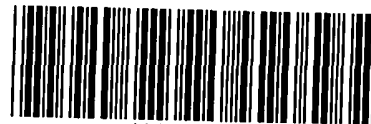


**THE SOUTHFIELD TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

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**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

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**THE SOUTHFIELD TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2016**

**Members**

Diane Aldridge (appointed 3 March 2016)  
Clare Szanto (appointed 3 March 2016)  
Joe Galvin (appointed 3 March 2016)

**Trustees**

Margaret Neal, Chair (appointed 3 March 2016)  
Diane Aldridge, Vice Chair (appointed 3 March 2016)  
Gillian Ingold (appointed 3 March 2016)  
Peter Isbell (appointed 3 March 2016, resigned 14 November 2016)  
Peter Isbell (appointed 16 January 2017)  
Sally Huggett (appointed 3 March 2016, resigned 6 June 2016)  
Derek Budd (appointed 16 June 2016)  
Remo Palladino, Executive Headteacher (appointed 3 March 2016)

**Company registered number**

10042321

**Company name**

The Southfield Trust

**Principal and registered office**

The Lindfield School, Lindfield Road, Hampden Park, Eastbourne, BN22 0BQ

**Company secretary**

Linda Hughes (appointed 3 March 2016)

**Senior management team**

Remo Palladino, Executive Headteacher  
Sharon James, Head of School (South Downs School)  
Kirsty McIlhargey, Head of School (The Lindfield School)  
Linda Hughes, Director of Resources

**Independent auditors**

Whitley Stimpson Ltd, 67 Hightown Road, Banbury, OXON, OX16 9BE

**Bankers**

The NatWest Bank, Terminus Road, Eastbourne, East Sussex, BN21 3LX

**Solicitors**

Brown-Jacobson LLP, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

The Trustees, who are also the Directors of the company under Company law, present their annual report together with the financial statements and auditor's report of The Southfield Trust (hereafter referred to as "the Academy Trust", "the Trust", "The Academy" or the "Charitable Company") for the period from 3 March 2016 to 31 August 2016. The annual report serves the purposes of both a Trustees' report and a Directors' report under Company law.

The Trust operates one primary Academy and one secondary Academy for pupils with special educational needs in Eastbourne with a combined pupil capacity of 209 and 217 pupils currently enrolled across the Academies based on the October 2016 Census.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Southfield Trust, which was incorporated on 3rd March 2016, and opened as an Academy Trust on 1st April 2016, 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 Trust. The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is also known as the 'The Southfield Trust'.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

### **Members' Liability**

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

### **Trustees' Indemnities**

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

### **Method of Recruitment and Appointment or Election of Trustees**

The Trust shall have the following Trustees, as set out in its Articles of Association and Funding Agreement:

- up to 6 Trustees who are appointed by the Members;
- up to 2 Parent Trustees who are elected by the parents of registered pupils at the Academy Trust; and
- any number of co-opted Trustees.

There are currently 4 founding Trustees, together the Executive Headteacher / CEO, who is treated for all purposes as being an ex-officio Trustee, and a staff Trustee.

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees.

As there are normally only very few new Trustee appointments each year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

A Trustees' training event organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. New Trustees also have the opportunity to undertake National Governor Association training and all Trustees receive regular National Governor Association updates.

**Organisational Structure**

The Board of Trustees normally meet at least three times each year. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of the Board of Trustees and other groups. It receives reports including policies for ratification. It monitors the activities of the Trust through the minutes of local governor meetings, health and safety committee meetings and briefings from the Executive Head teacher, the Business Manager and the Heads of School. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale. There is one Committee of the Board of Trustees at present which is the Pay and Executive Headteacher's Performance Management Committee.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and/or Vice Chair; and
- to undertake the performance management of the Executive Headteacher.

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees have devolved the day-to-day management of the Academy Trust to the Executive Headteacher and the Senior Leadership Team ('SLT'). The SLT comprises the Executive Headteacher, Heads of School, and the Director of Resources.

The Executive Headteacher is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance. The Board of Trustees delegates a number of functions to the Local Governing Body ('LGB') for both of the Trust's Academies.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees consider the Senior Leadership Team to comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy on a day to day basis. The pay of the Senior Leadership Team is reviewed annually by the Board of Trustees (Pay and Executive Headteacher's Performance Management Committee) in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**Related Parties and Other Connected Charities and Organisations**

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Academy Trust. There were no related party relationships or connected organisations, including connected charities, during the year.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum; and
- promote for the benefit of the inhabitants of Eastbourne and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

More specifically, the aims/core aspirations of The Southfield Trust during the year ended 31 August 2016 are summarised below:

**We want all of our young people to:**

- Build positive relationships
- Make choices
- Be independent
- Make a contribution to society
- Move successfully to the next stage in their lives
- Be safe and well in the world
- Achieve their potential

We will continue with these core aspirations for the next academic year.

**Objectives, Strategies and Activities**

The key priorities for the period are contained in the Academy Trust's Development Plan which is available from the Executive Headteacher. The activities in our Trust Development plan are all referenced to our core aspirations. The key activities of the Academy Trust for the period ended 31 August 2016 were focused as follows:

- To work with Unicef to promote children's rights
- To improve the communication outcomes for all pupils
- To continually improve our provision for pupils with autism
- To increase access to the curriculum at Key Stages 1 & 2
- To increase accreditation results at Key Stage 4
- To increase access to information about the new Academy Trust
- To improve, centralise and increase administrative support across the Trust
- To plan and implement a new assessment methodology across Trust schools in the light of the assessment without levels agenda and Rochford review

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**Public Benefit**

The Academy Trust aims to advance for the public benefit education in Eastbourne and the surrounding area, offering a broad curriculum and an excellent education environment for its pupils. The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The Academy Trust is in its first period of operation since conversion to an Academy Trust on 1st April 2016. The total number of pupils in the period ended 31 August 2016 was 209, but this has increased to 217 at the October 2016 census due to the continued demand for places at the Academy Trust.

The Academy Trust is committed to continual improvement which is achieved in a number of ways including improvement-planning, review meetings, continual professional development, lesson observations, performance management, self evaluation, data analysis and action planning. External moderation and evaluation is used extensively to facilitate school improvement.

Both schools are currently judged as outstanding by Ofsted. The particular achievements and performance of the Academy Trust during the period ended 31 August 2016 (which covers a period of 15 school weeks) were as follows:

**Aim:** To promote children's rights stage 1: the Lindfield School to be accredited by Unicef as a rights respecting school by July 2016.

**Outcome:** Following a series of whole school initiatives including an enrichment week, Level 1 accreditation was awarded following a Unicef inspection in May 2016.

**Aim:** To improve the communication outcomes for all pupils.

**Outcome:** Both schools have developed specialised therapeutic programmes to support speaking & listening achievement. We now have a new communication team including the appointment of a specialist communication manager and a SALT assistant. This provision has resulted in improved speaking and listening outcomes for pupils across the Trust.

**Aim:** To continually improve our provision for pupils with autism.

**Outcome:** The South Downs underwent a third inspection to retain its NAS (National Autistic Society) accreditation which was awarded in May 2016.

**Aim:** To increase access to the curriculum at Key Stages 1 & 2.

**Outcome:** South Downs have invested in training and equipment for Eye-Gaze technology to provide curriculum access for PMLD pupils. This enables improved highly individualised planning that facilitates children's access to learning.

**Aim:** To increase accreditation results at Key Stage 4.

**Outcomes:** July 2016 saw 71% of year 11 achieving 5 GCSE (or equivalent) or more. 100% students leave with a qualification. In the last 5 years we have moved from offering 3 GCSE's to up to 10 GCSE (or equivalent).

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**Aim:** To increase access to information about the new Academy Trust.

**Outcome:** A new Trust website with accessibility to AAA standard has been in place since April 2016. The website is easier and clearer to navigate and visitors using screen readers and assisted technologies can read and navigate the site content.

**Aim:** To improve, centralise and increase administrative support across the Trust.

**Outcome:** The Trust has redesigned office spaces for a growing Administration team at both schools and created additional posts.

**Aim:** To plan and implement a new assessment methodology across Trust schools in the light of the assessment without levels agenda and Rochford review.

**Outcome:** Both Trust schools have new assessment systems in place for September 2016 which include an investment in classroom monitor software and a range of additional assessment systems.

**Key Performance Indicators**

Although the Academy Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2016, the balance of the GAG Restricted Fund was £nil, which is after a transfer of £48,371 to the Restricted Fixed Asset Fund to fund capital expenditure during the period. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 217 which is an increase of over 2% from the previous census.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to GAG and Local Authority funding for the period was 80.2%, while the percentage of staff costs to total costs was 81.9%.

**Going Concern**

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

**FINANCIAL REVIEW**

The majority of the Academy Trust's income is received from the Education Funding Agency ('EFA') in the form of recurrent grants, and the Local Authority (East Sussex County Council) as top up funding per occupied pupil place on a month by month basis, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the EFA and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the period ended 31 August 2016, the total expenditure of £1,857,859 (excluding depreciation and LGPS FRS102 pension cost and interest cost adjustments) was covered by the recurrent grant funding received from the EFA and other incoming resources (excluding the net assets transferred on conversion from the Local Authority) of £1,907,272. The excess of incoming resources over expenditure for the period was £49,413.

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

Land, buildings, other assets and the Local Government Pension Scheme deficit from the predecessor schools were transferred to the Academy Trust from the Local Authority on conversion. The total value of these net assets transferred, as included in the Statement of Financial Activities, were £9,335,709. The details of the net assets transferred and the basis of their valuations are set out in Note 20 to the financial statements.

The net book value of fixed assets at 31 August 2016 is £9,460,629, which includes the value of land, buildings and other fixed assets transferred from the Local Authority on conversion of £9,346,137 and depreciation charges for the period of £46,022. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Trust.

The balance of total funds held at 31 August 2016 were £8,626,455 which comprised of the following:

|                                                |              |
|------------------------------------------------|--------------|
| Restricted Funds (excluding Pension Liability) | £nil         |
| Restricted Pension Liability Fund              | (£1,442,000) |
| Restricted Fixed Asset Fund                    | £9,460,629   |
| Unrestricted Funds                             | £667,826     |

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £1,442,000, which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. The Academy is not currently required to make accelerated payments to meet this liability, but, were arrangements to change, the Academy would have difficulty in making such payments without significantly impacting its ability to continue to deliver its educational outcomes with the available public funding it receives.

The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Executive Headteacher, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included:

- Financial Regulations Policy
- Induction Process for New Academies Joining the Trust
- Charges and Remissions Policy
- Conflict of Interest Policy
- Statement of Internal Controls
- Suite of Accounting Policies
- Investment policy
- Competitive Tendering Policy
- Discretions LGPS Policy

#### **Reserves Policy**

The Trustees have determined that the appropriate level of free cash reserves for each individual school within the Trust should be:

- A minimum of approximately 5% of total incoming resources. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies or changing circumstances.
- Structural maintenance funds received from the Local Authority specifically to maintain land and buildings, with unspent balances form each year contributing to an increasing reserve value for any major required works not subject to a successful CIF bid, or to be used to 'match fund' against future CIF bids.
- Long term teacher absence/support staff self-insurance fund to the maximum value of approximately one full time teacher.

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

The Trust will hold any additional surplus funds as a trust development working capital fund to support:

- Future MAT projects to enhance and improve knowledge and expertise in curriculum and operational developments within the wider special school community.
- Succession planning and building leadership and management capacity in line with the longer term priorities and future needs of the Trust.

There should also be disclosure of the amount of any fund that can only be realised by disposing of tangible fixed assets.

There should also be a comparison of the amount of reserves held at the period end with the Academy's stated reserves policy and an explanation, where relevant, of the steps being taken to bring the level of reserves into line with the stated policy.

In reviewing reserve levels at the period end, the Academy must also state the total amount of reserves represented by restricted and unrestricted funds (excluding pension liabilities) at 31 August 2016, as well as identifying the amount of any restricted funds not available for general purposes of the Academy.

The Trustees will review the reserve levels of the Academy Trust annually. This review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees will also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Academy Trust's current level of reserves at 31 August 2016 is £8,626,455, of which £667,826 is free reserves (that is, total funds less the amount held in fixed assets and restricted funds). Although the current level of free reserves is above the target level identified above, this is due to cash surplus transferred from the Local Authority on conversion, which the Trustees expect to utilise in future years as they invest in the Academy's facilities and educational resources.

### **Investment Policy**

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers. Where cash flow allows, sums in excess of £500,000 may be invested on deposit for extended periods with the Academy Trust's principal bankers or other reputable financial institutions.

### **Principal Risks and Uncertainties**

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances. They have introduced systems, including operational procedures internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

#### Financial

The Academy Trust has considerable reliance on continued Government funding through the EFA. In the period, approximately 99.5% of the Academy Trust's incoming resources (excluding amounts transferred on conversion from the Local Authority) was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. The Trust has a dedicated Safeguarding Manager.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds

The Academy Trust has engaged Whitley Stimpson, the external auditors, to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook.

All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

The Trustees examine the financial health of the Academy Trust formally, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees meetings.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Trustees recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

**PLANS FOR FUTURE PERIODS**

The Academy Trust strives to continually improve levels of attainment for all pupils, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment, as well as promoting the continued professional development of its staff.

The Trust is currently exploring the possibility of opening a new Free School and has submitted plans to the DfE. The application has the backing of the Local Authority and was developed in response to their forecast for additional special school places in the Eastbourne area. The Local Authority has identified a brown field site for the proposed Free School.

**THE SOUTHFIELD TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

Trust Development Plans will continue to be made with direct reference to the Trust's core values:

- Build positive relationships
- Make choices
- Be independent
- Make a contribution to society
- Move successfully to the next stage in life
- Be safe and well in the world
- Achieve potential

Detailed Trust Development Plans are contained in the following table:

| <b>The Southfield Trust<br/>Development Plan 2017 - 2020</b>                                                                                                                              |              |                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Actions</b>                                                                                                                                                                            | <b>When?</b> | <b>Success measures</b>                                                                                                                                                                                                                                                                              |
| <b>To secure outstanding Ofsted inspections for both schools</b>                                                                                                                          | July 2019    | Both schools judged outstanding by Ofsted                                                                                                                                                                                                                                                            |
| <b>Review SEF evaluations and format of SEF for both schools</b>                                                                                                                          | July 2017    | A SEF will be in place that is development led, encompasses all areas of school life and reflects and analysis the schools practices and processes                                                                                                                                                   |
| <b>Commission feasibility study for new teaching spaces in both schools</b>                                                                                                               | July 2017    | Commissioned consultants Capital Property and Construction to submit CIF bids by Dec 2016                                                                                                                                                                                                            |
| <b>To undertake a Trust wide leadership review to build on strengths, develop structures and increase capacity across the Trust</b>                                                       | Jan 2018     | New leadership structure in place – effectiveness measured by increased pupil achievement                                                                                                                                                                                                            |
| <b>All staff to use Classroom Monitor to assess pupil progress. To monitor and provide evidence of the progress pupils make and share with individual pupils and their parents/carers</b> | Dec 2016     | All teachers using CM to record academic progress<br>Evidence uploaded and available for SLT<br>Formative and summative assessment evident and used in PP meetings                                                                                                                                   |
| <b>Whole school maths focus (NUMAC)</b>                                                                                                                                                   | August 2017  | Outcomes at KS3 and KS4 (GCSE) will improve<br>Standard of class work will improve – evidenced in lesson observations and work scrutiny                                                                                                                                                              |
| <b>Review lesson observation processes</b>                                                                                                                                                | July 2017    | A more robust learning observation process that reflects the trust and school values<br>Lesson observation outcomes for teachers are marked against these criteria<br>More detailed and holistic lesson observations – resulting in more robust analysis of teaching and learning across the schools |

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

|                                                                                                                                                                                                                                         |           |                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Moderation with mainstream secondary schools</b>                                                                                                                                                                                     | Sept 2017 | Moderation meetings set up and evidence of meeting/work moderations<br>Increase in confidence of judgements about attainment and progress                                                                                                                                                                                                                                               |
| <b>To explore new opportunities for accreditation in response to DfE changes to the value of certain examinations and to define a progress 8 - offering 3 different relevant curriculum pathways for the majority of pupils</b>         | Sept 2017 | Qualifications explored and introduced will include: <ul style="list-style-type: none"> <li>• PSHE/Citizenship</li> <li>• Music</li> <li>• History</li> </ul>                                                                                                                                                                                                                           |
| <b>The Lindfield to work with South Downs on the Learning Outside the Classroom curriculum to increase pupil interaction with the school grounds, the local community and places of interest and residential learning opportunities</b> | July 2017 | South Downs to be accredited with the Learning Outside the Classroom quality mark                                                                                                                                                                                                                                                                                                       |
| <b>Promote and embed children's rights at South Downs</b>                                                                                                                                                                               | Sept 2017 | South Downs to be accredited as a Unicef rights respecting school                                                                                                                                                                                                                                                                                                                       |
| <b>To identify 16+ learning pathways beyond The Lindfield that can be shared with parents/carers</b>                                                                                                                                    | Jan 2018  | A booklet will be available for all parents showing individual case studies of ex pupils.                                                                                                                                                                                                                                                                                               |
| <b>Form and deliver a plan for effective use of the Health Grant that enables pupils in both schools to promote their own physical and emotional health &amp; well-being</b>                                                            | July 2018 | Staff report increased knowledge, skills and confidence to promote resilience/support the emotional wellbeing of whole school community – evident in lesson observations, reduction in behavioural incident and/or exclusions<br>Pupils are more physically active during the school day as evidenced through pupil voice, appropriate survey/enrichment activity engagement statistics |
| <b>Audit provision to further embed SMSC into all areas of life in both schools</b>                                                                                                                                                     | Sept 2018 | All subjects contribute to SMSC                                                                                                                                                                                                                                                                                                                                                         |
| <b>To develop WEX at The Lindfield</b>                                                                                                                                                                                                  | Sept 2019 | Use of 6 new WEX providers                                                                                                                                                                                                                                                                                                                                                              |

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

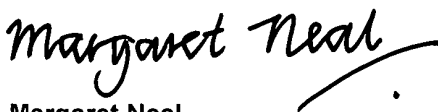
**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**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.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as company Directors, on 8 February 2017 and signed on its behalf by:



**Margaret Neal**  
**Chair of Trustees**

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that The Southfield 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 Executive Headteacher, 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 The Southfield 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 5 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

| Trustee                               | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| Margaret Neal, Chair                  | 3                 | 5                 |
| Diane Aldridge, Vice Chair            | 5                 | 5                 |
| Gillian Ingold                        | 4                 | 5                 |
| Peter Isbell                          | 5                 | 5                 |
| Sally Huggett                         | 0                 | 3                 |
| Derek Budd                            | 1                 | 2                 |
| Remo Palladino, Executive Headteacher | 5                 | 5                 |

**Governance Review**

The Trust intends to carry out a full review of governance at the end of its first year of operation (March 2017).

The board of Trustees in total undertake the finance and audit function for the Trust and all matters related to finance, resources, premises and health and safety of the Academy Trust.

**Review of Value for money**

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

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

The Trust shares resources by deploying staff over all 3 sites including:

- One member of staff to work on quality standards over all three sites.
- A Trust Pupil Support and Safeguarding Manager
- Shared use of Business Manager, Finance Manager and Personnel Manager
- A Trust Senior Site Manager
- A Trust Communication team
- A Trust Positive Handling training team

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

The Trust delivers shared INSET:

- The use of our own training provider for positive handling training across the Trust
- The use of Trust staff to provide training across the Trust on Manual Handling
- Cross school induction training
- Shared expertise in working towards gaining quality marks e.g. UNICEF and Autism Accreditation
- The Trust has developed a cross school reading strategy delivered by a critical member of staff which has resulted in improved reading outcomes for all pupils.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 The Southfield Trust for the period 3 March 2016 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 3 March 2016 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Whitley Stimpson Ltd, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the auditors will report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Given the short financial period to 31 August 2016, Whitley Stimpson did not undertake any specific work in relation to the Academy's financial controls during this period. The Board of Trustees have however commissioned this work to be undertaken during the spring term of the 2016/17 academic year.

**THE SOUTHFIELD TRUST**  
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**GOVERNANCE STATEMENT (continued)**

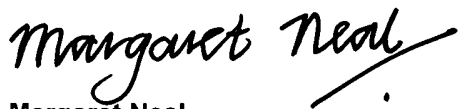
**Review of Effectiveness**

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

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

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

Approved by order of the members of the board of trustees on 8 February 2017 and signed on their behalf, by:



**Margaret Neal**  
**Chair of Trustees**



**Remo Palladino**  
**Accounting Officer**

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of The Southfield Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, 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 2015.

I confirm that I and the academy trust 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 2015.

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 EFA.

A handwritten signature in black ink, reading "R. Palladino". The signature is written in a cursive, flowing style.

**Remo Palladino**  
**Accounting Officer**

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

The Trustees (who act as governors of The Southfield Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 8 February 2017 and signed on its behalf by:

  
**Margaret Neal**  
**Chair of Trustees**

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SOUTHFIELD TRUST**

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 Trustees' Report or the Strategic Report.

We have audited the financial statements of The Southfield Trust for the period ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of Trustees and auditors**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
SOUTHFIELD TRUST**

**Opinion on other matter prescribed by the Companies Act 2006**

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

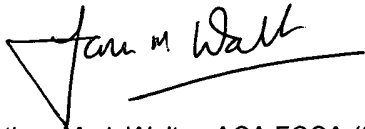
- the information given in the Trustees' Report, incorporating the Strategic Report, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report, incorporating the Strategic Report, have been prepared in accordance with applicable legal requirements.

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

In the light of 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 Trustees' Report or the Strategic Report.

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

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



Jonathan Mark Walton ACA FCCA (Senior statutory auditor)

for and on behalf of

**Whitley Stimpson Ltd**

67 Hightown Road  
Banbury  
OXON  
OX16 9BE

20 February 2017

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
SOUTHFIELD TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Southfield Trust during the period 3 March 2016 to 31 August 2016 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 The Southfield Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Southfield Trust and the EFA 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 The Southfield Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Southfield Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Southfield Trust's funding agreement with the Secretary of State for Education dated 23 March 2016, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 Trustees' Report or the Strategic Report.

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 3 March 2016 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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 Trustees' Report or the Strategic Report.

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions included:

- A review of internal control policies and procedures implemented by the Academy Trust and an evaluation of their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- A review of the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;

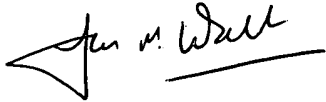
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
SOUTHFIELD TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**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 3 March 2016 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jonathan Mark Walton ACA FCCA (Reporting Accountant)

**Whitley Stimpson Ltd**

67 Hightown Road  
Banbury  
OXON  
OX16 9BE

20 February 2017

**THE SOUTHFIELD TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 AUGUST 2016**

|                                                                            | Note | Unrestricted<br>funds<br>2016<br>£ | Restricted<br>funds<br>2016<br>£ | Fixed asset<br>restricted<br>funds<br>2016<br>£ | Total<br>funds<br>2016<br>£ |
|----------------------------------------------------------------------------|------|------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------|
| <b>Income from:</b>                                                        |      |                                    |                                  |                                                 |                             |
| Donations & capital grants:                                                |      |                                    |                                  |                                                 |                             |
| Assets inherited on conversion                                             | 2    | 688,156                            | (692,000)                        | 9,346,137                                       | 9,342,293                   |
| Other donations and capital grants                                         | 2    | -                                  | -                                | 30,771                                          | 30,771                      |
| Charitable activities                                                      | 3    | 9,157                              | 1,897,726                        | -                                               | 1,906,883                   |
| Investments                                                                | 4    | 389                                | -                                | -                                               | 389                         |
| <b>Total income</b>                                                        |      | <b>697,702</b>                     | <b>1,205,726</b>                 | <b>9,376,908</b>                                | <b>11,280,336</b>           |
| <b>Expenditure on:</b>                                                     |      |                                    |                                  |                                                 |                             |
| Charitable activities                                                      |      | 8,504                              | 1,873,355                        | 46,022                                          | 1,927,881                   |
| <b>Total expenditure</b>                                                   | 5    | <b>8,504</b>                       | <b>1,873,355</b>                 | <b>46,022</b>                                   | <b>1,927,881</b>            |
| <b>Net income / (expenditure) before transfers</b>                         |      | <b>689,198</b>                     | <b>(667,629)</b>                 | <b>9,330,886</b>                                | <b>9,352,455</b>            |
| Transfers between Funds                                                    | 16   | (21,372)                           | (48,371)                         | 69,743                                          | -                           |
| <b>Net income / (expenditure) before other recognised gains and losses</b> |      | <b>667,826</b>                     | <b>(716,000)</b>                 | <b>9,400,629</b>                                | <b>9,352,455</b>            |
| Actuarial losses on defined benefit pension schemes                        | 21   | -                                  | (726,000)                        | -                                               | (726,000)                   |
| <b>Net movement in funds</b>                                               |      | <b>667,826</b>                     | <b>(1,442,000)</b>               | <b>9,400,629</b>                                | <b>8,626,455</b>            |
| <b>Reconciliation of funds:</b>                                            |      |                                    |                                  |                                                 |                             |
| Total funds brought forward                                                |      | -                                  | -                                | -                                               | -                           |
| <b>Total funds carried forward</b>                                         |      | <b>667,826</b>                     | <b>(1,442,000)</b>               | <b>9,400,629</b>                                | <b>8,626,455</b>            |

All of the academy's activities derive from acquisitions in the current financial period.

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 10042321**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

|                                                        | Note | £                  | 2016<br>£               |
|--------------------------------------------------------|------|--------------------|-------------------------|
| <b>Fixed assets</b>                                    |      |                    |                         |
| Tangible assets                                        | 13   |                    | 9,400,629               |
| <b>Current assets</b>                                  |      |                    |                         |
| Debtors                                                | 14   | 239,784            |                         |
| Cash at bank and in hand                               |      | 857,740            |                         |
|                                                        |      | <u>1,097,524</u>   |                         |
| <b>Creditors:</b> amounts falling due within one year  | 15   | <u>(429,698)</u>   |                         |
| <b>Net current assets</b>                              |      |                    | <u>667,826</u>          |
| <b>Total assets less current liabilities</b>           |      |                    | <u>10,068,455</u>       |
| Defined benefit pension scheme liability               | 21   |                    | <u>(1,442,000)</u>      |
| <b>Net assets including pension scheme liabilities</b> |      |                    | <u><u>8,626,455</u></u> |
| <b>Funds of the academy</b>                            |      |                    |                         |
| Restricted income funds:                               |      |                    |                         |
| Restricted income funds excluding pension liability    |      | 9,400,629          |                         |
| Pension reserve                                        |      | <u>(1,442,000)</u> |                         |
| Total restricted income funds                          |      |                    | <u>7,958,629</u>        |
| Unrestricted income funds                              | 16   |                    | <u>667,826</u>          |
| <b>Total funds</b>                                     |      |                    | <u><u>8,626,455</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 8 February 2017 and are signed on their behalf, by:



**Margaret Neal**  
**Chair of Trustees**

The notes on pages 25 to 43 form part of these financial statements.

**THE SOUTHFIELD TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

|                                                          | Note | 2016<br>£             |
|----------------------------------------------------------|------|-----------------------|
| <b>Cash flows from operating activities</b>              |      |                       |
| Net cash provided by operating activities                | 18   | <u>238,938</u>        |
| <b>Cash flows from investing activities:</b>             |      |                       |
| Dividends, interest and rents from investments           |      | 389                   |
| Purchase of tangible fixed assets                        |      | (69,743)              |
| Cash surplus transferred on conversion                   |      | <u>688,156</u>        |
| <b>Net cash provided by investing activities</b>         |      | <u>618,802</u>        |
| <b>Change in cash and cash equivalents in the period</b> |      | <b>857,740</b>        |
| Cash and cash equivalents brought forward                |      | <u>-</u>              |
| <b>Cash and cash equivalents carried forward</b>         | 19   | <u><u>857,740</u></u> |

All of the cash flows are derived from acquisitions in the current financial period.

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**1. Accounting policies**

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

**Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Southfield Trust constitutes a public benefit entity as defined by FRS 102.

**Going concern**

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

**Taxation**

The academy 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 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.

**Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

**THE SOUTHFIELD TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**1. Accounting policies (continued)**

**Income**

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

**Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**1. Accounting policies (continued)**

**Tangible fixed assets and depreciation**

All assets costing more than £2,500 are capitalised.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                       |   |                                           |
|-----------------------|---|-------------------------------------------|
| Leasehold land        | - | over the period of the lease of 125 years |
| Leasehold buildings   | - | 2% straight line                          |
| Motor vehicles        | - | 20% straight line                         |
| Fixtures and fittings | - | 15% straight line                         |

**Interest receivable**

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

**Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**Debtors**

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

**Cash at Bank and in hand**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Accounting policies (continued)**

**Liabilities and provisions**

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

**Financial instruments**

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

**Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2016**

**1. Accounting policies (continued)**

**Conversion to an academy trust**

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

The assets and liabilities transferred on conversion from the South Downs and Lindfield Special Schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

**Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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:

The long term leasehold property includes the land and buildings of The South Downs School and The Lindfield School which were transferred to the Trust on conversion from East Sussex County Council. The Trust occupies these land and buildings under a 125 year lease arrangement with East Sussex County Council. In the absence of available valuations from the EFA, the value of these land and buildings, as included in the financial statements, are based on a Trustees' valuation. The valuation requires significant judgment on the part of the Trustees as there is no market for the properties and therefore the valuation has been made based on a review of the valuations for similar sized primary schools, and taking into account the Trustees assessment of the condition of the buildings.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Income from donations and capital grants**

|                                    | Unrestricted<br>funds<br>2016<br>£ | Restricted<br>funds<br>2016<br>£ | Fixed asset<br>restricted<br>funds<br>2016<br>£ | Total<br>funds<br>2016<br>£ |
|------------------------------------|------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------|
| Assets inherited on conversion     | 688,156                            | (692,000)                        | 9,346,137                                       | 9,342,293                   |
| Donations                          | -                                  | -                                | 30,771                                          | 30,771                      |
| Total donations and capital grants | 688,156                            | (692,000)                        | 9,376,908                                       | 9,373,064                   |

**3. Funding for Academy's educational operations**

|                                | Unrestricted<br>funds<br>2016<br>£ | Restricted<br>funds<br>2016<br>£ | Total<br>funds<br>2016<br>£ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|
| <b>DfE/EFA grants</b>          |                                    |                                  |                             |
| General Annual Grant           | -                                  | 880,098                          | 880,098                     |
| Pupil premium                  | -                                  | 38,310                           | 38,310                      |
| Start-up grants                | -                                  | 50,000                           | 50,000                      |
| Other DfE/EFA grants           | -                                  | 10,578                           | 10,578                      |
|                                | -                                  | 978,986                          | 978,986                     |
| <b>Other government grants</b> |                                    |                                  |                             |
| Local Authority funding        | -                                  | 918,740                          | 918,740                     |
|                                | -                                  | 918,740                          | 918,740                     |
| <b>Other funding</b>           |                                    |                                  |                             |
| Trip income                    | 3,017                              | -                                | 3,017                       |
| Other income                   | 4,976                              | -                                | 4,976                       |
| Uniform income                 | 1,164                              | -                                | 1,164                       |
|                                | 9,157                              | -                                | 9,157                       |
|                                | 9,157                              | 1,897,726                        | 1,906,883                   |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. Investment income**

|                   | Unrestricted<br>funds<br>2016<br>£ | Restricted<br>funds<br>2016<br>£ | Total<br>funds<br>2016<br>£ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|
| Investment income | 389                                | -                                | 389                         |

**5. Expenditure**

|               | Staff costs<br>2016<br>£ | Premises<br>2016<br>£ | Other costs<br>2016<br>£ | Total<br>2016<br>£ |
|---------------|--------------------------|-----------------------|--------------------------|--------------------|
| Activities:   |                          |                       |                          |                    |
| Direct costs  | 892,911                  | -                     | 10,047                   | 902,958            |
| Support costs | 643,243                  | 111,306               | 270,374                  | 1,024,923          |
|               | <u>1,536,154</u>         | <u>111,306</u>        | <u>280,421</u>           | <u>1,927,881</u>   |

In 2016, of the total expenditure, £8,504 was to unrestricted funds and £1,919,377 was to restricted funds.

**6. Direct costs**

|                        | Activities<br>£ | Total<br>2016<br>£ |
|------------------------|-----------------|--------------------|
| Educational supplies   | 8,085           | 8,085              |
| Legal and professional | 1,962           | 1,962              |
| Wages and salaries     | 707,791         | 707,791            |
| National insurance     | 73,598          | 73,598             |
| Pension cost           | 111,522         | 111,522            |
|                        | <u>902,958</u>  | <u>902,958</u>     |

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**7. Support costs**

|                                                   | Activities<br>£  | Total<br>2016<br>£ |
|---------------------------------------------------|------------------|--------------------|
| LGPS FRS102 interest cost                         | 10,000           | 10,000             |
| Technology costs                                  | 36,859           | 36,859             |
| Educational supplies                              | 2,851            | 2,851              |
| Repairs and maintenance                           | 96,444           | 96,444             |
| Rent and rates                                    | 2,154            | 2,154              |
| Light and heat                                    | 11,747           | 11,747             |
| Insurance                                         | 2,978            | 2,978              |
| Other support costs                               | 34,055           | 34,055             |
| Legal, professional and other contracted services | 117,755          | 117,755            |
| Catering costs                                    | 11,584           | 11,584             |
| Cleaning                                          | 9,231            | 9,231              |
| Wages and salaries                                | 508,758          | 508,758            |
| National insurance                                | 24,761           | 24,761             |
| Pension cost                                      | 109,724          | 109,724            |
| Depreciation                                      | 46,022           | 46,022             |
|                                                   | <u>1,024,923</u> | <u>1,024,923</u>   |

Included within legal, professional and other contracted services costs are governance costs totalling £41,993. This comprises legal and professional fees of £4,251, one-off legal and professional fees relating to the Academy Trust conversion process of £17,009 (which were offset by the conversion grants received from the EFA of £50,000) and auditor's remuneration of £20,733.

**8. Net incoming resources/(resources expended)**

This is stated after charging:

|                                             | 2016<br>£         |
|---------------------------------------------|-------------------|
| Depreciation of tangible fixed assets:      |                   |
| - owned by the charity                      | 46,022            |
| Auditors' remuneration - audit services     | 6,500             |
| Auditors' remuneration - non-audit services | 14,233            |
| Operating lease rentals                     | 3,668             |
|                                             | <u>          </u> |

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**9. Staff costs**

Staff costs were as follows:

|                                                    | 2016<br>£   |
|----------------------------------------------------|-------------|
| Wages and salaries                                 | 1,197,249   |
| Social security costs                              | 98,359      |
| Operating costs of defined benefit pension schemes | 221,246     |
|                                                    | <hr/>       |
| Staff restructuring costs                          | 1,516,854   |
|                                                    | 19,300      |
|                                                    | <hr/> <hr/> |
|                                                    | 1,536,154   |

Staff restructuring costs comprise:

|                    | 2016<br>£   |
|--------------------|-------------|
| Severance payments | 19,300      |
|                    | <hr/> <hr/> |

The staff severance payments relate to non-contractual / non-statutory severance payments totalling £19,300. This comprised one payment of £19,300.

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

|                            | 2016<br>No. |
|----------------------------|-------------|
| Teachers                   | 38          |
| Administration and support | 110         |
| Management                 | 7           |
|                            | <hr/>       |
|                            | 155         |
|                            | <hr/> <hr/> |

Average headcount expressed as a full time equivalent:

|                            | 2016<br>No. |
|----------------------------|-------------|
| Teachers                   | 38          |
| Administration and support | 90          |
| Management                 | 7           |
|                            | <hr/>       |
|                            | 135         |
|                            | <hr/> <hr/> |

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel during the period for their services to the Academy Trust was £145,236.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2016**

**10. Central services**

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

- Education leadership and management services
- Estate services
- Finance services
- Clerk to governors services
- HR advice and legal support services
- Audit services

The academy charges for these services on the following basis:

- a flat percentage of 16.4% on each schools General Annual Grant

The actual amounts charged during the year were as follows:

|                        | 2016<br>£ |
|------------------------|-----------|
| The South Downs School | 203,034   |
| The Lindfield School   | 104,386   |
|                        | <hr/>     |
| Total                  | 307,420   |

**11. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

|                                 |                            | 2016<br>£     |
|---------------------------------|----------------------------|---------------|
| Remo Palladino, Chief Executive | Remuneration               | 45,000-50,000 |
|                                 | Pension contributions paid | 5,000-10,000  |
| Gillian Ingold                  | Remuneration               | 5,000-10,000  |
|                                 | Pension contributions paid | 0-5,000       |

During the period, no Trustees received any reimbursement of expenses.

**12. Trustees' and Officers' Insurance**

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

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**13. Tangible fixed assets**

|                         | Long-term<br>leasehold<br>property<br>£ | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-------------------------|-----------------------------------------|------------------------|-------------------------------|----------------------------|------------|
| <b>Cost</b>             |                                         |                        |                               |                            |            |
| At 3 March 2016         | -                                       | -                      | -                             | -                          | -          |
| Additions               | -                                       | 58,771                 | 41,743                        | -                          | 100,514    |
| Inherited on conversion | 9,162,000                               | 76,200                 | 35,347                        | 72,590                     | 9,346,137  |
|                         | <hr/>                                   | <hr/>                  | <hr/>                         | <hr/>                      | <hr/>      |
| At 31 August 2016       | 9,162,000                               | 134,971                | 77,090                        | 72,590                     | 9,446,651  |
|                         | <hr/>                                   | <hr/>                  | <hr/>                         | <hr/>                      | <hr/>      |
| <b>Depreciation</b>     |                                         |                        |                               |                            |            |
| At 3 March 2016         | -                                       | -                      | -                             | -                          | -          |
| Charge for the period   | 31,415                                  | 6,350                  | 2,208                         | 6,049                      | 46,022     |
|                         | <hr/>                                   | <hr/>                  | <hr/>                         | <hr/>                      | <hr/>      |
| At 31 August 2016       | 31,415                                  | 6,350                  | 2,208                         | 6,049                      | 46,022     |
|                         | <hr/>                                   | <hr/>                  | <hr/>                         | <hr/>                      | <hr/>      |
| <b>Net book value</b>   |                                         |                        |                               |                            |            |
| At 31 August 2016       | 9,130,585                               | 128,621                | 74,882                        | 66,541                     | 9,400,629  |
|                         | <hr/>                                   | <hr/>                  | <hr/>                         | <hr/>                      | <hr/>      |

The long term leasehold property comprises the land and buildings of the individual academies within the Academy Trust which were transferred to the Trust on conversion from East Sussex County Council. The Trust occupies the land and buildings under a 125 year lease arrangement with East Sussex County Council. the value of the land and buildings, as included in the financial statements, is based on a Trustees' valuation.

The other fixed assets transferred to the Trust on the Academy's conversion, being fixtures and fittings, motor vehicles and computer equipment, have been valued based on their estimated depreciated replacement cost at conversion.

**14. Debtors**

|                                | 2016<br>£ |
|--------------------------------|-----------|
| Other debtors                  | 1,797     |
| Prepayments and accrued income | 203,009   |
| VAT recoverable                | 34,978    |
|                                | <hr/>     |
|                                | 239,784   |
|                                | <hr/>     |

**15. Creditors: Amounts falling due within one year**

|                                    | 2016<br>£ |
|------------------------------------|-----------|
| Trade creditors                    | 111,572   |
| Other taxation and social security | 58,132    |
| Other creditors                    | 59,469    |
| Accruals and deferred income       | 200,525   |
|                                    | <hr/>     |
|                                    | 429,698   |
|                                    | <hr/>     |

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**15. Creditors: Amounts falling due within one year (continued)**

|                                    | £             |
|------------------------------------|---------------|
| <b>Deferred income</b>             |               |
| Deferred income at 3 March 2016    | -             |
| Resources deferred during the year | <u>77,636</u> |

Deferred income constitutes £7,138 funding received in advance for Universal Infant Free School Meals and £70,498 received in advance with regards to the structural maintenance grant which will be utilised in the year ending 31 August 2017.

**16. Statement of funds**

|                                           | Brought<br>Forward<br>£ | Income<br>£ | Expenditure<br>£ | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Carried<br>Forward<br>£ |
|-------------------------------------------|-------------------------|-------------|------------------|--------------------------|-------------------------|-------------------------|
| <b>Unrestricted funds</b>                 |                         |             |                  |                          |                         |                         |
| General Funds - all funds                 | -                       | 697,702     | (8,504)          | (21,372)                 | -                       | 667,826                 |
| <b>Restricted funds</b>                   |                         |             |                  |                          |                         |                         |
| General annual grant                      | -                       | 880,098     | (831,727)        | (48,371)                 | -                       | -                       |
| Pupil premium                             | -                       | 38,310      | (38,310)         | -                        | -                       | -                       |
| Other DfE/EFA grants                      | -                       | 10,578      | (10,578)         | -                        | -                       | -                       |
| Local Authority Funding                   | -                       | 918,740     | (918,740)        | -                        | -                       | -                       |
| Start up grants                           | -                       | 50,000      | (50,000)         | -                        | -                       | -                       |
| Pension reserve                           | -                       | (692,000)   | (24,000)         | -                        | (726,000)               | (1,442,000)             |
|                                           | -                       | 1,205,726   | (1,873,355)      | (48,371)                 | (726,000)               | (1,442,000)             |
| <b>Fixed Asset Restricted funds</b>       |                         |             |                  |                          |                         |                         |
| Assets inherited on conversion            | -                       | 9,346,137   | (46,022)         | -                        | -                       | 9,300,115               |
| Assets purchased from GAG and other funds | -                       | 30,771      | -                | 69,743                   | -                       | 100,514                 |
|                                           | -                       | 9,376,908   | (46,022)         | 69,743                   | -                       | 9,400,629               |
| Total restricted funds                    | -                       | 10,582,634  | (1,919,377)      | 21,372                   | (726,000)               | 7,958,629               |
| Total of funds                            | -                       | 11,280,336  | (1,927,881)      | -                        | (726,000)               | 8,626,455               |

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

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**16. Statement of funds (continued)**

The General Annual Grant funding must be used for the normal running costs of the Academy Trust in line with its Funding Agreement.

Start up grants are used to cover the expenditure associated with conversion to Academy Trust during this period.

Other EFA/DfE grants, pupil premium, LA funding and other restricted income are all used in accordance with the restrictions of the individual grants or funding which are all for the provision of education to pupils of the Academy Trust.

Restricted fixed asset funds comprise the value of the fixed assets transferred to the Academy Trust on conversion less accumulated depreciation together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grants were paid.

The pension reserve represents the Local Government Pension Scheme deficit.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

|                                                   | <b>Total<br/>2016<br/>£</b> |
|---------------------------------------------------|-----------------------------|
| The South Downs School                            | 390,303                     |
| The Lindfield School                              | 237,968                     |
| The Southfield Trust - central services           | 39,555                      |
|                                                   | <hr/>                       |
| Total before fixed asset fund and pension reserve | 667,826                     |
| Restricted fixed asset fund                       | 9,400,629                   |
| Pension reserve                                   | (1,442,000)                 |
|                                                   | <hr/>                       |
| Total                                             | <u><u>8,626,455</u></u>     |

**Analysis of academies by cost**

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

|                        | <b>Teaching<br/>and<br/>educational<br/>support staff costs<br/>£</b> | <b>Other<br/>support staff costs<br/>£</b> | <b>Educational<br/>supplies<br/>£</b> | <b>Other costs<br/>excluding<br/>depreciation<br/>£</b> | <b>Total<br/>2016<br/>£</b> |
|------------------------|-----------------------------------------------------------------------|--------------------------------------------|---------------------------------------|---------------------------------------------------------|-----------------------------|
| The South Downs School | 853,202                                                               | 21,388                                     | 6,810                                 | 363,327                                                 | 1,244,727                   |
| The Lindfield School   | 413,395                                                               | 2,275                                      | 5,572                                 | 223,303                                                 | 644,545                     |
| Central services       | 117,629                                                               | 114,264                                    | -                                     | 44,114                                                  | 276,007                     |
|                        | <hr/>                                                                 | <hr/>                                      | <hr/>                                 | <hr/>                                                   | <hr/>                       |
|                        | 1,384,226                                                             | 137,927                                    | 12,382                                | 630,744                                                 | 2,165,279                   |
|                        | <hr/>                                                                 | <hr/>                                      | <hr/>                                 | <hr/>                                                   | <hr/>                       |

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**17. Analysis of net assets between funds**

|                                        | Unrestricted<br>funds<br>2016<br>£ | Restricted<br>funds<br>2016<br>£ | Fixed asset<br>restricted<br>funds<br>2016<br>£ | Total<br>funds<br>2016<br>£ |
|----------------------------------------|------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------|
| Tangible fixed assets                  | -                                  | -                                | 9,400,629                                       | 9,400,629                   |
| Current assets                         | 667,826                            | 429,698                          | -                                               | 1,097,524                   |
| Creditors due within one year          | -                                  | (429,698)                        | -                                               | (429,698)                   |
| Provisions for liabilities and charges | -                                  | (1,442,000)                      | -                                               | (1,442,000)                 |
|                                        | <u>667,826</u>                     | <u>(1,442,000)</u>               | <u>9,400,629</u>                                | <u>8,626,455</u>            |

**18. Reconciliation of net movement in funds to net cash flow from operating activities**

|                                                                    | 2016<br>£             |
|--------------------------------------------------------------------|-----------------------|
| Net income for the year (as per Statement of financial activities) | 9,352,455             |
| <b>Adjustment for:</b>                                             |                       |
| Depreciation charges                                               | 46,022                |
| Fixed assets inherited on conversion                               | (9,346,137)           |
| Dividends, interest and rents from investments                     | (389)                 |
| Increase in debtors                                                | (239,784)             |
| Increase in creditors                                              | 429,698               |
| Capital grants from DfE and other capital income                   | (30,771)              |
| Defined benefit pension scheme deficit inherited on conversion     | 692,000               |
| Defined benefit pension scheme finance cost                        | 10,000                |
| Defined benefit pensions scheme cost less contributions paid       | 14,000                |
| Cash inherited on conversion                                       | (688,156)             |
| <b>Net cash provided by operating activities</b>                   | <u><u>238,938</u></u> |

**19. Analysis of cash and cash equivalents**

|              | 2016<br>£             |
|--------------|-----------------------|
| Cash in hand | 857,740               |
| <b>Total</b> | <u><u>857,740</u></u> |

**20. Conversion to an academy trust**

On 1 April 2016 the South Downs School and the Lindfield School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Southfield Trust from East Sussex County Council for £NIL consideration.

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

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**20. Conversion to an academy trust (continued)**

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

|                                | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Fixed asset<br>restricted<br>funds<br>£ | Total<br>funds<br>£ |
|--------------------------------|----------------------------|--------------------------|-----------------------------------------|---------------------|
| Tangible fixed assets          |                            |                          |                                         |                     |
| - leasehold land and buildings | -                          | -                        | 9,162,000                               | 9,162,000           |
| - Other tangible fixed assets  | -                          | -                        | 184,137                                 | 184,137             |
| Other assets                   | 688,156                    | -                        | -                                       | 688,156             |
| LGPS pension surplus/(deficit) | -                          | (692,000)                | -                                       | (692,000)           |
| Net assets/(liabilities)       | <u>688,156</u>             | <u>(692,000)</u>         | <u>9,346,137</u>                        | <u>9,342,293</u>    |

The above net assets include £688,156 that were transferred as cash. Of this balance, £681,572 was transferred on conversion from the Local Authority and £6,584 relates to the school fund balances inherited on conversion.

The long term leasehold property includes the land and buildings of The South Downs School and The Lindfield School which were transferred to the Trust on conversion from East Sussex County Council. The Trust occupies these land and buildings under a 125 year lease arrangement with East Sussex County Council. In the absence of available valuations from the EFA, the value of these land and buildings, as included in the financial statements, are based on a Trustees' valuation.

The valuation requires significant judgment on the part of the Trustees as there is no market for the properties and therefore the valuation has been made based on a review of the valuations for similar sized primary schools, and taking into account the Trustees assessment of the condition of the buildings.

**21. Pension commitments**

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

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period ended 31 August 2016. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £59,524 were payable to the schemes at 31 August 2016 and are included within creditors.

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**21. Pension commitments (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £111,522.

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

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

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**21. Pension commitments (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £97,000, of which employer's contributions totalled £77,000. and employees' contributions totalled £20,000. The agreed contribution rates for future years are 21.6% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

|                                                      | <b>2016</b>   |
|------------------------------------------------------|---------------|
| Discount rate for scheme liabilities                 | <b>2.10 %</b> |
| Rate of increase in salaries                         | <b>4.10 %</b> |
| Rate of increase for pensions in payment / inflation | <b>2.10 %</b> |

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

|                      | <b>2016</b> |
|----------------------|-------------|
| Retiring today       |             |
| Males                | <b>22.2</b> |
| Females              | <b>24.4</b> |
| Retiring in 20 years |             |
| Males                | <b>24.2</b> |
| Females              | <b>26.7</b> |

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

|                              | <b>Fair value at<br/>31 August<br/>2016<br/>£</b> |
|------------------------------|---------------------------------------------------|
| Equities                     | <b>1,492,400</b>                                  |
| Bonds                        | <b>341,120</b>                                    |
| Property                     | <b>213,200</b>                                    |
| Cash                         | <b>85,280</b>                                     |
| Total market value of assets | <b>2,132,000</b>                                  |

The actual return on scheme assets was £313,000.

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**21. Pension commitments (continued)**

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

|                                                      | 2016<br>£ |
|------------------------------------------------------|-----------|
| Current service cost (net of employee contributions) | (91,000)  |
| Net interest cost                                    | (10,000)  |
|                                                      | <hr/>     |
| Total                                                | (101,000) |
|                                                      | <hr/>     |
| Actual return on scheme assets                       | 313,000   |
|                                                      | <hr/>     |

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

|                                    | 2016<br>£ |
|------------------------------------|-----------|
| Upon conversion                    | 2,460,000 |
| Current service cost               | 91,000    |
| Interest cost                      | 36,000    |
| Contributions by employees         | 20,000    |
| Actuarial losses                   | 967,000   |
|                                    | <hr/>     |
| Closing defined benefit obligation | 3,574,000 |
|                                    | <hr/>     |

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

|                                                                                     | 2016<br>£ |
|-------------------------------------------------------------------------------------|-----------|
| Upon conversion                                                                     | 1,768,000 |
| Return on plan assets (excluding net interest on the net defined pension liability) | 26,000    |
| Actuarial gains and (losses)                                                        | 241,000   |
| Contributions by employer                                                           | 77,000    |
| Contributions by employees                                                          | 20,000    |
|                                                                                     | <hr/>     |
| Closing fair value of scheme assets                                                 | 2,132,000 |
|                                                                                     | <hr/>     |

**22. Operating lease commitments**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

|                         | 2016<br>£ |
|-------------------------|-----------|
| <b>Amounts payable:</b> |           |
| Within 1 year           | 8,805     |
| Between 1 and 5 years   | 4,404     |
|                         | <hr/>     |
| Total                   | 13,209    |
|                         | <hr/>     |

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**23. 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 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 cease to be a member.

**24. Related party transactions**

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

There were no related party transactions in the period.