



THE SOUTHFIELD GRANGE TRUST

one trust one community

Annual Report and Financial Statements

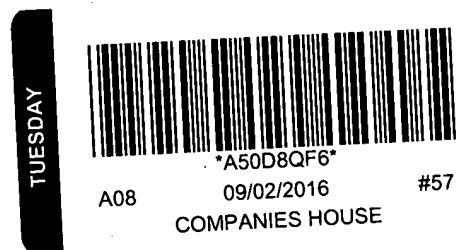
12 months to 31 August 2015

For

The Southfield Grange Trust

**Company Registration Number: 7754077 (England and
Wales)**

Exempt Charity



The Southfield Grange Trust

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The Southfield Grange Trust

Reference and Administrative Details

Members	Prof D Pankhurst Mr M Salim Mr H Atkinson resigned 30 November 2014 Mrs J Klonowski Ms S Marsh
Trustees	Prof D Pankhurst* Mr H Atkinson# resigned 30 November 2014 Mr M McClean# appointed 10 December 2014 Mrs L Clayton# Mr M Salim* Ms S Smith* Chair Finance Committee resigned 14 October 2015 Ms S Aziz appointed 14 October 2015 Mr P Thompson# Chair Audit Committee Mr P Burluraux (CEO and Accounting Officer)* Mr D Wall (Deputy CEO and Head Southfield School) Mr N Bell (Head Grange Technology College) * members of the finance committee # members of the audit committee All members and trustees were in office on 1 September 2014 and continued in office until 31 August 2015 except Mr H Atkinson who resigned as member and trustee on 22 October and Mr M McClean who was appointed as a trustee on 10 December 2015.
Company Secretary	Mrs P Helyar
Campus Leadership Team	
Chief Executive Officer Deputy CEO and Head Southfield Head Grange Deputy Head Southfield Deputy Heads Grange	Mr P Burluraux Mr D Wall Mr N Bell Mrs J Hill Mr M Auger (Left 31.08.15) Mr A Jeffrey (joined 01.09.15) Ms L Parsell Mrs A Williams Mrs R Bowditch
Campus Business Manager	
Principal and Registered Office	Haycliffe Lane, Bradford, BD5 9ET
Company Number	7754077
Independent auditor	Saffery Champness Mitre House, North Park Road, Harrogate HG1 5RX
Bankers	Lloyds Bank, 45 Hustlergate, Bradford, BD1 1NT
Solicitors	Schofield Sweeney LLP, Church Bank House Church Bank, Bradford BD1 4DY

The Southfield Grange Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two academies, one secondary and one special, in Bradford, West Yorkshire. Its academies have a combined pupil capacity of 2,072.

Structure, Governance and Management

Constitution

The trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trustees of The Southfield Grange Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Southfield Grange Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

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

In accordance with normal commercial practice The Southfield Grange Trust has purchased indemnity insurance to protect Governors (including Members, Trustees and members of the Local Governing Bodies) and Officers from claims occurring whilst on Academy business. Cover is up to £2,000,000.

Method of Recruitment and Appointment or Election of Trustees

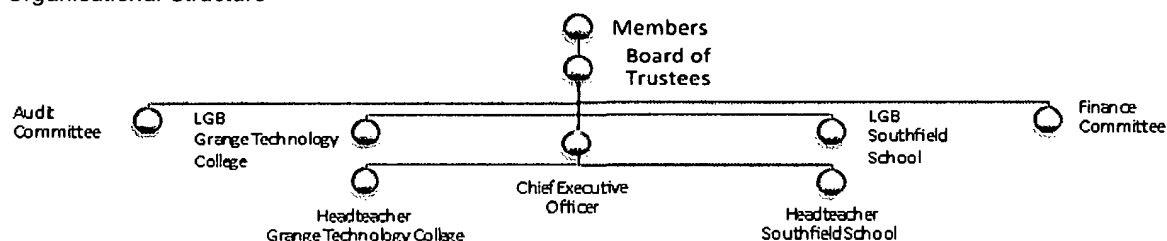
The members of the trust may appoint up to 6 trustees. These trustees may then co-opt further trustees without limit except that the number of trustees who are also employees of the trust shall not exceed one third of the total number of trustees. At least two trustees shall be parents of registered pupils at one or more of the schools unless there are Local Governing Bodies which include at least two parent members. The term of office for trustees is four years and any Trustee may be re-appointed. The members may appoint directors through such process as they may determine.

New trustees are appointed on the basis of their commitment to the values and objects of the trust and in terms of the skills they can bring to the work of the board. They will have been able to show a connection to the trust and one or more of its schools.

Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees are inducted by the Chair of the Trust Board, the Clerk and Chief Executive Officer. This induction determines specific training needs. Induction includes information about the governing documents of the trust, policies, procedures, records, accounts and budget planning as appropriate. A budget is available for trustee training and training needs are determined by the board at annual review.

Organisational Structure



The Members have a duty to ensure that the trust exerts its powers well in delivering the Objects of the trust. The board of trustees is responsible for setting the aims and objectives of the trust and its schools, for the monitoring and reviewing of policies and the setting of targets and major priorities. It agrees and sets budgets and agrees expenditure over limits which it sets in a scheme of delegation and reviews annually. The board approves staffing establishments and structures, sets policy of staffing matters and supports the executive leadership of the trust in disciplinary and grievance matters. The board is supported by the Finance and Audit Committees which have delegated responsibility to monitor and advise the board on financial management and regulatory compliance

The Southfield Grange Trust

Trustees' Report (continued)

respectively. The board has two further committees, the Local Governing Bodies of each school, which have the responsibility of providing scrutiny, challenge and support to the individual schools. The board is responsible for delegating powers and setting the terms of reference for the LGBs subject to annual review as appropriate.

The Executive Leadership of the Trust, CEO, Headteachers, Business Manager and respective school leadership teams have delegated responsibility for the operation of the trust and its schools by implementing its policies. Budget monitoring (including variances from approved budgets) is reported monthly to the Finance Committee and spending control exercised through the scheme of delegation. The CEO is the Accounting Officer for the trust.

Related Parties and other Connected Charities and Organisations

Trustees are required to make a declaration of interest annually in order to enable the trust to identify related parties.

Grange Technology College is an active member of the Bradford Partnership providing a formal arrangement for sharing best practice and data for system improvement.

Southfield School is an active member and the Headteacher is a Director of the District Achievement Partnership providing a formal arrangement for sharing best practice and data for system improvement.

Objects and Aims

The trust's object is to advance education for the public benefit, offering a broad and balanced curriculum within its schools. In the case of Southfield School, in a school specially organised to make special educational provision for pupils with Special Educational Needs. The trust, through operating two schools in a co-located arrangement aims to provide inclusive education meeting the needs of all pupils from our communities, regardless of faith, ethnic origin, gender, ability or specific special need.

Objectives, Strategies and Activities

The key priorities are:

1. Securing high levels of progress for all pupils in all subjects as appropriate to their starting points and life context thus ensuring that levels of attainment and qualification are high, preparing pupils for further study, work and meaningful lives after school.
2. Ensuring that curriculum and pathways are improved for all students taking into account recent extensive changes to national qualifications and in support of raising aspiration for all pupils.
3. Ensuring that the standard of teaching in the trust reflects best practice, and is of high quality and consistency.
4. Improving the quality of assessment and feedback ensuring that formative assessment leads to high levels of progress and summative assessment secures good understanding of attainment and progress achieved.
5. Ensuring the well-being and safeguarding of all members of the trust community through best practice in pupils and staff welfare and child care and protection.
6. Developing the wider experiences of pupils to improve aspiration, knowledge of the wider world, independence, creativity and confidence.
7. Developing effective governance and leadership to secure the objectives above.

These objectives will be delivered through: rigorous improvement planning; target setting and monitoring of impact throughout the year; curriculum planning and pathway design; the development of best practice in assessment through research and training for staff; external consultancies and support; the monitoring of teaching and formative assessment on pupils progress more frequently with subsequent targeted interventions; the monitoring of teaching quality – linked to pay progression and training/support; the review and monitoring of care and safeguarding arrangements for pupils; human resource support for staff; the quality of leadership is developed through training, coaching and is monitored by the CEO and in turn both LGBs and the board.

Individual School Improvement Plans contain the detailed plans for each school and reflect objectives for a three year period.

Public Benefit

In setting the objectives of the trust for the year, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

The Southfield Grange Trust

Trustees' Report (continued)

Strategic Report

Grange Technology College

Over a five year timescale the school has demonstrated rising performance improving the key measure of GCSE 5A*-C (EM) from 39% (in 2010) to 46% in 2013. In 2014 this measure declined to 39% as a result of changes to the value of qualifications and a degree of volatility caused by changes to public examination marking methodology – it increased to 41% in 2015. The gap in performance for Pupil Premium pupils is lower than the national average. Progress for pupils is strong to GCSE in many subjects but the progress of pupils in Mathematics remains a concern. At AS/A2 level, progress is in line with national expectations but the number of pupils failing to achieve a pass grade in one of their AS subjects in year 12 remains a concern and reflects the school's willingness in the past to allow pupils to progress to AS study with minimal qualifications. Considerable work on attendance shows improving trends for many student groups but a core group of new to English students remains a concern with regard to persistent absence.

Southfield School

Since its opening in 2011, Southfield has shown consistently strong results in measures of pupil progress with virtually all students making expected, or above expected, levels of progress when compared with students with similar needs nationally. Progress in Mathematics has been the most significant area for improvement and gains have been realised in 2014 and 2015. Student progression has been a focus area, particularly in terms of maximising numbers progressing to employment. Attendance is improving but unauthorised absence remains a challenge.

Key Performance Indicators

Educational

Grange Technology College

	Actual			Targets	
	2013	2014	2015	2016	2017
5 A*-C inc English and Maths	46%	39%	41% 42%*	51%	
English 3+	77%	74%	63%	75%	77%
English 4+	33%	35%	30%	35%	37%
Maths 3+	59%	48%	45%	65%	69%
Maths 4+	22%	22%	15%	27%	27%
Science 3+	72%	47%	47%	55%	56%
Science 4+	39%	24%	22%	25%	25%
Post 16 Avg pts per entry					
Academic	181.1	180.72	161.92	210	225
Vocational	201.5	212.84	217.21	230	235
Attendance	92.5%	94.1%	93.5%	95%	95.5%
Persistent absence	10.8%	7.2%**	10%	4%	

* (best entry)

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Trustees' Report (continued)

Southfield School

	Actual			Targets	
	2013	2014	2015	2016	2017
English					
KS3 Expected	100%	95%	95%	100%	
KS4 Expected	88%	93%	96%	100%	
Maths					
KS3 Expected	92%	95%	92%	100%	
KS4 Expected	88%	93%	96%	100%	
Post 16 Destinations					
College	65%	42%	48%	44%	
Employment routes	15%	31%	18%	50%	
Valued Lifestyles	19%	27%	34%	6%	
Attendance					
Raw attendance	90.1%	91.0%	90.0%	92%	
Unauthorised abs	1.2%	2.6%	1.4%	1.5%	

At its last inspection (November 2011) Grange Technology College was graded as Good, with several outstanding features. Southfield School was last inspected in September 2014 and was graded as Good, with several outstanding features.

Financial

The trust met its KPIs for in-year budget variance, cash position and reserves.

Environmental

The performance of environmental impact is monitored by the trust's PFI contractor. Indications are of falling utilities use in 2013-2015 as a result of tighter controls on heating and lighting usage. Summary data is not available at this time.

Employee Matters

Independent audit in Feb/March 2014 indicated an audit rating higher than average reflecting the continued development and implementation of good HR systems, processes and controls within the campus.

Going Concern

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

Financial Review

The financial statements show a surplus for the year to 31st August 2015 of £539,169 (2014, £ 579,258) after recognising an actuarial gain on the defined benefit pension scheme of £95,000.(2014: actuarial loss of (£1,127,000)). The principal sources of funding for both academies were GAG income from EFA together with Local Authority funding primarily in relation to students with special needs.

The balance sheet shows net assets of £1,168,510 (2014: £629,341) after taking into account a pension liability of £2,342,000 (2014: £2,313,000).

The level of funds exceeds the reserves policy for Grange Technology College and Southfield School.

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Trustees' Report (continued)

Reserves Policy

The Southfield Grange Trust has three categories of reserve. These are:

- 1) Restricted General Funds comprising the funding detailed above and used to carry out the principal Objects.
- 2) Fixed Asset Reserve used to finance fixed assets.
- 3) Unrestricted Reserve used under the direction of the board of trustees.

The unrestricted reserves of £826,486 (2014: £779,792) are available for general purposes. It is likely that a proportion of these reserves will be used over the next few years to continue to refresh ICT across the campus (up to £90k); maintain and improve the buildings (£440k); and part fund, in conjunction with the Football Foundation, a replacement All Weather Pitch (£75k). the funds will be allocated in line with the strategic objectives of the Trust.

The restricted funds of £336,024 (2014: deficit £150,451) includes a pension provision of £2,342,000 (2014: £2,313,000) and fixed assets fund of £1,103,526 (2014: £997,823) .

It is the policy of The Trust to maintain an unrestricted reserve level, excluding the pension liability, of at least £1M split £750,000 Grange Technology College and £250,000 Southfield School.

Investment Policy

The trustees are responsible through the Accounting Officer for ensuring that all funds belonging to the trust are managed appropriately and this includes maximising income to be used in accordance with the objects of the trust.

As such, any excess balances held by the trust will be invested in low risk vehicles to generate income.

Principal Risks and Uncertainties

The risks, including all major risks, to which the trust is exposed have been addressed in the Trust's Risk Register. This register is reviewed on a regular basis by executive leaders and by the Audit Committee of the Trust at its meetings. The Risk Register was developed with internal auditors who have reviewed its effectiveness.

Risk	Management
The board of trustees does not provide adequate strategic direction.	Review of governance 2014/2015
The BoT fails effectively to monitor or to hold Local Governing Bodies to account	Review of governance 2014/2015. Training 2015/2016
The BoT fails effectively to monitor or to hold Executive Leadership to account	Improvement of scrutiny arrangements 2014/2015, Performance management 2014-2015
Failure to achieve standards above floor targets	See objectives and activities above
Evaluation (self/Ofsted) indicates progress levels require improvement	See objectives and activities above
Failure to attract sufficient students due to competition from other schools/qualification changes	Communication and branding strategy. Student recruitment/reorganisation and rationalisation
Recruitment and retention difficulties lead to provision inadequacies	Improvement of recruitment campaigns/practices, key in Mathematics 2014/2015
National Funding Formula/PFI contract costs reduces funding available for educational provision	Key risk with significant degree of uncertainty at present. Manage PFI cost where we can exert control. Adoption of ICT contract Prioritisation of pupil provision in budget planning.

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Trustees' Report (continued)

Plans for Future Periods

Forward planning for the trust is encompassed in the section Objects, objectives and activities above.

Auditor

Saffery Champness have been appointed to the office of auditor.

Insofar 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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 9 December 2015 and signed on the board's behalf by



Prof Donna Pankhurst
Chair of Trustees

The Southfield Grange Trust

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Southfield Grange 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Prof D Pankhurst (chair)	4	4
Mrs S Smith	3	4
Mr P Thompson	3	4
Mr Max McLean	3	3
Mrs L Clayton	2	4
Mr M Salim	2	4
Mr P Burluraux (CE and Accounting Officer)	4	4
Mr D Wall (Deputy CE and Head Southfield)	4	4
Mr N Bell (Head Grange)	4	4

Harry Atkinson resigned with effect from the 30 November 2014 and was replaced by Max McLean with effect from 10 December 2015.

The board began a detailed review of its effectiveness and impact in July 2014 – this was completed in December 2014. Findings indicated the need for a detailed workstream description; the need for changes to the size and composition of the local governing bodies – reducing size and seeking to ensure the right combination of parent and local governors with appropriate skills. A skills audit has been undertaken and appointments to the board have been made to address some skills gaps. This review has taken into account the research work of the NCTL and advice from the DfE. The Bradford Partnership review process in 2014-15 included governance and reported positively. A priority for 2014-15 was to improve scrutiny, through the local governing bodies of the detailed work of the schools – this was achieved with a significantly more rigorous approach developed during the year. Further review will take place during the Spring Term of 2016.

The **finance committee** is a sub-committee of the main board of trustees. Its purpose is to: Monitor and review procedures for financial organisation, budget planning and setting, spending control and financial probity. It monitors income and expenditure on a monthly basis, receiving reports from the Principal Finance Officer and the Accounting Officer. In turn it reports to the board at each board meeting.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Smith (Chair)	5	5
Prof D Pankhurst	5	5
Mr M Salim	4	5
Mr P Burluraux	5	5

The Southfield Grange Trust

Governance Statement (continued)

The **audit committee** is also a sub-committee of the main board of trustees. Its purpose is to:

Monitor and review procedures for regulatory compliance and standards for the trust. It has delegated responsibility for the approval of policy in this area or for recommendation for approval to the board for key policies. It monitors the Risk Register and compliance with policy by the schools taking into account regulatory frameworks and statutory orders or guidance.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Thompson (Chair)	3	4
Mr H Atkinson	1	2
Mrs L Clayton	4	4

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by rigorous financial review to examine costs against increasing staffing overheads including restructuring school management in order to deliver cost savings allowing a greater proportion of available resources to impact directly on education. Further improvements and savings have been achieved through taking the ICT managed service back into the trust's control (from the PFI contract). Additional resources were used in 2014-15 to improve provision in Mathematics through new appointments and consultancies from Subject Leaders in Education which are expected to have significant impact on results in 2016.

Improving educational results

Both schools have used carefully targeted funding to target improvement in specific areas. The Pupil Premium has been utilised to enhance the progress of disadvantaged students. During 2014-15 additional resource was used to improve 1:1 tuition in English and Mathematics and to further accelerate progress in Mathematics through external consultancy. Working with the Bradford Partnership and the District Achievement Partnership has enabled efficiencies in support to curriculum areas and in development in leadership and management. The trust has continued to develop, in conjunction with partners, its work preparation scheme – Project Search - and further developed the range of experiences on offer to its students whilst ensuring tight budget control. A new provision for students with Autistic Spectrum Disabilities has been embedded with new capital building provision which has improved provision for ASD within the trust and for the district. Increased staffing costs due to changes to National Insurance and Teacher Pensions employer's contributions have resulted in a managed reduction in staffing.

Financial Controls and oversight

The trust became responsible for the financial control and oversight of the Academies on 1 August 2013. The Trust's first Accounts were published in December 2014. External audit indicates that the Trust has strong systems, processes and policies that ensure strong oversight of financial governance. Finance and Audit Committees have met regularly and exercise close and comprehensive oversight over financial affairs including risk and financial controls. The Scheme of Delegation and General Finance Policy ensure that appropriate and effective controls are in place to ensure value for money against the objects of the Trust.

The Southfield Grange Trust

Governance Statement (continued)

Cost effective purchasing and contracting

The trust is committed to cost effective purchasing. The Academies occupy 4 year-old PFI buildings in the main (a relatively small area of buildings and some land is directly under the trust's control). This means that most significant costs in Facilities Management lie within the PFI contract. The Business and Admin works ensure that this contract delivers the best possible value for money. In 2015, the trust took ICT management services back from the PFI contract resulting in greater control, cost savings and a more efficient service to the schools. It also contracted out its catering service to increase management efficiency in this area resulting in improved quality and customer satisfaction without increased costs. Other contracts and purchases are subject to appropriate tendering procedures to ensure the best possible quality measured against cost in the medium and long term. The operation of a single business and administration function for the two academies ensures that economies of scale are used wherever possible to minimise cost.

Risk Management and Audit

Internal controls are now established to ensure the best use of income and assets. The risk register ensures that management and governors (Directors) take a robust view of risk management – scrutinised effectively by the Finance and Audit Committees. The Business Manager and Accounting Officer ensure that budget reports to budget holders and to governing bodies are used effectively to inform, prevent waste and ensure the effective use of resources.

Future development

The trust needs to continue to work to ensure that its largest external commitment – the contribution to the Unitary Charge payable in respect of Facilities Management and utilities – is providing effective value for money. Savings have been made in insurance provision during the year and we continue to monitor for duplication due to insurances provided in the PFI contract.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Southfield Grange Trust for the period 1 September 2014 to 31 August 2015 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees through its Audit Committee.

The Southfield Grange Trust

Governance Statement (continued)

The Risk and Control Framework

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

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

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

- to continue the appointment of Baker Tilly as internal auditor where appropriate;
- to use other forms of assurance as appropriate.

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

- a review of The Trust's Financial Regulations by Baker Tilly and whether these are in line with good practice.
- a review of the financial processes, controls and transactions by trustee P Thompson, specifically looking at expenses over the value of £5,000, to ensure best value for money.

On a periodic basis, reports are received by the board of trustees, through the **Audit Committee** on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

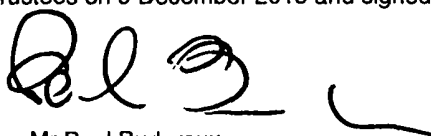
- the work of the internal auditor, Principal Finance Officer and Business Manager;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 9 December 2015 and signed on its behalf by:



Prof Donna Pankhurst
Chair of Trustees



Mr Paul Burlaux
Accounting Officer

The Southfield Grange Trust

Statement on regularity, propriety and compliance

As accounting officer of The Southfield Grange Trust I have considered my responsibility to notify the 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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.



Paul Burluraux
Accounting Officer

9 December 2015

The Southfield Grange Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 in the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 9 December 2015 and signed on its behalf by:



Prof Donna Pankhurst
Chair of Trustees

The Southfield Grange Trust Limited

Independent Auditor's Report on the Financial Statements to the members of The Southfield Grange Trust

We have audited the financial statements of The Southfield Grange Trust for the year ended 31 August 2015 on pages 18 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the company 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 mis-statement, 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;
- 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 charity's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2014 to 2015 issued by EFA
- have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA

The Southfield Grange Trust Limited

Independent Auditor's Report on the Financial Statements to the members of The Southfield Grange Trust (continued)

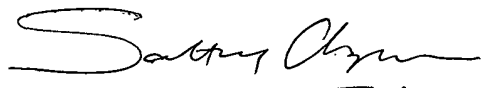
Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including The Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

- the charity has not kept adequate accounting records, 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 Davis
Senior Statutory Auditor
For and on behalf of

14/12/15

Saffery Champness
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

The Southfield Grange Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Southfield Grange Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 8 May 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Southfield Grange Trust during the period 1 September 2014 to 31 August 2015 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 Grange Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Southfield Grange Trust and 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 Grange Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Southfield Grange Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Southfield Grange Trust funding agreement with the Secretary of State for Education dated 31 July 2013 and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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 trust's income and expenditure.

The work undertaken to draw to our conclusions includes:

- Risk based sample testing on income and expenditure.
- Review of the systems and internal controls in place.
- Making appropriate enquiries of the accounting officer.

The Southfield Grange Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Southfield Grange Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jonathan Davis
Senior Statutory Auditor

14/12/15

For and on behalf of

Saffery Champness
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG15RX

The Southfield Grange Trust

Statement of Financial Activities for the year ended 31 August 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Year to 31 Aug 2015 £	13 month Period to 31 Aug 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	1	-	-	47,842	47,842	45,733
Voluntary income - Transfer from local authority on conversion	1	-	-	-	-	1,929,386
Activities for generating funds	2	77,641	-	-	77,641	88,036
Investment income	3	6,418	-	-	6,418	2,901
Incoming resources from charitable activities:						
Academy Trust's educational operations	4	447,395	17,667,826	-	18,115,221	19,104,259
Total incoming resources		531,454	17,667,826	47,842	18,247,122	21,170,315
RESOURCES EXPENDED						
Charitable activities:						
Academy Trust's educational operations	6	501,319	17,184,836	98,077	17,784,232	18,213,886
Governance costs	7	-	18,721	-	18,721	70,171
Other resources expended – transfer from local authority on conversion		-	-	-	-	1,180,000
TOTAL RESOURCES EXPENDED	5	501,319	17,203,557	98,077	17,802,953	19,464,057
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		30,135	464,269	(50,235)	444,169	1,706,258
Transfers between funds	15	22,559	(178,497)	155,938	-	-
NET INCOMING FOR PERIOD		52,694	285,772	105,703	444,169	1,706,258
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gain (losses) on defined benefit schemes		-	95,000	-	95,000	(1,127,000)
NET MOVEMENT IN FUNDS	15	52,694	380,772	105,703	539,169	579,258
TOTAL FUNDS BROUGHT FORWARD		779,792	(1,148,274)	997,823	629,341	50,083
TOTAL FUNDS CARRIED FORWARD		832,486	(767,502)	1,103,526	1,168,510	629,341

All of the Academy Trust's activities derive from acquisitions during the current financial period.

The Southfield Grange Trust

Balance Sheet as at 31 August 2015

Company Registration No. 07754077

	Notes	31 August 2015 £	31 August 2014 £
FIXED ASSETS			
Tangible assets	12	1,024,719	966,857
CURRENT ASSETS			
Debtors	13	413,575	138,997
Cash at bank and in hand		3,379,113	2,624,159
		<u>3,792,688</u>	<u>2,763,156</u>
CREDITORS: Amounts falling due within one year	14	<u>(1,306,897)</u>	<u>(787,672)</u>
NET CURRENT ASSETS		<u>2,485,791</u>	<u>1,975,484</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,510,510</u>	<u>2,942,341</u>
Pension scheme liability		<u>(2,342,000)</u>	<u>(2,313,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u><u>1,168,510</u></u>	<u><u>629,341</u></u>
FUNDS OF THE ACADEMY TRUST:			
RESTRICTED FUNDS			
Fixed asset fund	15	1,103,526	997,823
General fund	15	1,574,498	1,164,726
		<u>2,678,024</u>	<u>2,162,549</u>
Restricted funds excluding pension reserve		<u>(2,342,000)</u>	<u>(2,313,000)</u>
TOTAL RESTRICTED FUNDS		<u><u>336,024</u></u>	<u><u>(150,451)</u></u>
TOTAL UNRESTRICTED INCOME FUNDS	15	<u>832,486</u>	<u>779,792</u>
TOTAL FUNDS		<u><u>1,168,510</u></u>	<u><u>629,341</u></u>

The financial statements on pages 18 to 40 were approved by the trustees and authorised for issue on 9 December 2015, and are signed on their behalf by:



Prof D Pankhurst
Director

The Southfield Grange Trust

Cashflow statement For the year ended 31 August 2015

	Notes	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	856,632	1,406,442
Capital expenditure	19	(108,096)	(339,034)
Returns on investments and servicing of finance	20	6,418	2,901
Cash transferred on conversion to an academy trust	21	-	1,503,767
INCREASE IN CASH IN THE PERIOD	22	<u>754,954</u>	<u>2,574,076</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
OPENING NET FUNDS		2,624,159	50,038
Increase in cash in the year		<u>754,954</u>	<u>2,574,076</u>
CLOSING NET FUNDS		<u>3,379,113</u>	<u>2,624,159</u>

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

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2014 to 2015 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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.

Incoming resources

All incoming resources are recognised when the trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, incoming resources from charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

Other income

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

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the trust's educational operations.

Governance costs include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose on a continuing basis.

Tangible fixed assets

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose and continued use they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related by charging depreciation of the relevant asset directly against the restricted fixed asset fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Leasehold buildings	17 years straight line
Long leasehold land	Over the life of the lease
Fixtures, fittings and equipment	20% pa
ICT equipment	25% pa
Motor Vehicles	20% pa

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.

Taxation

The trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

Pensions benefits

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from EFA. Related payments received from EFA and subsequent disbursements to students are excluded from the Statement Of Financial Activities to the extent that the trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement Of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to EFA.

PFI assets

The trust occupies buildings which have been procured by Bradford Local Authority as a PFI project. The trust pays revenue contributions in respect of Facilities Management. The trust does not have any rights or obligations of ownership in respect of these assets, and therefore are not included on the Academy's balance sheet. The revenue payment for service (net of affordability gap contribution) is recognised in the SOFA.

When the trust procures and pays for additional furniture or equipment, or changes to the building, the costs are capitalised and depreciated in accordance with the Tangible Fixed Asset policy.

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

1 VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
DfE/EFA capital grant for building	-	-	47,842	47,842	45,733
Transfer from local authority on conversion	-	-	-	-	1,929,386
	<u>-</u>	<u>-</u>	<u>47,842</u>	<u>47,842</u>	<u>1,975,119</u>

2 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
Income from lettings	77,641	-	-	77,641	88,036
	<u>77,641</u>	<u>-</u>	<u>-</u>	<u>77,641</u>	<u>88,036</u>

3 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
Bank interest received	6,418	-	-	6,418	2,901
	<u>6,418</u>	<u>-</u>	<u>-</u>	<u>6,418</u>	<u>2,901</u>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

4 FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Year to 31 Aug 2015	13 month period ended 31 Aug 2014
	£	£	£	£	£
DfE/EFA REVENUE					
GRANTS:					
General Annual Grant	-	14,057,422	-	14,057,422	14,169,626
Start up grants	-	-	-	-	30,000
Other DfE/EFA grants	-	1,133,506	-	1,133,506	1,858,787
	-	15,190,928	-	15,190,928	16,058,413
OTHER GOVERNMENT					
GRANTS					
Local authority grants	-	2,474,404	-	2,474,404	2,611,525
Special educational projects	-	2,494	-	2,494	17,066
	-	2,476,898	-	2,476,898	2,628,591
OTHER OPERATIONAL					
INCOME					
Trip income	12,499	-	-	12,499	16,098
Catering income	312,547	-	-	312,547	246,945
Exam income	2,323	-	-	2,323	3,495
Other income	120,026	-	-	120,026	150,717
	447,395	17,667,826		18,115,221	19,104,259

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

5 RESOURCES EXPENDED

	Staff Costs £	Premises Costs £	Other Costs £	Year to 31 Aug 2015 £	13 month period to 31 Aug 2014 £
Academy's educational operations:					
Direct costs	11,169,997	2,054,586	1,279,685	14,504,268	15,077,755
Allocated support costs	1,639,972	569,877	1,070,115	3,279,964	3,136,131
Transfer from local authority	-	-	-	-	1,180,000
	<u>12,809,969</u>	<u>2,624,463</u>	<u>2,349,800</u>	<u>17,784,232</u>	<u>19,393,886</u>
Governance costs including allocated support costs	-	-	18,721	18,721	70,171
	<u>12,809,969</u>	<u>2,624,463</u>	<u>2,368,521</u>	<u>17,802,953</u>	<u>19,464,057</u>
				Year to 31 Aug 2014 £	13 month period ended 31 Aug 2014 £
Net incoming/outgoing resources for the period are stated after charging:					
PFI Payments				2,054,586	2,166,600
Fees payable to the auditor and prior year auditor for:					
Audit				11,278	13,900
Other services				<u>3,458</u>	<u>8,600</u>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

6 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
DIRECT COSTS		
Teaching and educational support staff costs	11,169,997	11,802,430
Depreciation	98,077	80,529
Technology costs	86,209	61,197
Educational supplies	464,789	386,603
Examination fees	169,179	147,190
Staff development	122,673	128,676
Rent and rates – PFI charges	2,054,586	2,166,600
Other direct costs	338,758	304,530
	<u>14,504,268</u>	<u>15,077,755</u>
ALLOCATED SUPPORT COSTS		
Support staff costs	1,639,972	1,681,692
Technology costs	215,094	347,837
Recruitment and support	91,763	70,921
Maintenance of premises and equipment	119,772	128,072
Rent and rates	84,640	72,865
Energy costs	312,642	145,095
Insurance	52,823	55,242
Security and transport	23,910	18,648
Catering	441,241	315,525
Other support costs	298,107	300,234
	<u>3,279,964</u>	<u>3,136,131</u>
	<u>17,784,232</u>	<u>18,213,886</u>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

7 GOVERNANCE COSTS

	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
Legal & professional fees	3,985	47,671
Auditor's remuneration:		
Audit of financial statements	11,278	13,900
Other	3,458	8,600
	<u>18,721</u>	<u>70,171</u>

8 STAFF COSTS

	Year to 31 Aug 2015 £	13 month period ended 31 Aug 2014 £
Staff costs during the period were:		
Wages and salaries	10,171,638	10,886,575
Social security costs	657,515	768,504
Pension costs	1,314,029	1,273,404
	<u>12,143,182</u>	<u>12,928,483</u>
Supply staff costs	636,930	555,639
Staff restructuring costs	29,857	-
	<u>12,809,969</u>	<u>13,484,122</u>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

8 STAFF COSTS *(continued)*

The average number of persons, expressed as full time equivalents, employed by the Academy Trust during the period was as follows:

	Year to 31 Aug 2015 No	13 month period ended 31 Aug 2014 No
Teachers	161	175
Educational support	141	136
Other	41	45
	<u>343</u>	<u>356</u>

The number of employees whose annual emoluments fell within the following bands was:

	2015 No	2014 No
£60,001 - £70,000	2	2
£70,001 - £80,000	3	3
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
	<u>7</u>	<u>7</u>

Six of the above employees participate in the Teachers' Pension Scheme. During the year ended 31 August 2015 pension contributions for these staff amounted to £70,535 (2014: £68,971).

9 CENTRAL SERVICES

The Academy Trust has provided the following services to its academies during the year:

- Human resources
- Financial services
- Legal services
- Some elements of educational support services

The Trust does not charge the individual academies for these services but the costs of administration are shared by the two schools in agreed proportion.

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

10 TRUSTEES' REMUNERATION AND EXPENSES

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

The value of staff trustee's remuneration was as follows:

P Burluraux (CEO and Accounting Officer)

Remuneration £60,000 - £65,000 (2014 - £65,000 - £70,000)

Employer's pension contributions - £nil (2014 - £nil)

D Wall

Remuneration £100,000 - £105,000 (2014 - £110,000 - £115,000)

Employer's pension contributions - £10,000 - £15,000 (2014 - £15,000 - £20,000)

N Bell

Remuneration £90,000 - £95,000 (2014 - £95,000 - £100,000)

Employer's pension contributions - £10,000 - £15,000 (2014 - £10,000 - £15,000)

During the year ended 31 August 2015, travel and subsistence expenses totalling £242 (2014 - £nil) were reimbursed to the trustees.

Related party transactions involving the trustees are set out in note 26.

11 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £52,823 (2014: £55,242).

The cost of this insurance is included within the total insurance cost.

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

12 TANGIBLE ASSETS

	Long Leasehold Land & Buildings £	ICT Equipment £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost:					
1 August 2014	880,000	28,312	101,131	37,943	1,047,386
Additions	95,034	54,110	6,795	-	155,939
31 August 2015	<u>975,034</u>	<u>82,422</u>	<u>107,926</u>	<u>37,943</u>	<u>1,203,325</u>
Depreciation:					
1 August 2014	43,633	8,810	21,912	6,174	80,529
Charged in the year	48,293	20,611	21,585	7,588	98,077
31 August 2015	<u>91,926</u>	<u>29,421</u>	<u>43,497</u>	<u>13,762</u>	<u>178,606</u>
Net book value:					
31 August 2015	<u>883,108</u>	<u>53,001</u>	<u>64,429</u>	<u>24,181</u>	<u>1,024,719</u>
Net book value:					
31 August 2014	<u>836,367</u>	<u>19,502</u>	<u>79,219</u>	<u>31,769</u>	<u>966,857</u>

The trust's transactions relating to land and buildings include the taking up of a leasehold on the PVC building over a term of 125 years.

13 DEBTORS

	31 August 2015 £	31 August 2014 £
Trade debtors	18,330	11,595
Other debtors	77,457	117,107
Prepayments and accrued income	317,788	10,295
	<u>413,575</u>	<u>138,997</u>

14 CREDITORS: Amounts falling due within one year

	31 August 2015 £	31 August 2014 £
Trade creditors	348,966	158,920
Other taxation and social security	213,672	213,727
Amounts owed to funding body	29,086	13,812
Accruals and deferred income	715,173	401,213
	<u>1,306,897</u>	<u>787,672</u>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

14 CREDITORS: Amounts falling due within one year (continued)

Deferred income	2015 £
Deferred income at 1 September 2015	-
Resources deferred in the year	47,739
Amounts released from previous years	-
	<u>47,739</u>
Deferred income at 31 August 2015	<u>47,739</u>

15 FUNDS

	At 1 September 2014 £	Incoming resources £	Resources expended £	Gains, Losses and transfers £	At 31 August 2015 £
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	1,164,726	14,057,422	(13,469,153)	(178,497)	1,574,498
Other DfE/EFA grants	-	1,133,506	(1,133,506)	-	-
Local authority grants	-	2,474,404	(2,474,404)	-	-
Special educational projects	-	2,494	(2,494)	-	-
Pension reserve	(2,313,000)	-	(124,000)	95,000	(2,342,000)
	<u>(1,148,274)</u>	<u>17,667,826</u>	<u>(17,203,557)</u>	<u>(83,497)</u>	<u>(767,502)</u>
RESTRICTED FIXED ASSET FUNDS					
Voluntary income	36,516	47,842	(4,374)	-	79,984
Assets transferred on conversion	613,072	-	(51,112)	-	561,960
Pre-conversion funding	348,235	-	(21,765)	-	326,470
Capital expenditure from GAG	-	-	(20,826)	155,938	135,112
	<u>997,823</u>	<u>47,842</u>	<u>(98,077)</u>	<u>155,938</u>	<u>1,103,526</u>
TOTAL RESTRICTED FUNDS	<u>(150,451)</u>	<u>17,715,668</u>	<u>(17,301,634)</u>	<u>72,441</u>	<u>336,024</u>
TOTAL UNRESTRICTED FUNDS	<u>779,792</u>	<u>531,454</u>	<u>(501,319)</u>	<u>22,559</u>	<u>832,486</u>
TOTAL FUNDS	<u>629,341</u>	<u>18,247,122</u>	<u>(17,802,953)</u>	<u>95,000</u>	<u>1,168,510</u>

15 FUNDS (continued)

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

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

The General Annual Grant and other restricted funds were paid specifically to cover the running costs of the Trust for the year to 31 August 2015, together with grants from different funding bodies.

The restricted fixed asset fund represents fixed assets funded by grants and assets transferred on conversion to an Academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

A net fund transfer of £23k has been made in the year (from restricted to unrestricted funds) to reflect the allocation of prior year free school meal costs and prior year sports centre salaries. against restricted income) and sports centre salaries (£87k costs which should have been allocated against unrestricted income).

The funds attributable to each academy within the Academy Trust as at 31 August 2015 are as follows:

	Total £
Year ended 31 August 2015:	
Grange Technology College	1,692,873
Southfield School	714,111
	<hr/>
Total before fixed assets and pension reserve	2,406,984
	<hr/>
Restricted fixed asset fund	1,103,526
Pension reserve	(2,342,000)
	<hr/>
Total	1,168,510
	<hr/> <hr/>

Analysis of academies by cost

During the period the academies within the Academy Trust spent the following on teaching and support staff, other support staff, educational supplies and other costs:

	Teaching & Support Staff £	Other Support Staff £	Educational Supplies £	Other Costs (excluding depreciation) £	Total £
Grange Technology College	8,786,495	1,246,201	598,618	3,183,853	13,815,167
Southfield School	3,142,012	309,414	176,856	689,908	4,318,190
Central services	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	11,928,507	1,555,615	775,474	3,873,761	18,133,357
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2015 £	Total Funds 2014 £
Tangible fixed assets		-	1,024,719	1,024,719	966,857
Current assets	779,792	3,012,896	-	3,792,688	2,763,156
Current liabilities	-	(1,306,897)	-	(1,306,897)	(787,672)
Pension scheme liability	-	(2,342,000)	-	(2,342,000)	(2,313,000)
	<u>779,792</u>	<u>(636,001)</u>	<u>1,024,719</u>	<u>1,168,510</u>	<u>629,341</u>

17 FINANCIAL COMMITMENTS

OPERATING LEASES

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Other:		
Expiring within one year	662	-
Expiring in over five years	1,142,573	1,371,384

There is also a non-cancellable lease relating to the rental of the land and buildings from the City of Bradford Metropolitan District Council. This is for a peppercorn rate and is due to expire on 1 August 2138.

18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net income	444,169	1,706,258
Cash impact of transfer on conversion	-	(1,503,767)
Assets transferred on conversion	-	(662,619)
Pension transferred on conversion	-	1,180,000
Capital grants from DFE/EFA	(47,982)	(45,733)
Interest receivable	(6,418)	(2,901)
Depreciation	98,077	80,529
FRS 17 pension cost less contributions payable (note 25)	225,000	89,000
FRS 17 pension finance costs (note 25)	(100,860)	(83,000)
Increase in debtors	(274,578)	(138,997)
Increase in creditors	519,224	787,672
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>856,632</u>	<u>1,406,442</u>

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

19	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		2015 £	2014 £
	Purchase of tangible fixed assets		(155,938)	(384,767)
	Capital grants from DFE/EFA		47,842	45,733
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		<u>(108,096)</u>	<u>(339,034)</u>
20	RETURNS ON INVESTMENT AND SERVICING OF FINANCE		2015 £	2014 £
	Interest receivable		6,418	2,901
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>6,418</u>	<u>2,901</u>
21	CASH TRANSFERRED ON CONVERSION TO AN ACADEMY TRUST		2015 £	2014 £
	Surplus paid over by local council		-	1,503,767
			<u>-</u>	<u>1,503,767</u>
22	ANALYSIS OF CHANGES IN NET FUNDS			
		At 1 September 2014 £	Cashflows £	At 31 August 2015 £
	Cash at bank and in hand	2,624,159	754,954	3,379,113
		<u>2,624,159</u>	<u>754,954</u>	<u>3,379,113</u>
24	MEMBERS' LIABILITY			

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

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

25 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £nil (2014: £17,313) were payable to the scheme and included in creditors at the year end.

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' Pensions 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%

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

25 PENSION AND SIMILAR OBLIGATIONS (continued)

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

The pension costs paid to TPS in the period amount to £777,773 (2014: £309,230)

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £608,000 (2014: £639,000), of which employer's contributions totalled £422,000 (2014: £453,000) and employees' contributions totalled £186,000 (2014: £186,000). The agreed rates for future periods are 12.8% for employers and 5.5% - 6.8% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to 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 of 18 July 2013.

Principal actuarial assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment	2.1%	2.1%
Discount rate for scheme liabilities	3.8%	3.7%
Inflation (CPI)	2.1%	2.1%
Commutation of pensions to lump sums	75%	50%

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

	At 31 August 2015	At 31 August 2014
Retiring today:		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 periods:		
Males	24.8	24.7
Females	27.8	27.7

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

25 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
	%	£000	%	£000
Equities		5,609	7.5%	5,109
Government bonds		768	2.9%	701
Property		333	6.8%	224
Corporate bonds		340	3.3%	354
Cash		111	1.1%	265
Other		229	7.5%	150
Total market value of assets		7,390		6,803
Present value of scheme liabilities				
- Funded		(9,732)		(9,116)
Surplus / (deficit) in the scheme		(2,342)		(2,313)

A building block approach is used to determine the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the accounting date.

The actual return on scheme assets was £9,200 (2014: £45,500).

The amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost (net of employee contributions)	647	542
Past service cost	-	-
Total operating charge	647	542

Analysis of pension finance income / (costs)

	2015 £000	2014 £000
Expected return on pension scheme assets	452	438
Interest on pension liabilities	(351)	(355)
Pension finance income / (costs)	101	83

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the statement since the adoption of FRS17 is a £235,000 gain (2014: £250,000 gain).

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

	2015 £000	2014 £000
Opening defined benefit liabilities at beginning of year	9,116	-
On conversion	-	6,962
Current service cost	647	542
Interest cost	351	355
Employee contributions	186	186
Actuarial (gain) / loss	(455)	1,144
Benefits paid	(113)	(73)
At end of year	9,732	9,116

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

	2015 £000	2014 £000
Opening fair value of plans' assets at beginning of year	6,803	-
On conversion	-	5,782
Expected return on assets	452	438
Actuarial gains / (losses)	(360)	17
Employer contributions	422	453
Employee contributions	186	186
Benefits paid	(113)	(73)
At end of year	7,390	6,803

The estimated value of employer contributions for the period ending 31 August 2016 is £405,000.

The available five-year history of experience adjustments is as follows:

	2015 £000	2014 £000	2013 £000
Defined benefit obligation at end of year	(9,732)	(9,116)	(6,962)
Fair value of assets at end of year	7,390	6,803	5,782
Deficit	(2,342)	(2,313)	(1,180)
Experience adjustments on share of scheme assets	(360)	17	-
Experience adjustments on share of liabilities	-	-	-

The Southfield Grange Trust

Notes to the financial statements for the year to 31 August 2015 (continued)

26 RELATED PARTIES

Owing to the nature of the trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year the trust paid £12,880 to Bradford District Achievement Partnership an organisation in which one of the trustees is a director.

27 AGENCY ARRANGEMENT

The trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of EFA. In the year it received £111,102 and disbursed £96,153 with therefore an amount of £13,812 repayable to EFA at the 31 August 2015 is included in other creditors. The trust retained a beneficial interest in individual transactions such that £5,075 has been recognised in income and expenditure in the SOFA.