



THE SOUTHFIELD GRANGE TRUST

one trust one community

Annual Report and Financial Statements

For the year ended 31 August 2017

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 Ms C Richardson Ms L Cameron Mrs N Hussain
Trustees	Mr M Salim Mr P Thompson* - Chair of the Board of Trustees and Finance & Audit Committee Mr D Wall - CEO, Accounting Officer and Head of Southfield Ms A Khan (appointed 1 September 2016) Ms R Mahmood (resigned 13 June 2017) Mr N Redman* (appointed 10 October 2016) Mr P Morrissey (appointed 1 September 2016, resigned 15 November 2016) Ms S Birkbeck (appointed 31 March 2017) * = member of Finance and Audit Committee
Company Secretary	Schofield Sweeney LLP
Chief Executive Officer Head Southfield Executive Head Grange Head Grange Executive Head Head of School Southfield Deputy Head Southfield Deputy Head Grange	Mr D Wall Mr D Wall Mr P Morrissey (secondment from Guiseley School) Miss A Mander (secondment from Guiseley School) Ms J Hill Ms V Potter Mr A Jeffrey
Campus Business Manager and Principal Finance Officer	Mrs R Bowditch
Principal and Registered Office	Haycliffe Lane, Bradford, BD5 9ET
Company Number	7754077
Independent auditor	Saffery Champness LLP 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 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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) (effective 1 January 2015).

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 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

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, or a commitment to develop an understanding of the communities that the Trust serves.

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.

Trustees' Report (continued)

The Southfield Grange Trust

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graph TD; Members[Members] --> Trustees[Board of Trustees]; Trustees --> CEO([CEO]); Trustees --> AFSC[Audit and Finance Sub-committee]; Trustees --> CPS[CEO Performance Sub-committee]; CEO --> BM([Business Manager]); CEO --> HT([Headteacher]); CEO --> HS([Head of School]); HT <--> AIB[Grange AIB]; HS <--> SGB[Southfield LGB]; AIB --> ISG1[Improvement Scrutiny Groups]; SGB --> ISG2[Improvement Scrutiny Groups]; AFSC --> BM; AFSC --> HT; CPS --> CEO; CPS --> HS; BM --> Trustees; BM --> CEO; HT --> CEO; HS --> CEO;
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Accountability →

Consultation ←

The organizational chart for The Southfield Grange Trust shows a hierarchical structure. At the top is the **Members** box, which has a downward arrow to the **Board of Trustees** box. The **Board of Trustees** box has three downward arrows: one to the **CEO** oval, one to the **Audit and Finance Sub-committee** box, and one to the **CEO Performance Sub-committee** box. The **CEO** oval has three downward arrows: one to the **Business Manager** oval, one to the **Headteacher** oval, and one to the **Head of School** oval. The **Headteacher** oval and **Head of School** oval are connected by a double-headed vertical arrow. Below the **Headteacher** oval is the **Grange AIB** box, and below the **Head of School** oval is the **Southfield LGB** box. Both the **Grange AIB** box and the **Southfield LGB** box have downward arrows to **Improvement Scrutiny Groups** boxes. The **Audit and Finance Sub-committee** box has two downward arrows: one to the **Business Manager** oval and one to the **Headteacher** oval. The **CEO Performance Sub-committee** box has two downward arrows: one to the **CEO** oval and one to the **Head of School** oval. The **Business Manager** oval has two upward arrows: one to the **Board of Trustees** box and one to the **CEO** oval. The **Headteacher** oval has one upward arrow to the **CEO** oval. The **Head of School** oval has one upward arrow to the **CEO** oval.

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 trustees and spending control exercised through the scheme of delegation. The CEO is the Accounting Officer for the Trust.

The pay and remuneration of key management personnel is set in line with the School Teachers Pay and Conditions Document (STPCD) 2017. This approach is set out in the Trust's Pay Policy, which is updated and agreed annually by trustees. For non teaching staff, pay is benchmarked against other comparable senior leadership posts in the Trust.

The CEO was a community governor of Oldham Sixth Form College during the accounting period and declared an interest with regard to the school-to-school support contract, which operated between Grange and OSFC during the academic year 2016/17. These services were provided at cost.

The Southfield Grange Trust

Trustees' Report (continued)

The Executive Headteacher 2016/17 for Grange declared an interest and resigned from the role of trustee when the school-to-school support contract between Guiseley School and Grange for the academic year 2016/17 was enlarged to include direct administration of the school. These services were provided at cost during the period that the Executive Headteacher was a trustee.

Southfield School is an active member of the District Achievement Partnership, which provides a formal arrangement for sharing best practice and data for system improvement across eight special schools in Bradford, under an annual contract with Southfield School. The CEO declared an interest as he is also an unpaid director of the company that provides this at-cost service.

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. Ensure effective leadership of teaching and learning in Grange Technology College, so that improvements in outcomes are raised further, and sustained year-on-year.
2. Drive post-Ofsted recovery by Grange Technology College through improved leadership, strategic external support partnerships and accountability to those in governance.
3. Provide for the sustainable growth of Southfield School in line with LA projections of demographic growth and increasing demand for places in the special school, without compromising the 'consistently good' education that the school provides for children with complex education, health and care needs.
4. Create community engagement and development of an aspirational culture of learning throughout the diverse populations served by the school.
5. Continue to contribute to system leadership in Bradford and West Yorkshire, through the development of Shanidar Teaching School Alliance, so that excellent inclusive education is promoted and additional high quality SEND provision established.
6. Bring the strategic dialogue between The Southfield Grange Trust, the Regional Schools' Commissioner and Bradford Local Authority, over the destination for The Southfield Grange Trust as a multi academy trust, to a satisfactory conclusion; so that the interests of the current and future students and the wider community in Bradford are best-served.

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 developed through training and coaching, all of which is monitored by the CEO and in turn by the Trust Board. Individual School Improvement Plans contain the detailed plans for each school and reflect objectives for a two year period. These are set by the Headteachers in consultation with the Local Governing Body and Academy Improvement Board, which establish Scrutiny Groups to review performance against improvement targets during the lifecycle of the plans.

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 Trust provides educational services including mainstream education and specialist SEND services to secondary age children in the local area. The Trust aims to advance, for the public benefit, education in Bradford, including the promotion of excellent inclusive education through a teaching school alliance. The schools in the MAT provide opportunities for the children, their parents and the local community through a range of community sporting and extra-curricular activities and facilities.

The Southfield Grange Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance- Educational Performance

Southfield School

The whole school analysis for outturn 2017 shows that the school's review of the curriculum offered, and associated teaching & learning models, continues to ensure that no group of learners is less supported than others to make progress.

The school uses its own system – SLIMS (Southfield Learning Intention Measuring System) – to set overall targets for the year and to measure small steps of progress towards those goals. These are shared with students and their parents and reviewed annually, so that each child's individual strengths and preferences are taken into account when considering the progress made and the appropriate targets to set for each cycle.

Grange Technology College

KS4 Achievement Summary

Headline Figures

	2015-16	2016-17	
		9-4	9-5
English (Lang or Lit)	54	67 (dis-adv 60)	47 (dis-adv 41)
Mathematics	36	40 (dis-adv 32)	21 (dis-adv 12)
English and Mathematics (Basics)	32	38 (dis-adv 32)	19 (dis-adv 32)

Note: KS2 average = 4.29 dis-adv, other=4.59 (dis-adv= 42% of cohort)

	2015	2016	2017
Pupil Attainment 8 Score	37.8	37.9	35.4
Pupil Progress 8 Score	-0.66	-0.63 (dis-adv -1.0)	-0.31 (dis-adv -0.34)

Note: points scores not directly comparable between 2016 and 2017

Note 2: ECDL impacts P8 by 0.2 in 2016 negligible impact from this course in 2017

Progress data

% achieving	2016				2017-2018 DFE			
	En	Ma	Ebacc	Open	En	Ma	Ebacc	Open
School	-0.40	-0.81	-0.51	-0.78	0.12	-0.56	-0.40	-0.33
Dis-adv	-0.77	-1.11	-0.84	-1.22	0.06	-0.68	-0.44	-0.25
Other	0.03	-0.46	-0.13	-0.27	0.16	-0.45	-0.37	-0.38
SEND	-1.31	-1.88	-1.16	-1.87	-0.84	-1.29	-1.23	-1.34

P8 by ability group

	All	Dis-adv
High	-0.26	-0.69
Middle	-0.49	-0.44
Low	-0.21	-0.13

Note: High dis-adv group is small (16) overall score significantly skewed by 1 significant outlier if removed P8=-0.20

The Southfield Grange Trust

Trustees' Report (continued)

KS5 Achievement Summary

Headline Performance Measures

	Students		A Level APS per entry		Academic APS per entry	
	2016	2017	2016	2017	2016	2017
All	117	98	23.3	26.3	23.3	26.3
PP	50	23	23.2	25.1	23.2	25.1
SEND	14	0	9.2	-	9.2	-

Academic Progress Measures (VA Estimate)

	2015	2016	2017
Cohort VA score	-0.31	-0.25	-0.11
Upper Conf	-	-0.44	0.04
Lower Conf	-	-0.07	-0.25

Applied General Progress Measures (VA Estimate)

	2015	2016	2017
Cohort VA score	-0.13	0.22	0.70
Upper Conf	+	0.09	0.99
Lower Conf	-	0.36	0.41

Both Year 11 and Year 13 overall results have shown progress that lift Grange within the Bradford context, as an improving school. The results from public examinations in 2017 show an improvement from 2016 and demonstrates that progress has been made during the first 12 months in post by the new headteacher and her senior leadership team. This also reflects positively on the substantial staffing changes made through the re-structure in 2016/17 by the Trust and reinforces the need for trustees to resource and support the continuing steps of school improvement set out in the post-Ofsted SIP for Grange.

Financial Performance/Key Performance Indicators

The Trust met its KPIs for in-year budget variance and was able to complete a number of schemes for which Intended Use of Balances provision had been made in previous financial periods. The Trust's policy of protecting a strategic reserve of £1 million, as set out in the Reserves Policy per page 7, has been maintained.

Environmental Impact

The Trust's PFI contract provides for the performance against environmental impact indicators to be monitored and evaluated by the FM contractor and the Local Education Partnership, on behalf of the BSF Phase 2 schools. This process of monitoring and reporting continues to be subject to a protracted dispute between the parties to the contract, and from which the staff of the Trust are excluded, due to a deed of variation when the contract was novated from the LA to the MAT. It is deeply unsatisfactory that five years into a twenty-five year contract this matter is still unresolved, and outside the control of the Trust.

Employee Matters

During the year the Trust conducted a substantial staff re-structure affecting staff of the Campus Business team and Grange Technology College. During three phases of consultation and change, staff reductions were made in order to reduce the overall commitment of staffing costs and to achieve efficiencies in organisation. Through effective partnership work with trade unions, under the Trust's TU Recognition Agreement, the management were able to resolve the need for reduction in posts with a minimum of compulsory redundancies.

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.

The Southfield Grange Trust

Trustees' Report (continued)

Financial Review

The financial statements show a surplus for the year to 31st August 2017 of £2,136,186 (2016 deficit of £4,488,424) after recognising an actuarial gain on the defined benefit pension scheme of £3,638,000 (2016: actuarial loss of £4,572,000).

An additional element contributing to this deficit is the additional cost of a staffing restructure of the Campus Business Team and Grange Technology College, carried out in response to the 2016 Ofsted inspection, to provide additional school improvement services and also the need to achieve efficiencies in response to the challenging financial outlook.

The principal sources of funding for both academies were GAG income from ESFA together with Local Authority funding primarily in relation to students with special needs.

The balance sheet shows net liabilities of £1,183,728 (2016: liabilities of £3,319,914) after taking into account a pension liability of £4,307,000 (2016: £7,221,000).

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 £621,021 (2016: £775,668) are available for general purposes. Allocated expenditure includes improving the main site security by the addition of electronic gates (£25K); improving the facilities for Grange's onsite alternative provision (£6K); a sensory classroom for Southfield (£32K); the improvement of the new teaching provision that was Southfield's caretaker's cottage (£3K); and the replacement of the heating system at Southfield's PVC (£65K). The remaining funds will be allocated in line with the strategic objectives of the trust.

The deficit in restricted funds of (£1,804,749), (2016: £4,095,582) includes a pension deficit of £4,307,000 (2016: £7,221,000) and fixed assets fund of £2,080,772 (2016:£1,528,782).

The Trust recognised that the reducing level of unrestricted reserves in year meant that the Reserves Policy requirement, that £1M level of unrestricted reserves are maintained , would not be met. It therefore revisited the Reserves Policy and agreed that the £1M should also include restricted General Funds, totalling £421,479 (2016: £1,596,636). Trustees recognised that it is appropriate to include such funds since they are received by the Trust for the purpose of running of the Academies.

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 Finance and Audit Committee of the Trust at its meetings.

The Southfield Grange Trust

Trustees' Report (continued)

Identified Risk	Management plan
Risk that an Academy receives an unfavourable OFSTED report or fails to improve	Regular academy improvement visits by experienced improvement officers and development of the AIB
Risk that an academy budget will be in deficit 'in year'	SLT review budgets regularly and are involved in setting the annual budget. Strategies in place to ensure in year position is acceptable.
Risk of vandalism and/or terrorism.	Security being reviewed and invacuation/evaluation to be rolled out from September 2017. New gates and access to Campus to be in place in February 2018. New server has been installed.
Risk of poor retention and success rates.	Regularly review and feedback to BoT.
That each Academy is not financially viable following any re-brokerage by the DfE	Forecasts prepared with close monitoring. Growth strategy. Marketing strategy.
The costs of re-brokerage are significantly greater due to PFI complications.	Reserves sufficient to meet the costs. Record and monitor costs of divestment. External consultants exploring grant income.
That staff become concerned about job security and recruitment and retention is affected.	Communication to staff of a compelling and reassuring narrative about plans for future change and development.
That the existing Campus Business team cannot meet the needs of the future Trusts.	Analysis of needs of each Trust to be carried out and costed. Recharges of staff where necessary.

Plans for Future Periods

The potential for 're-brokerage' of Grange Technology College to a new multi academy Trust that would have capacity for supporting mainstream secondary school improvement in the long term, was raised with the Trust by the Regional Schools Commissioner in February 2017.

The Trust's CEO and Chair of Trustees met the Regional Schools Commissioner to discuss the potential for the growth and development of the Southfield Grange Trust as a specialist SEND MAT, including admission of Delius Special School and the potential to open a new SEND Free School in 2019 and admit converter special schools and PRUs. This will be further reviewed by the Trust and RSC in early 2018 in the light of the latest thinking and guidance to smaller MATs from the National Schools Commissioner.

Auditor

Saffery Champness have expressed their willingness to remain in office as auditors to The Southfield Grange Trust.

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 12th December 2017 and signed on the Board's behalf by



Peter Thompson
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 9 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
Mr P Thompson (chair)	9	9
Mrs L Clayton (resigned 01.09.16)	0	0
Mr M Salim	6	9
Mr D Wall (Head of Southfield and CEO)	9	9
Mr N Redman (appointed 10.10.16)	8	9
Mr A Khan (appointed 01.09.16)	5	9
Mrs R Mahmood (appointed 01.09.16 ; resigned 13.06.17)	3	8
Ms S Birkbeck (appointed 31.03.17)	3	3
Mr P Morrissey (appointed 01.09.16, resigned 14.11.16)	0	1

Following an external review (carried out after the inspection of Grange Technology College in May 2016), further changes were made to the governance arrangements of the Trust in February 2017. The LGB for Grange was dis-established and an Academy Improvement Board appointed, with its remit being clearly delineated within a revised Scheme of Delegation.

The Finance and Audit is a sub-committee of the main board of trustees. Its purpose is to:

Finance:

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.

Audit:

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.

It reports to the board at each board meeting.

The Southfield Grange Trust

Governance Statement (continued)

Trustee

	Meetings attended	Out of a possible
Mr P Thompson (chair)	4	4
Mr N Redman (appointed 10.10.16)	4	4
Mr D Wall (Head of Southfield and CEO)	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 appropriate.

The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Financial Governance and oversight

Following the internal audit carried during the year, a system of Accounting Officer Checks was implemented. This system enables the Accounting Officer to review, and evidence the review, of financial controls and procedures; explanations of variances in the payroll expenditure; tendering procedures and documents; journals, new suppliers and payee details; and the reconciliation of the management accounts to the accounting system.

The Finance and Audit Committee receive monthly management accounts with detailed explanation of variances and termly reports on Health and Safety and Risk Management. Both the Risk Register and The Scheme of Delegation were updated during the year, and are reviewed on a regular basis by the Finance and Audit Committee.

- Better purchasing – ensuring value for money

Contracts and services are regularly appraised and renegotiated when appropriate, to ensure value for money. Contracts are often taken to the Finance and Audit Committee for approval.

Examples of Value for Money and cost-effective purchasing include:

Football Foundation Grant and capital expenditure:

During the year the Trust was successful in an application made to the Football Foundation, a sports charity delivering funding generated by The Premier League, the FA and the Government, for the replacement of the main 3G pitch, floodlights on the second 3G pitch, improved fencing, dugouts and maintenance equipment. This has enabled the Campus provision to be upgraded to County FA standard and the ability to generate additional income on evenings and weekends. The programme of works took place over a 3-month period with the total cost of the project costing £396K 79% of this was funded by the Football Foundation, resulting in a net cost of £83K to the Trust. The pitch that was replaced was in poor condition, extending the end of its lifecycle, and was estimated to have cost £130K to replace should this have been funded alone by the Trust.

The Southfield Grange Trust

Governance Statement (continued)

Staffing Restructuring:

A staffing restructure was carried out during the year across the Campus Business Team, Grange's leadership team and Grange's support staffing.

This was carried out in two stages commencing November 2016 and finishing in July 2017. The cost of the restructure was £415K with expected annual savings totalling £700K. As part of the restructure, new posts were identified and filled, and together with the school to school support for Grange, this has resulted in positive outcomes with three positive Ofsted monitoring visits to date.

Risk Management and Audit

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

Future development

In light of the current central government review of the viability and effectiveness of small academy trusts, the Trust is considering the potential for re-brokerage of Grange Technology College to provide an opportunity for consolidation of the MAT within a larger trust. The requirements for such a decision have been the subject of an EGM of the trustees in November 2017 and will be further explored in discussion with the office of the Regional Schools Commissioner early in 2018, before any resolution is considered by the Board of Trustees.

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 2016 to 31 August 2017 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 Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 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 Finance and Audit Committee.

The Risk and Control Framework

The 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:

The Southfield Grange Trust

Governance Statement (continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Audit 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 internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems

The Finance and Audit committee considered the need for a specific internal audit requirement during the year and instructed an independent review of the payroll review system. Saffery Champness LLP undertook the review which was to test the operation and control of the Trust's payroll system in line with the Trust's documented procedures.

The findings were that the systems in operation appeared to be working in line with financial procedures documented by the Trust as contained within the Trust's financial procedures. The report and recommendations were presented to the Finance and Audit Committee.

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 and Principal Finance Officer (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 12 December 2017 and signed on its behalf by:



Peter Thompson
Chair of Trustees



Dominic Wall
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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

- Non-financial issue

Following the approval by members at the December 2016 AGM of the nomination of a new candidate for a membership vacancy, that new member was appointed early in order to attend an Extraordinary General Meeting in March 2017, at which point, and through an oversight during a handover from an outgoing to a newly-appointed Company Secretary, the Trust's entry of that member on Edubase was not updated within the compliance period of fourteen days. This non-compliance has been rectified and is reported for transparency, having had no impact on governance regularity or propriety.



Dominic Wall
Accounting Officer

12 December 2017

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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 2015 and the Academies Accounts Direction 2016 to 2017;
- 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; 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on its behalf by:



Peter Thompson
Chair of Trustees

The Southfield Grange Trust Limited

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

Opinion

We have audited the financial statements of The Southfield Grange Trust for the year ended 31 August 2017 which comprise Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

The Southfield Grange Trust Limited

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees (who are also directors of the charitable 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Southfield Grange Trust Limited

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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

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



.....
Jonathan Davis
Senior Statutory Auditor
For and on behalf of

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

Date: 15/12/17

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Southfield Grange Trust

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

In accordance with the terms of our engagement letter dated 14 August 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the ESFA 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 the ESFA those matters we are required to state to them 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 the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Southfield Grange Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Southfield Grange Trust's funding agreement with the Secretary of State for Education dated 31 July 2013 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

The Southfield Grange Trust

Statement of Financial Activities for the year ended 31 August 2017

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- There was one instance of the Dfe not being notified within 14 days through Edubase following the appointment of a new member.



.....
Jonathan Davis
Senior Statutory Auditor
For and on behalf of

Saffery Champness LLP
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX
Date: 15/12/17.

The Southfield Grange Trust

Statement of Financial Activities for the year ended 31 August 2017

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
		£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	-	-	353,533	353,533	48,151
Charitable activities:						
Funding for Academy's educational operations	3	401,026	16,896,439	-	17,297,465	17,861,544
Other trading activities	4	76,109	-	-	76,109	75,924
Investment income	5	9,808	-	-	9,808	14,986
Total		486,943	16,896,439	353,533	17,736,915	18,000,605
Expenditure on:						
Raising funds	6	59,495			59,495	53,270
Charitable activities:						
Academy Trust's educational operations	7	582,095	18,361,921	235,218	19,179,234	17,860,759
Total		641,590	18,361,921	235,218	19,238,729	17,917,029
Net income/(expenditure)		(154,647)	(1,465,482)	118,315	(1,501,814)	83,576
Transfers between funds	15	-	(433,675)	433,675	-	-
Other recognised gains/(losses)						
Actuarial gains/ (losses) on defined benefit schemes	22	-	3,638,000	-	3,638,000	(4,572,000)
Net movement in funds	15	(154,647)	1,738,843	551,990	2,136,186	(4,488,424)
Total funds brought forward		775,668	(5,624,364)	1,528,782	(3,319,914)	1,168,510
Total funds carried forward		621,021	(3,885,521)	2,080,772	(1,183,728)	(3,319,914)

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

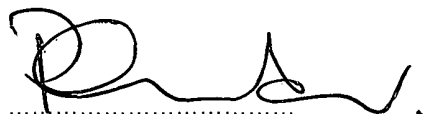
The Southfield Grange Trust

Balance Sheet as at 31 August 2017

Company Registration No. 07754077

	Notes	31 August 2017 £	31 August 2016 £
Fixed assets			
Tangible assets	12	2,080,772	1,528,782
Current assets			
Debtors	13	517,760	775,895
Cash at bank and in hand		1,993,795	2,953,891
		2,511,555	3,729,786
Liabilities			
Creditors: Amounts falling due within one year	14	(1,469,055)	(1,357,482)
Net current assets		1,042,500	2,372,304
Total assets less current liabilities		3,123,272	3,901,086
Defined benefit pension scheme liability		(4,307,000)	(7,221,000)
Total net liabilities		(1,183,728)	(3,319,914)
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	15	2,080,772	1,528,782
General fund	15	421,479	1,596,636
Restricted funds excluding pension reserve		2,502,251	3,125,418
Pension reserve	17	(4,307,000)	(7,221,000)
Total restricted funds		(1,804,749)	(4,095,582)
Total unrestricted funds	17	621,021	775,668
Total funds		(1,183,728)	(3,319,914)

The financial statements on pages 20 to 38 were approved by the trustees and authorised for issue on 12 December 2017, and are signed on their behalf by:



Peter Thompson
Director

The Southfield Grange Trust

Cash Flow Statement for the year ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	(534,323)	148,948
Cash flows from investing activities	20	(425,773)	(574,170)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the period		<u>(960,096)</u>	<u>(425,222)</u>
 Cash and cash equivalents at 1 September 2016		 2,953,891	 3,379,113
 Cash and cash equivalents at 31 August 2017		 <u>1,993,795</u>	 <u>2,953,891</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 ended 31 August 2017

1 Statement of 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

The financial statements of the 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 (FRS102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Southfield Grange Trust meets the definition of a public benefit entity under FRS 102.

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.

In assessing the going concern position of the Trust, the Board have considered the impact of the local government pension scheme charge on the result for the year and on overall reserves of the Trust. Whilst there remains a deficit pension reserve position of £4,307,000 at the year end, there remains a positive cash position of £1,993,795 and a net current asset position of £1,042,500, supporting the assessment made.

Income 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, 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

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.

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

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

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

All resources expended are inclusive of irrecoverable VAT.

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 and Skills Funding Agency.

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

Agency arrangements

The Trust acts as an agent in the administering of 16-19 Bursary Funds from ESFA. Related payments received from ESFA 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 within creditors as amounts due to The ESFA.

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 for these assets. The Trust does not have any rights or obligations of ownership in respect of these assets, and they are therefore 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.

Liabilities

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

Tangible fixed assets

Tangible fixed assets costing £1,000 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	10 - 50 years straight line (dependent on asset)
Long leasehold land	Over the life of the lease
Fixtures, fittings and equipment	20% pa (straight line)
ICT equipment	25% pa (straight line)
Motor Vehicles	20% pa (straight line)

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

Depreciation is charged in full during the year of acquisition of the fixed asset and no charge is incurred during the year of disposal.

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.

Financial instruments

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

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.

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 unit credit method. As stated in Note 22, 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 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 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are disclosed in Note 22.

Critical accounting estimates and areas of judgement

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

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 22, 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 2017. 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.

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2017 £	2016 £
Capital grants	-	-	353,533	353,533	48,151
	-	-	353,533	353,533	48,151

3 Funding for the Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2017 £	2016 £
DfE/ESFA Grants					
General Annual Grant	-	13,288,185	-	13,288,185	13,826,404
Other DfE/ESFA grants	-	815,423	-	815,423	956,646
	-	14,103,608	-	14,103,608	14,783,050
Other government grants					
Local authority grants	-	2,752,866	-	2,752,866	2,640,186
	-	2,752,866	-	2,752,866	2,640,186
Other income from educational operations					
Trip income	-	12,180	-	12,180	19,928
Catering income	363,657	-	-	363,657	335,539
Exam income	-	1,241	-	1,241	2,606
Recharged staff	8,009	-	-	8,009	23,129
Other grants	3,622	-	-	3,622	9,988
Other income	25,738	26,544	-	52,282	47,118
	401,026	39,265	-	440,991	438,308
	401,026	16,896,439	-	17,297,465	17,861,544

4 Other trading income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2017 £	2016 £
Rental income	2,559	-	-	2,559	1,914
Sports centre income	73,550	-	-	73,550	74,010
	76,109	-	-	76,109	75,924

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2017 £	2016 £
Bank interest received	9,808	-	-	9,808	14,986
	<u>9,808</u>	<u>-</u>	<u>-</u>	<u>9,808</u>	<u>14,986</u>

6 Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	2017 £	2016 £
Expenditure on raising funds	59,495	-	-	59,495	53,270
Academy's educational operations:					
Direct costs	12,289,146	2,125,330	1,139,253	15,553,729	15,261,064
Allocated support costs	2,119,461	464,085	1,041,959	3,625,505	2,602,695
	<u>14,468,102</u>	<u>2,589,415</u>	<u>2,181,212</u>	<u>19,238,729</u>	<u>17,917,029</u>

	2017 £	2016 £
Net incoming/outgoing resources for the period are stated after charging:		
PFI Payments	2,125,330	2,186,505
Depreciation	237,218	133,244
(Gain)/loss on disposal of fixed assets	1,905	-
Fees payable to the auditor for:		
Audit	12,000	11,500
Other services	<u>7,535</u>	<u>4,700</u>

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

7 Charitable activities – educational operations

	2017 £	2016 £
Direct costs		
Teaching and educational support staff costs	12,289,146	11,974,627
Depreciation	235,218	133,244
Technology costs	27,663	96,394
Educational supplies	446,292	511,996
Examination fees	163,011	157,718
Staff development	66,567	99,707
Rent and rates – PFI charges	2,125,330	2,104,971
Other direct costs	200,502	182,407
	<u>15,553,729</u>	<u>15,261,064</u>
Allocated support costs		
Support staff costs	2,119,461	1,278,401
Technology costs	142,970	78,622
Recruitment and support	93,636	61,549
Maintenance of premises and equipment	152,675	167,734
Rent and rates	81,564	82,195
Energy costs	182,737	88,863
Insurance	47,109	60,779
Security and transport	1,531	14,159
Catering	579,466	512,043
Other support costs	190,734	238,124
Governance costs	33,622	20,226
	<u>3,625,505</u>	<u>2,602,695</u>
	<u>19,179,234</u>	<u>17,863,759</u>

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

8 Staff costs

	2017 £	2016 £
Wages and salaries	9,692,485	10,112,698
Social security costs	810,562	693,758
Operating costs of defined benefit pension schemes	2,118,057	1,630,305
Apprenticeship levy	13,392	-
	<u>12,634,496</u>	<u>12,436,761</u>
Supply staff costs	1,419,019	836,856
Staff restructuring costs	414,587	32,680
	<u>14,468,102</u>	<u>13,306,297</u>
Restructuring costs comprise:		
Redundancy Payments	308,146	-
Severance payments	106,441	32,680
	<u>414,587</u>	<u>32,680</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,870 (2016: £32,680). Individually, the payments were: £870; £1,000; £4,000; £5,000 and £5,000.

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

	2017 No	2016 No
Teachers	142	149
Educational support	287	296
Management	7	10
	<u>436</u>	<u>455</u>

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

	2017 No	2016 No
£60,001 - £70,000	5	2
£70,001 - £80,000	2	3
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	1
	<u>8</u>	<u>7</u>

Seven (2016: seven) of the above employees participate in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these staff amounted to £89,373 (2016: £91,749).

Key management personnel

The key management personnel of the academy comprises the trustees and the campus leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £662,774 (2016: £826,991)

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

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.

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:

D Wall (Head Southfield and CEO from 1 January 2016)

Remuneration £115,000- £120,000 (2016 - £110,000 - £115,000)

Employer's pension contributions - £15,000 - £20,000 (2016 - £15,000 - £20,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £459 (2016 - £374) were reimbursed to the trustees. Other related party transactions involving the trustees are set out in note 23.

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 2017 was £1,501 (2016: £1,501).

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

12 Fixed assets

	Long Leasehold Land & Buildings £	ICT Equipment £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost:					
1 September 2016	1,369,525	296,638	136,526	37,943	1,840,632
Additions	509,396	130,332	81,259	69,994	790,981
Disposals	-	-	-	(8,018)	(8,018)
31 August 2017	1,878,921	426,970	217,785	99,919	2,623,595
Depreciation:					
1 September 2016	116,117	103,580	70,802	21,351	311,850
Charged in the year	64,934	106,743	43,557	19,984	235,218
Disposals	-	-	-	(4,245)	(4,245)
31 August 2017	181,051	210,323	114,359	37,090	542,823
Net book value:					
31 August 2017	1,697,870	216,647	103,426	62,829	2,080,772
Net book value:					
31 August 2016	1,253,408	193,058	65,724	16,592	1,528,782

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

13	Debtors	2017	2016
		£	£
	Trade debtors	25,254	67,412
	Other debtors	153,713	233,908
	Prepayments and accrued income	338,793	474,575
		<u>517,760</u>	<u>775,895</u>
14	Creditors: amounts falling due within one year	2017	2016
		£	£
	Trade creditors	562,903	644,264
	Other taxation and social security	212,140	234,531
	Other creditors	82,304	29,705
	Accruals and deferred income	611,708	448,982
		<u>1,469,055</u>	<u>1,357,482</u>
	Deferred income	2017	2016
		£	£
	Deferred income at 1 September 2016	-	47,739
	Resources deferred in the year	50,081	-
	Amounts released from previous years	-	(47,739)
	Deferred income at 31 August 2017	<u>50,081</u>	<u>-</u>

At the balance sheet date the trust was holding funds received in relation to rates funding for the year ending 31 March 2018

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

15 Funds

	At 1 September 2016 £	Income £	Expenditure £	Gains, Losses and transfers £	At 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	1,596,636	13,288,185	(14,029,667)	(433,675)	421,479
Other DfE/ESFA grants	-	815,423	(815,423)	-	-
Local authority grants	-	2,752,866	(2,752,866)	-	-
Other restricted	-	39,965	(39,965)	-	-
Pension reserve	(7,221,000)	-	(724,000)	3,638,000	(4,307,000)
	<u>(5,624,364)</u>	<u>16,896,439</u>	<u>(18,361,921)</u>	<u>3,204,325</u>	<u>(3,885,521)</u>
Restricted fixed asset funds					
DfE/ESFA Capital grants	127,175	353,533	(235,218)	-	245,490
Assets transferred on conversion	485,409	-	-	-	485,409
Pre-conversion funding	287,051	-	-	-	287,051
Capital expenditure from GAG	629,147	-	-	433,675	1,062,822
	<u>1,528,782</u>	<u>353,533</u>	<u>(235,218)</u>	<u>433,675</u>	<u>2,080,772</u>
Total restricted funds	<u>(4,095,582)</u>	<u>17,249,972</u>	<u>(18,597,139)</u>	<u>3,638,000</u>	<u>(1,804,749)</u>
Total unrestricted funds	<u>775,668</u>	<u>486,943</u>	<u>(641,590)</u>	<u>-</u>	<u>621,021</u>
Total funds	<u>(3,319,914)</u>	<u>17,736,915</u>	<u>(19,238,729)</u>	<u>3,638,000</u>	<u>(1,183,728)</u>

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 2017, 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 2017.

The transfer of £433,675 from restricted general funds to restricted fixed asset funds relates to capital expenditure during the year.

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

16 Funds (continued)

The funds attributable to each academy within the Academy Trust as at 31 August 2017 are as follows:

	Total £
Year ended 31 August 2017:	
Grange Technology College	682,893
Southfield School	359,607
Total before fixed assets and pension reserve	1,042,500
Restricted fixed asset fund	2,080,772
Pension reserve	(4,307,000)
Total	1,183,728

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 (excluding depreciation):

	Teaching & Support Staff £	Other Support Staff £	Educational Supplies £	Other Costs (excluding depreciation) £	Total £
Grange Technology College	8,841,851	1,100,575	592,501	3,300,867	13,835,795
Southfield School	4,221,588	304,088	167,533	474,508	5,167,716
Total	13,063,439	1,404,663	760,034	3,775,375	19,003,511

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2017 £
Tangible fixed assets	-	-	2,080,772	2,080,772
Current assets	621,021	1,890,534	-	2,511,555
Current liabilities	-	(1,469,055)	-	(1,469,055)
Pension scheme liability	-	(4,307,000)	-	(4,307,000)
	621,021	(3,885,521)	2,080,772	(1,183,729)

18 Financial commitments

Capital commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	-	75,493

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

18 Financial commitments (continued)

Commitments under operating leases

At 31 August 2017 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Other:		
Amounts due within one year	1,188,319	1,148,652
Amounts due between one and five years	5,184,517	4,594,169
Amounts due after five years	24,960,163	17,228,133
	<u>31,332,999</u>	<u>22,970,954</u>

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.

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

	2017 £	2016 £
Net (expenditure)/income for the reporting period	(1,501,814)	83,576
Capital grants from DFE/ESFA	(353,533)	(48,151)
Interest receivable	(9,808)	(14,986)
Depreciation	235,218	133,244
Loss on sale of tangible fixed assets	1,905	
Pension cost less contributions payable (note 22)	586,000	226,000
Pension finance costs (note 22)	138,000	81,000
Decrease/(Increase) in debtors	258,135	(362,320)
Increase in creditors	111,574	50,585
Net cash (used in) / provided by operating activities	<u>(534,323)</u>	<u>148,948</u>

20 Cash flows from investing activities

	2017 £	2016 £
Interest received	9,808	14,986
Capital grants from DfE/ESFA	353,533	48,151
Purchase of tangible fixed assets	(790,982)	(637,307)
Proceeds from sale of tangible fixed assets	1,868	-
Net cash used in investing activities	<u>(425,773)</u>	<u>(574,170)</u>

21 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 ended 31 August 2017

22 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 (2016: £nil) 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

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 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 £847,058 (2016: £870,892)

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 102 (FRS 102) 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.

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

22 Pension and similar obligations (continued)

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 2017 was £807,000 (2016: £645,000), of which employer's contributions totalled £605,000 (2016: £451,000) and employees' contributions totalled £202,000 (2016: £194,000). 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 2017	At 31 August 2016
Rate of increase in salaries	3.25%	3.5%
Rate of increase for pensions in payment	2.00%	2.0%
Discount rate for scheme liabilities	2.50%	2.0%
Inflation (CPI)	2.00%	2.0%

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 2017	At 31 August 2016
Retiring today:		
Males	22.1	22.7
Females	25.2	25.6
Retiring in 20 years:		
Males	23.0	24.9
Females	27.0	28.0

Sensitivity analysis

	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	14,677	16,238
Discount rate -0.1%	15,373	16,965
Mortality assumption – 1 year increase	14,568	16,084
Mortality assumption – 1 year decrease	15,477	17,148
CPI rate +0.1%	15,254	16,760
CPI rate -0.1%	14,792	16,467

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

22 Pension and similar obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	8,260	7,053
Government bonds	482	1,052
Property	1,029	451
Corporate bonds	418	394
Cash	161	131
Other	364	311
Total market value of assets	10,714	9,392
Present value of scheme liabilities		
- Funded	(15,021)	(16,613)
Surplus / (deficit) in the scheme	(4,307)	(7,221)

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 £193,000 (2016: £291,000).

The amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost	(1,068)	(677)
Past service cost	(123)	-
Interest income	(138)	(81)
Total amount recognised in the SOFA	(1,329)	(758)

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

	2017 £000	2016 £000
Opening defined benefit liabilities at beginning of year	16,613	9,732
Current service cost	1,068	677
Interest cost	331	372
Employee contributions	202	194
Actuarial (gains)/losses	(2,983)	5,728
Benefits paid	(333)	(90)
Past service cost	123	-
At end of year	15,021	16,613

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

	2017 £000	2016 £000
Opening fair value of plans' assets at beginning of year	9,392	7,390
Interest income on assets	193	291
Actuarial gains / (losses)	655	1,156
Employer contributions	605	451
Employee contributions	202	194
Benefits paid	(333)	(90)
At end of year	10,714	9,392

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2017

23 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 the following amounts to the following organisations:

£19,109 (2016: £18,530) to Bradford District Achievement Partnership an organisation in which one of the trustees is a director.

£6,000 (2016 : £nil) to Oldham Sixth Form College, an organisation in which one of the trustees is a parent governor.

£223,800 (2016 :£nil) to Guiseley School, an organisation in which one of the trustees is the headteacher.

There were no amounts outstanding at 31 August 2017 in respect of the above transactions (2016: £nil).

The Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations.

24 Agency arrangement

The Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of ESFA. In the year it received £83,995 and disbursed £105,428 with an amount of £8,272 repayable to ESFA at the 31 August 2017 is included in other creditors. The Trust retained a beneficial interest in individual transactions such that £3,585 has been recognised in income and expenditure in the SOFA.