £16,063)

Employers Pension Contributions £2,994 (2018:£3,377)

N Hall the spouse of T Hall a trustee (resigned 31 August 2018) is employed by the trust. Their salary and benefits for the prior year were:

Salary (2018: £4,261)

Employers Pension Contributions (2018: £801)

The individuals stated above received remuneration in respect of their employment as staff.

SALED Ltd provide services to the trust. This company is controlled by the Salisbury Diocese Board of Education and provided services related to the training of staff, trustees and governors, SIAMS inspections and annual partnership service agreement subscriptions. The Salisbury Diocese Board of Education is a related party of the Trust due to its power to appoint a corporate member and approve the appointment of Foundation Trustees. The total services invoiced in the period was £303.

#### Income related party transactions

The academy trust has received funding amounting to £67,669 (2018: £53,766) during the year from The Lushtrust (a registered charity). The Lushtrust is currently run by its trustees Mr H Parfitt and Mr T Hall. Mr H Parfitt is a member of Southern Academy Trust and Mr T Hall was also a trustee of Southern Academy Trust (resigned 31 August 2018). The academy trust bids for funding for equipment, books, trips or courses that the school grant funding does not cover and these bids are considered and approved by the trustees of the charity.

#### Long leasehold building related party

The Shaftsbury school buildings are held on a 125 year lease agreement with the LushTrust, who retain the freehold title.

### 24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

# SOUTHERN ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 25 Agency arrangements

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In accounting period ending 31 August 2019 the trust received £14,493 and disbursed £10,198 from the fund. An amount of £15,070, including £11,500 from 2017/18 and £3,570 from 2018/19, has been included in other creditors relating to undistributed funds that are repayable to the ESFA. Income of £725 has been included as the 5% admin fee for administration of the scheme.

26 Boarding activities trading account	2019		2018	
	£	£	£	£
<b>Direct income</b>				
Fee income		1,001,801		907,370
Other income		10,841		7,998
<b>Total income</b>		1,012,642		915,368
<b>Direct costs</b>				
Direct staff costs	54,687		55,492	
Technology costs	6,156		3,731	
Educational supplies and services	59,615		54,329	
Staff development	-		2,471	
Other direct costs	20,644		17,298	
<b>Total income</b>	141,102		133,321	
<b>Other costs</b>				
Support staff costs	471,443		513,641	
Technology costs	350		3,275	
Maintenance of premises and equipment	151,112		26,013	
Cleaning	11,857		20,225	
Energy costs	38,944		31,787	
Rent and rates	30,803		15,760	
Insurance	2,994		7,154	
Transport	392		3,038	
Catering	205,070		95,224	
Other support costs	36,273		31,291	
Share of governance costs	473		3,369	
	949,711		750,777	
<b>Total operating costs</b>		(1,090,813)		(884,098)
Transfers between funds excluding depreciation		95,967		(22,256)
<b>Surplus from boarding activities</b>		17,796		9,014
Boarding activities balances at 1 September 2018		160,034		151,020
<b>Boarding activities balances at 31 August 2019</b>		177,830		160,034