



THE SOUTHFIELD GRANGE TRUST

one trust one community

Annual Report and Financial Statements

For the year ended 31 August 2018

For

The Southfield Grange Trust

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

Exempt Charity



The Southfield Grange Trust

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	10
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15
Independent Reporting Accountant's Report on Regularity	18
Statement of Financial Activities incorporating Income and Expenditure Account	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	23
Other Notes to the Financial Statements	26

The Southfield Grange Trust

Reference and Administrative Details

Members	Prof D Pankhurst Ms C Richardson Ms L Cameron Mr P Thompson (as Chair of Trustees) Mrs N Hussain (resigned 21 September 2018)
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 (resigned 24 April 2018) Mr N Redman* Ms S Birkbeck
<hr/>	
* = member of Finance and Audit Committee	
Company Secretary	Schofield Sweeney LLP
Chief Executive Officer	Mr D Wall
Headteacher Grange	Miss A Mander
Deputy Head Grange	Mr A Jeffrey
Associate Deputy Head Grange	Mrs M Featherstone
Headteacher Southfield	Mr D Wall
Head of School Southfield	Ms J Hill
Senior Deputy Head Southfield	Ms V Clough
Deputy Head Southfield	Ms A Read
Campus Business Manager and Principal Finance Officer	Mrs R Bowditch
Principal and Registered Office	Haycliffe Lane, Bradford, BD5 9ET
Company Number	7754077
Company Name	The Southfield Grange Trust
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 year 1 September 2017 to 31 August 2018. 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 and to the date these accounts are approved 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.

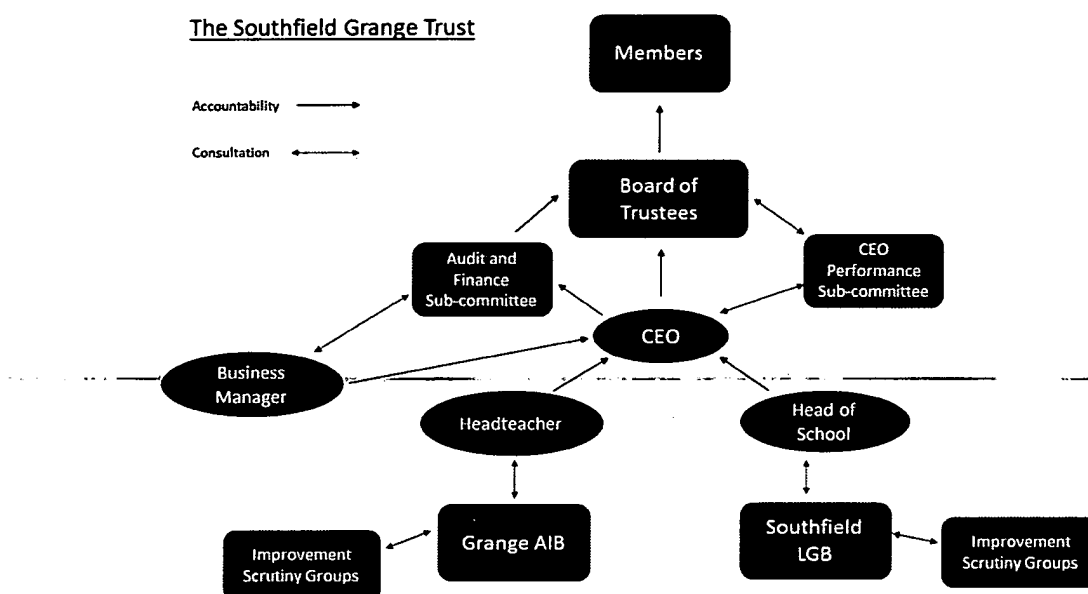
Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees are inducted by the Chair of the Trust Board, the Business Manager 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.

The Southfield Grange Trust

Trustees' Report (continued)

Organisational Structure



The members have a duty to ensure that the Trust exerts its powers well in delivering the Objects of the Trust. The Board of Trustees is responsible for setting the aims and objectives of the Trust and its schools, for the monitoring and reviewing of policies and the setting of targets and major priorities. It agrees and sets budgets and agrees expenditure over limits which it sets in a scheme of delegation and reviews annually. The Board approves staffing establishments and structures, sets policy of staffing matters and supports the executive leadership of the Trust in disciplinary and grievance matters. The Board is supported by the Finance and Audit Committee which has delegated responsibility to monitor and advise the Board on financial management and regulatory compliance. The Board has two further committees: a Local Governing Bodies for Southfield School, which has the responsibility of providing scrutiny, challenge and support to the Head of School, and an Academy Improvement Board for Grange. This body provides scrutiny, challenge and support in the discrete areas of focus that are reflected in the post-Ofsted School Improvement Plan. The Board of Trustees is responsible for delegating powers and setting the terms of reference for the sub-committees subject to annual review as appropriate.

The Executive Leadership of the Trust, CEO, Headteachers, Head of School, 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.

Arrangement for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set in line with the School Teachers Pay and Conditions Document (STPCD) 2018. 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.

Trade union facility time

The Trust recognises trade unions and has in place a Trade Union Recognition Agreement. The agreement is intended to promote and assist in the establishment of jointly agreed pay and conditions of employment; good practice with regard to matters of employment and health and safety; effective communication; participation and involvement of staff; effective and prompt resolution of issues and disputes; equal opportunities in employment; and professional issues concerning teaching and learning, including issues relating to the curriculum, behaviour etc.

The Southfield Grange Trust

Trustees' Report (continued)

The Trust agrees to provide appropriate facilities to trade union representatives and members in order to enable them to discharge trade union duties and undertake trade union activity and to facilitate the objective of effective communication and consultation with employees and their representatives.

Relevant Union Officials

Year to 31 August 2018

Number of employees who were relevant union officials during the relevant period	Full Time equivalent employee numbers
5	308

Percentage of time spent on facility time

Percentage of time	No of employees
0%	0
1-50%	5
51 – 99%	0
100%	0

Percentage of the Trust salary costs, paid on facility time

Total cost of facility time:	£8,600
Total salary costs:	£13,479,906
Percentage of pay spent on facility time:	0.064%

Paid trade union activities (as opposed to duties)

Hours spent on paid facility time: 170

Hours spent on paid trade union activities: 0

Percentage of total paid facility time hours spent on paid trade union activities: 0.00%

Related Parties and other Connected Charities and Organisations

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

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 was an unpaid Director of the company, until it dissolved during the year. The services were provided at cost.

One of the Trustees declared an interest as a Governor of Delius School. During the year a member of staff was seconded from Delius School to Southfield School and there were additional expenses and services paid for. These services were provided at cost.

Objectives and Activities

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

The Southfield Grange Trust

Trustees' Report (continued)

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. Secure the merger of the Trust with the Co-op Academies Trust, so that SGT may transfer its assets and liabilities to CAT and wind up its activity, confident in the knowledge that its responsibilities will be properly discharged by another competent body.
2. Through partnership with Impact MAT and Bradford Opportunity Area to support continued improvement of standards and outcomes at Grange Technology College.
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 the development of an aspirational culture of learning and preparation for life in modern Britain 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.

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.

The CEO and Principal Finance Officer will conduct negotiations of behalf of the trust to secure suitable arrangements for the transfer to the Co-op MAT, in consultation with the Board of Trustees and Audit and Finance Committee.

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.

Strategic Report

Achievements and Performance- Educational Performance

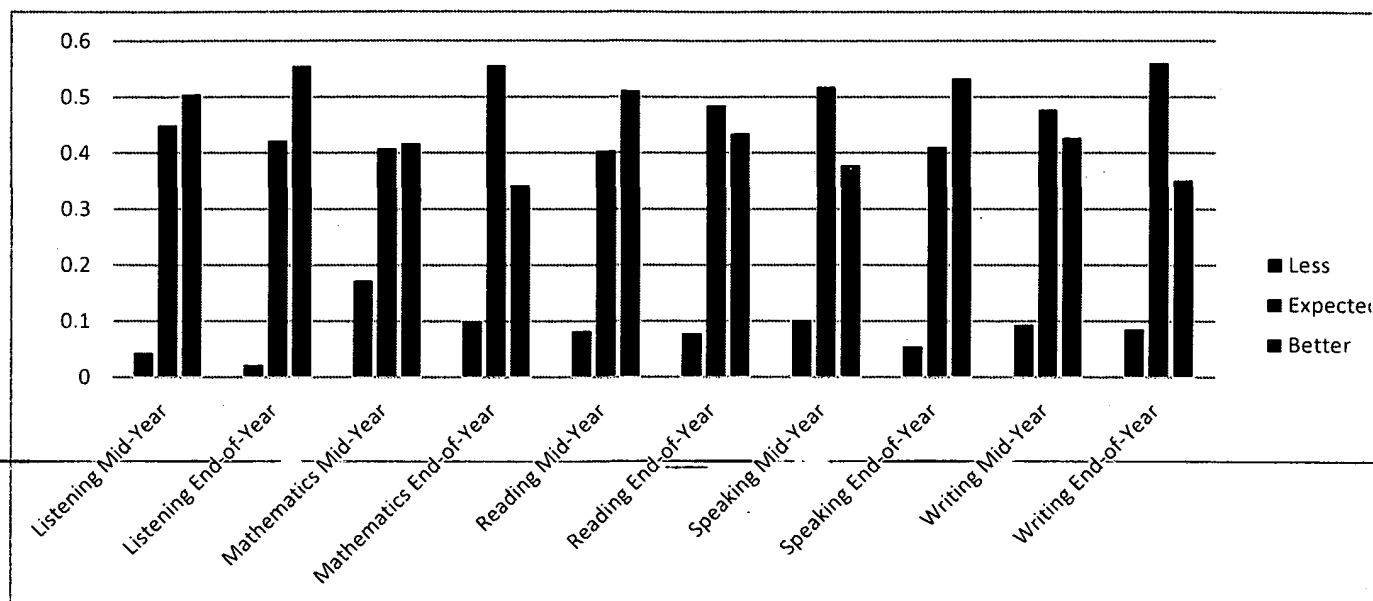
Southfield School

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.

End of year results for 2017/18 have shown that the substantial majority of students made expected progress and in many cases better than expected progress.

The Southfield Grange Trust

Trustees' Report (continued)



Grange Technology College

KS4 Achievement Summary 2018

	2015-16	2016-17		2017-18	
		9-4	9-5	9-4	9-5
English (Lang or Lit)	54	67 (60)	47 (41)	64 (52)	49 (39)
Mathematics	36	40 (32)	21 (12)	36 (28)	21 (16)
English and Mathematics (Basics)	32	38 (32)	19 (12)	32 (28)	18 (15)

Disadvantaged figures in brackets

	2016-17	2017-18
Pupil Attainment 8 Score	35.4	33.6
Pupil progress P8 score	-0.31	-0.45

Progress data

% achieving	2016-17					2017-2018				
	P8	En	Ma	Ebacc	Open	P8	En	Ma	Ebacc	Open
School	-0.31	0.12	-0.56	-0.40	-0.33	-0.45	-0.22	-0.86	-0.76	-0.13
Dis-adv	-0.36	0.06	-0.68	-0.44	-0.25	-0.77	-0.53	-1.08	-1.12	-0.48
Other	-0.30	0.16	-0.45	-0.37	-0.38	-0.23	0.02	-0.59	-0.48	0.08
SEND	-1.17	-0.84	-1.29	-1.23	-1.34	-1.25	-0.88	-1.46	-1.59	-1.02

P8 by ability group

	2016-17		2017-2018	
	All	Dis-adv	All	Dis-adv
High	-0.26	-0.69	-0.51	-0.93
Middle	-0.49	-0.44	-0.34	-0.62
Low	-0.21	-0.13	-0.66	-0.95

The Southfield Grange Trust

Trustees' Report (continued)

KS5 Headline measures

	Students		A Level APS per entry		Academic APS per entry	
	2017	2018	2017	2018	2017	2018
All	98	51	26.3	20.8	26.3	20.8
PP	23	14	25.1	20.9	25.1	20.9
SEND	-					

These results do not show continued improvement from 2017, but the substantial changes made to the system of public exams during the preceding 24 months has meant that the national picture is one of volatility, with many benchmark schools showing similar performance dips. Further work has been commissioned from teaching schools and National Leaders of Education to help the school's leadership team understand and respond to these changes more effectively.

Financial Performance/Key Performance Indicators

Despite not achieving a strategic reserves position of £1M, as set out on the Reserves Policy, the Trust met its KPIs for in-year budget variance and carried out a staffing restructure in accordance with a Business Plan. This will result in the Reserves policy being met during 2018/19.

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. This year an adjudication has been made which should resolve the issue highlighted, but the Trust is reliant upon the local authority to determine whether the adjudicated outcome provides effective mechanisms for environmental impact mitigation.

Employee Matters

During the year, The Trust carried out an additional staff re-structure. This followed on from the three phased re-structure carried out in 2016/17. The re-structure was again driven by financial pressures for Grange, and in particular a result of a reduction in Pupil Premium Income; a reduction in demand and hence funding for the Sixth Form; a reduction in ESG Protection Income; and the reduction in High Needs Funding for the Designated Specialist Provision.

The total number of posts reduced across the Business Team, educational support staff and teaching roles, was 8. 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 2018 of £433,247 (2017: surplus of £2,136,186) after recognising an actuarial gain on the defined benefit pension scheme of £1,283,000 (2017: actuarial gain of £3,638,000).

Before recognising the actuarial gain, the net deficit of £847,753 (2017: deficit of £1,501,814) shows an improved position compared to last year. This is a result of the significant restructuring exercise undertaken last year, together with the impact of an additional, but less significant, restructuring programme undertaken during the year.

The full impact of the staffing restructures has resulted in forecasted in year surpluses for both Southfield and Grange for 2018/19.

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 £750,481 (2017: liabilities of £1,183,728) after taking into account a pension liability of £3,567,000 (2017: £4,307,000).

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 £465,732 (2017: £621,021) are available for general purposes. Allocated expenditure includes a contribution towards a CIF application for the replacement of the heating system at Southfield's PVC (£7K); air conditioning in the PVC fitness suite (£4K); £25K towards the replacement of the existing football pitch, as required by the grant provider; and legal costs associated with re-brokerage, estimated to be £50K.

The remaining funds will be allocated in line with the strategic objectives of the Trust.

The deficit in restricted funds of £1,216,213 (2017: £1,804,749) includes a pension deficit of £3,567,000 (2017: £4,307,000) and fixed assets fund of £2,036,085 (2017: £2,080,772).

The Trust's Reserves Policy requires £1M of unrestricted and restricted funds to be held by the Trust. At the year end, the funds totalled £780,434 (2017, £1,042,500).

The Board of Trustees appreciate that the desired level of funds have not been maintained. A staffing restructure was implemented during 2017/18 to address this. This restructure primarily impacted on Grange involving a review of the educational support staff structure, teaching staff and the Campus Business Team. The full financial impact of the restructure will show in 2018/19, with a forecasted return to the £1M reserves during that period.

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.

The Southfield Grange Trust

Trustees' Report (continued)

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.

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 is regularly reviewed and invacuation/evaluation introduced which be regularly repeated and reviewed. New gates and access to Campus have been installed.
Risk of poor retention and success rates.	Regularly review and feedback to BoT.
That each Academy is not financially viable following any changes to intake, upwards or downwards.	Forecasts prepared with close monitoring. Growth strategy to mitigate risk. Staff re-structure to be undertaken if required.
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 to Trust HQ/Hubs will be explored.

Fundraising

Low level fundraising activities have taken place during the year on a voluntary basis and the Trust does not currently work with professional fundraisers.

Amounts raised in the year have been mainly fundraising for external charities alongside small amounts for school resources. These have been through non uniform days and charity 'fun days'.

Plans for Future Periods

Following a meeting of the Trust's CEO and Chair of Trustees with the Regional Schools Commissioner's office, a proposal for The Southfield Grange Trust to merge with the Co-op Academies Trust was approved by The Headteacher Board for Lancashire and West Yorkshire in July 2018.

The Trust is now in an advanced stage of the 'due diligence' process with CAT and will consult widely in advance of any final decision to transfer its schools to the Co-op MAT.

Auditor

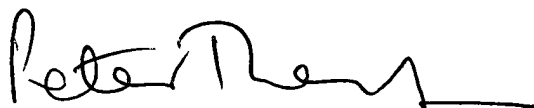
Saffery Champness LLP have expressed their willingness to remain in office as auditors to The Southfield Grange Trust.

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 10th December 2018 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 6 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)	6	6
Mr M Salim	5	6
Mr D Wall (Head of Southfield and CEO)	6	6
Mr N Redman	5	6
Mr A Khan (resigned 24.04.18)	0	4
Ms S Birkbeck	6	6

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 AIB includes educational experts co-opted to bring additional expertise to the work of the sub-committee in supporting and challenging leaders to secure improvements.

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
	5	5
Mr P Thompson (chair)		
Mr N Redman	5	5
Mr D Wall (Head of Southfield and CEO)	5	5

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 regularly reviewing, appraising and renegotiating contracts, which are often taken to the Finance and Audit Committee for approval.

The staffing restructure has resulted in the largest financial savings, estimated to be £276K for 2018/19. A review of the Human Resources team, as part of the staffing restructure, also resulted in an assessment of the Human Resources external support provided to the Trust as part of a Service Level Agreement. Additional inhouse support and training of members of the leadership teams across the Trust to carry out staff investigations and support in staff absence management, resulted in significant savings.

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

During the year the Trust will commit all of its efforts to secure the merger with the Co-op Academies Trust, so that SGT may transfer its assets and liabilities to CAT and wind up its activity, confident in the knowledge that its responsibilities will be properly discharged by another competent body.

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 2017 to 31 August 2018 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

The Southfield Grange Trust

Governance Statement (continued)

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 2017 to 31 August 2018 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:

- 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.

Following robust checking of the financial procedures during 2015/2016 and 2016/2017 and a system in place with the Chief Accounting Officer carrying out monthly checks of procedures and controls, the Finance and Audit committee considered the need for a specific internal audit requirements and concluded that this should incorporate GDPR compliance, Human Resources, safeguarding, health and safety within Grange's Science and DT departments and following the installation of the new server, an External Infrastructure Assessment.

The findings 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:

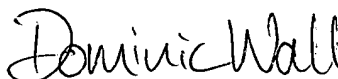
- the work of the internal auditor and Principal Finance Officer (Business Manager);
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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 10th December 2018 and signed on its behalf by:



Peter Thompson
Chair of Trustees



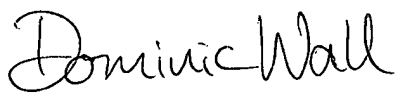
Dominic Wall
Accounting Officer

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



Dominic Wall
Accounting Officer

10th December 2018

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 2017 to 2018;
- 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 10 December 2018 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 2018 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 2018 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 2017 to 2018

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

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

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 14, 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

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

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.

Use of our report

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.



.....
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: 18/12/18

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 6 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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:

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

The Southfield Grange Trust

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Jonathan Davis
Reporting Accountant
For and on behalf of

Saffery Champness LLP
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX
Date: 18/12/18

The Southfield Grange Trust

Statement of Financial Activities for the year ended 31 August 2018

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

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
		£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	-	-	46,987	46,987	353,533
Charitable activities:						
Funding for Academy's educational operations	3	375,280	17,017,278	-	17,392,558	17,297,465
Other trading activities	4	106,144	-	-	106,144	76,109
Teaching school	22	-	77,528	-	77,528	-
Investment income	5	9,069	-	-	9,069	9,808
Total		490,493	17,094,806	46,987	17,632,286	17,736,915
Expenditure on:						
Raising funds	6	-	-	-	-	59,495
Charitable activities:						
Academy Trust's educational operations	7	645,782	17,503,058	255,671	18,404,511	19,179,234
Teaching school	22	-	77,528	-	77,528	-
Total		645,782	17,580,586	255,671	18,482,039	19,238,729
Net (expenditure)		(155,289)	(485,780)	(208,684)	(849,753)	(1,501,814)
Transfers between funds	15	-	(163,997)	163,997	-	-
Other recognised gains						
Actuarial gains on defined benefit schemes	23	-	1,283,000	-	1,283,000	3,638,000
Net movement in funds	15	(155,289)	633,223	(44,687)	433,247	2,136,186
Total funds brought forward		621,021	(3,885,521)	2,080,772	(1,183,728)	(3,319,914)
Total funds carried forward		465,732	(3,252,298)	2,036,085	(750,481)	(1,183,728)

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

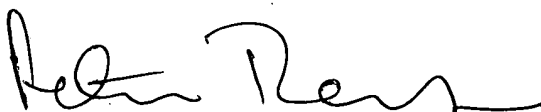
The Southfield Grange Trust

Balance Sheet as at 31 August 2018

Company Registration No. 07754077

	Notes	31 August 2018 £	31 August 2017 £
Fixed assets			
Tangible assets	12	2,036,085	2,080,772
Current assets			
Debtors	13	521,408	517,760
Cash at bank and in hand		2,060,384	1,993,795
		<u>2,581,792</u>	<u>2,511,555</u>
Liabilities			
Creditors: Amounts falling due within one year	14	(1,801,358)	(1,469,055)
Net current assets		<u>780,434</u>	<u>1,042,500</u>
Total assets less current liabilities		<u>2,816,519</u>	<u>3,123,272</u>
Defined benefit pension scheme liability		(3,567,000)	(4,307,000)
Total net liabilities		<u>(750,481)</u>	<u>(1,183,728)</u>
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	15	2,036,085	2,080,772
General fund	15	314,702	421,479
		<u>2,350,787</u>	<u>2,502,251</u>
Restricted funds excluding pension reserve		(3,567,000)	(4,307,000)
Total restricted funds		<u>(1,216,213)</u>	<u>(1,804,749)</u>
Total unrestricted funds	15	<u>465,732</u>	<u>621,021</u>
Total funds		<u>(750,481)</u>	<u>(1,183,728)</u>

The financial statements on pages 20 to 38 were approved by the Trustees and authorised for issue on 10 December 2018, and are signed on their behalf by:



Peter Thompson
Director

The Southfield Grange Trust

Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	221,517	(534,323)
Cash flows from investing activities	20	(154,928)	(425,773)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the period		<u>66,589</u>	<u>(960,096)</u>
Cash and cash equivalents at 1 September 2017		1,993,795	2,953,891
Cash and cash equivalents at 31 August 2018		<u>2,060,384</u>	<u>1,993,795</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 2018

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 2017 to 2018 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 £3,567,000 at the year end, there remains a positive cash position of £2,060,384 and a net current asset position of £780,434, 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

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent and depreciation charges allocated on the portion of the asset's use.

Charitable activities 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 2018

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 23, 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 23.

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 2018

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2018 £	2017 £
Capital grants	-	-	46,987	46,987	353,533
	-	-	46,987	46,987	353,533

3 Funding for the Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2018 £	2017 £
DfE/ESFA Grants					
General Annual Grant	-	13,259,657	-	13,259,657	13,288,185
Other DfE/ESFA grants	-	845,851	-	845,851	815,423
	-	14,105,508	-	14,105,508	14,103,608
Other government grants					
Local authority grants	-	2,851,299	-	2,851,299	2,752,866
	-	2,851,299	-	2,851,299	2,752,866
Other income from educational operations					
Trip income	-	14,376	-	14,376	12,180
Catering income	355,016	-	-	355,016	363,657
Exam income	987	-	-	987	1,241
Recharged staff	1,983	6,967	-	8,950	8,009
Other grants	-	12,103	-	12,103	3,622
Other income	17,294	27,025	-	44,319	52,282
	375,280	60,471	-	435,751	440,991
	375,280	17,017,278	-	17,392,558	17,297,465

4 Other trading income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2018 £	2017 £
Rental income	1,379	-	-	1,379	2,559
Sports centre income	104,765	-	-	104,765	73,550
	106,144	-	-	106,144	76,109

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	2018 £	2017 £
Bank interest received	9,069	-	-	9,069	9,808
	<u>9,069</u>	<u>-</u>	<u>-</u>	<u>9,069</u>	<u>9,808</u>

6 Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	2018 £	2017 £
Expenditure on raising funds	-	-	-	-	59,495
Academy's educational operations:					
Direct costs	11,573,591	2,205,291	1,233,722	15,012,604	15,553,729
Allocated support costs	1,880,219	480,739	1,030,949	3,391,907	3,825,505
Teaching school	26,096	-	51,432	77,528	-
	<u>13,479,906</u>	<u>2,686,030</u>	<u>2,316,103</u>	<u>18,482,039</u>	<u>19,238,729</u>

	2018 £	2017 £
Net incoming/outgoing resources for the period are stated after charging:		
PFI Payments	2,205,291	2,125,330
Depreciation	255,671	237,218
Loss on disposal of fixed assets	-	1,905
Fees payable to the auditor for:		
Audit	12,000	12,000
Other services	3,950	7,535

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

7 Charitable activities – educational operations

	2018 £	2017 £
Direct costs		
Teaching and educational support staff costs	11,573,591	12,289,146
Depreciation	255,671	235,218
Technology costs	15,470	27,663
Educational supplies	394,992	446,292
Examination fees	178,961	163,011
Staff development	74,198	66,567
Rent and rates – PFI charges	2,205,291	2,125,330
Other direct costs	314,430	200,502
Teaching school	28,096	-
	<u>15,038,701</u>	<u>15,553,729</u>
Allocated support costs		
Support staff costs	1,880,219	2,119,461
Technology costs	133,815	142,970
Recruitment and support	78,638	93,636
Maintenance of premises and equipment	171,270	152,675
Rent and rates	80,207	81,564
Energy costs	174,375	182,737
Insurance	54,887	47,109
Security and transport	11,007	1,531
Catering	540,155	579,466
Other support costs	242,245	190,734
Governance costs	25,089	33,622
Teaching school	51,432	-
	<u>3,443,338</u>	<u>3,625,505</u>
	<u>18,482,039</u>	<u>19,179,234</u>

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

8 Staff costs

	2018 £	2017 £
Wages and salaries	9,493,308	9,692,485
Social security costs	764,123	810,562
Operating costs of defined benefit pension schemes	1,887,410	2,118,057
Apprenticeship levy	30,296	13,392
	<u>12,155,137</u>	<u>12,634,496</u>
Supply staff costs	1,214,907	1,419,019
Staff restructuring costs	109,862	414,587
	<u>13,479,906</u>	<u>14,468,102</u>
Restructuring costs comprise:		
Redundancy Payments	72,086	308,146
Severance payments	37,776	106,441
	<u>109,862</u>	<u>414,587</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,763 (2017: £15,870). Individually, the payments were: £4,233 made on 16/08/18; £1,461 made on 22/05/18; £12,194 made on 16/03/18; £6,875 made on 31/10/17; £6,000 made on 07/03/18.

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

	2018 No	2017 No
Teachers	141	142
Educational support	270	287
Management	7	7
	<u>418</u>	<u>436</u>

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

	2018 No	2017 No
£60,001 - £70,000	3	5
£70,001 - £80,000	1	2
£80,001 - £90,000	2	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	<u>7</u>	<u>8</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the Academy Trust was £634,980 (2017: £662,774).

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

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

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

D Wall (CEO):
 Remuneration £120,000 - £125,000 (2017: £115,000- £120,000)
 Employer's pension contributions £20,000 - £25,000 (2017: £15,000 - £20,000)

During the period ended 31 August 2018, travel and subsistence expenses totalling £1,431 (2017 - £459) were reimbursed directly to 2 Trustees.

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 2018 was £1,501 (2017: £1,501).

12 Fixed assets

	Long Leasehold Land & Buildings £	ICT Equipment £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost:					
1 September 2017	1,878,921	426,970	217,785	99,919	2,623,595
Additions	88,033	93,508	29,443	-	210,984
Disposals	-	-	-	-	-
31 August 2018	1,966,954	520,478	247,228	99,919	2,834,579
Depreciation:					
1 September 2017	181,051	210,323	114,359	37,090	542,823
Charged in the year	66,617	121,311	47,759	19,984	255,671
Disposals	-	-	-	-	-
31 August 2018	247,668	331,634	162,118	57,074	798,494
Net book value:					
31 August 2018	1,719,286	188,844	85,110	42,845	2,036,085
Net book value:					
31 August 2017	1,697,870	216,647	103,426	62,829	2,080,772

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

13	Debtors	2018	2017
		£	£
	Trade debtors	26,799	25,254
	Other debtors	146,256	153,713
	Prepayments and accrued income	348,353	338,793
		<u>521,408</u>	<u>517,760</u>
14	Creditors: amounts falling due within one year	2018	2017
		£	£
	Trade creditors	358,539	562,903
	Other taxation and social security	212,878	212,140
	Other creditors	26,785	82,304
	Accruals and deferred income	1,203,156	611,708
		<u>1,801,358</u>	<u>1,469,055</u>
	Deferred Income	2018	2017
		£	£
	Deferred income at 1 September 2017	50,081	-
	Resources deferred in the year	46,018	50,081
	Amounts released from previous years	(50,081)	-
	Deferred income at 31 August 2018	<u>46,018</u>	<u>50,081</u>

At the balance sheet date the Trust was holding funds received in relation to rates funding for the year ending 31 March 2019.

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

15 Funds

	At 1 September 2017 £	Income £	Expenditure £	Gains, Losses and transfers £	At 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	421,479	13,259,657	(13,202,437)	(163,997)	314,702
Other DfE/ESFA grants	-	845,851	(845,851)	-	-
Local authority grants	-	2,851,299	(2,851,299)	-	-
Other restricted	-	137,999	(137,999)	-	-
Pension reserve	(4,307,000)	-	(543,000)	1,283,000	(3,567,000)
	<u>(3,885,521)</u>	<u>17,094,806</u>	<u>(17,580,586)</u>	<u>1,119,003</u>	<u>(3,252,298)</u>
Restricted fixed asset funds					
DfE/ESFA Capital grants	245,490	46,987	(255,671)	-	36,806
Assets transferred on conversion	485,409	-	-	-	485,409
Pre-conversion funding	287,051	-	-	-	287,051
Capital expenditure from GAG	1,062,822	-	-	163,997	1,226,819
	<u>2,080,772</u>	<u>46,987</u>	<u>(255,671)</u>	<u>163,997</u>	<u>2,036,085</u>
Total restricted funds	<u>(1,804,749)</u>	<u>17,141,793</u>	<u>(17,836,257)</u>	<u>1,283,000</u>	<u>(1,216,213)</u>
Unrestricted funds					
Unrestricted funds	621,021	490,493	(645,782)	(40,000)	425,732
Designated funds	-	-	-	40,000	40,000
Total unrestricted funds	<u>621,021</u>	<u>490,493</u>	<u>(645,782)</u>	<u>-</u>	<u>465,732</u>
Total funds	<u>(1,183,728)</u>	<u>17,632,286</u>	<u>(18,482,039)</u>	<u>1,283,000</u>	<u>(750,481)</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 2018, 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 2018.

The transfer of £163,997 from restricted general funds to restricted fixed asset funds relates to capital expenditure during the year.

The transfer of £40,000 from unrestricted funds to designated funds relates to the designation of funds for replacement of the existing football pitch in future years as required by the grant provider.

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

15. Funds (continued)

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

	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>755,668</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 Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

15. Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	At 1 September 2016 £	Income £	Expenditure £	Gains, Losses and transfers £	At 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	1,596,636	26,547,842	(27,232,104)	(597,672)	314,702
Other DfE/ESFA grants	-	1,661,274	(1,661,274)	-	-
Local authority grants	-	5,604,165	(5,604,165)	-	-
Other restricted	-	177,964	(177,964)	-	-
Pension reserve	(7,221,000)	-	(1,267,000)	4,921,000	(3,567,000)
	<u>(5,624,364)</u>	<u>33,991,245</u>	<u>(35,942,507)</u>	<u>4,323,328</u>	<u>(3,252,298)</u>
Restricted fixed asset funds					
DfE/ESFA Capital grants	127,175	400,520	(490,889)	-	36,806
Assets transferred on conversion	485,409	-	-	-	485,409
Pre-conversion funding	287,051	-	-	-	287,051
Capital expenditure from GAG	629,147	-	-	597,672	1,226,819
	<u>1,528,782</u>	<u>400,520</u>	<u>(490,889)</u>	<u>597,672</u>	<u>2,036,085</u>
Total restricted funds	<u>(4,095,582)</u>	<u>34,391,765</u>	<u>(36,433,396)</u>	<u>4,921,000</u>	<u>(1,216,213)</u>
Unrestricted funds					
Unrestricted funds	755,668	977,436	1,287,372	(40,000)	425,732
Designated funds	-	-	-	40,000	40,000
Total unrestricted funds	<u>755,668</u>	<u>977,436</u>	<u>(1,287,372)</u>	<u>-</u>	<u>465,732</u>
Total funds	<u>(3,319,914)</u>	<u>35,369,201</u>	<u>(37,720,768)</u>	<u>4,921,000</u>	<u>(750,481)</u>

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

Funds (continued)

The funds attributable to each academy within the Academy Trust as at 31 August 2018 are as follows:

	Total £
Year ended 31 August 2018:	
Grange Technology College	406,312
Southfield School	374,122
Total before fixed assets and pension reserve	780,434
Restricted fixed asset fund	2,036,085
Pension reserve	(3,567,000)
Total	(750,481)

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	7,924,366	929,553	722,747	2,980,545	12,557,212
Southfield School	4,475,348	273,594	201,480	718,754	5,669,156
Total	12,399,714	1,203,148	924,207	3,699,299	18,226,368

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2018 £
Tangible fixed assets	-	-	2,036,085	2,036,085
Current assets	465,732	2,116,060	-	2,581,792
Current liabilities	-	(1,801,358)	-	(1,801,358)
Pension scheme liability	-	(3,567,000)	-	(3,567,000)
	465,732	(3,252,298)	2,036,085	(750,481)

18 Financial commitments

Capital commitments

	2018 £	2017 £
Contracted for, but not provided in the financial statements	-	-

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

18 Financial commitments (continued)

Commitments under operating leases

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Other:		
Amounts due within one year	1,226,464	1,188,319
Amounts due between one and five years	5,298,029	5,184,517
Amounts due after five years	22,452,935	24,960,163
	<u>28,877,428</u>	<u>31,332,999</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

	2018 £	2017 £
Net (expenditure)/income for the reporting period	(849,753)	(1,501,814)
Capital grants from DfE/ESFA	(46,987)	(353,533)
Interest receivable	(9,069)	(9,808)
Depreciation	255,671	235,218
Loss on sale of tangible fixed assets	-	1,905
Pension cost less contributions payable (note 23)	442,000	586,000
Pension finance costs (note 23)	101,000	138,000
(Increase)/decrease in debtors	(3,648)	258,135
Increase in creditors	332,303	111,574
Net cash provided by / (used in) operating activities	<u>221,517</u>	<u>(534,323)</u>

20 Cash flows from investing activities

	2018 £	2017 £
Interest received	9,069	9,808
Capital grants from DfE/ESFA	46,987	353,533
Purchase of tangible fixed assets	(210,984)	(790,982)
Proceeds from sale of tangible fixed assets	-	1,868
Net cash used in investing activities	<u>(154,928)</u>	<u>(425,773)</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 2018

22

Teaching school trading accounts

	2017/2018	2017/2018	2017/2018
Income			
Direct income			
Other income		72,818	
Other Income			
Fundraising and other trading activities		4,710	
			77,528
Expenditure			
Direct costs			
Direct staff costs	25,713		
Staff development	383		
Other direct costs	48,233		
Total direct costs		74,330	
Other costs			
Share of governance costs	3,198		
Total other costs		3,198	
Total Expenditure			(77,528)
Transfer between funds excluding depreciation	-		
Surplus/(Deficit) from all sources			
Teaching school balances at 1 September 2017	-		
Teaching school balances at 31 August 2018	-		

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

23 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 2016.

Contributions amounting to £19,600 (2017: £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 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 5.08%

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amount to £1,277,734 (2017: £847,058)

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 an unfunded 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 2018

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 2018 was £722,000 (2017: £807,000), of which employer's contributions totalled £518,000 (2017: £605,000) and employees' contributions totalled £204,000 (2017: £202,000). 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 2018	At 31 August 2017
Rate of increase in salaries	3.25%	3.25%
Rate of increase for pensions in payment	2.00%	2.00%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation (CPI)	2.00%	2.00%

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

	At 31 August 2018	At 31 August 2017
Retiring today:		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years:		
Males	23.1	23.0
Females	27.1	27.0

Sensitivity analysis

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	14,933	14,677
Discount rate -0.1%	15,642	15,373
Mortality assumption - 1 year increase	14,841	14,568
Mortality assumption - 1 year decrease	15,727	15,477
CPI rate +0.1%	15,520	15,254
CPI rate -0.1%	15,050	14,792

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

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 2018 £000	Fair value at 31 August 2017 £000
Equities	8,740	8,260
Government bonds	1,285	482
Property	492	1,029
Corporate bonds	410	418
Cash	258	161
Other	551	364
Total market value of assets	11,716	10,714
Present value of scheme liabilities		
- Funded	(15,263)	(15,021)
(Deficit) in the scheme	(3,567)	(4,307)

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 £274,000 (2017: £193,000).

The amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost	(953)	(1,068)
Past service cost	(7)	(123)
Interest income	(101)	(138)
Total amount recognised in the SOFA	(1,061)	(1,329)

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

	2018 £000	2017 £000
Opening defined benefit liabilities at beginning of year	15,021	16,613
Current service cost	953	1,068
Interest cost	375	331
Employee contributions	204	202
Actuarial (gains)	(1,019)	(2,983)
Benefits paid	(258)	(333)
Past service cost	7	123
At end of year	15,283	15,021

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

	2018	2017
		£000
Opening fair value of plans' assets at beginning of year	10,714	9,392
Interest income on assets	274	193
Actuarial gains	264	655
Employer contributions	518	605
Employee contributions	204	202
Benefits paid	(258)	(333)
At end of year	11,716	10,714

The Southfield Grange Trust

Notes to the financial statements for the year ended 31 August 2018

24 Related parties

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees 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:

£6,921 (2017: £19,109) to Bradford District Achievement Partnership an organisation in which one of the Trustees is a director. All were made at arm's length. The BDAP was dissolved in the year.

In 2017, £6,000 was paid to Oldham Sixth Form College, an organisation in which one of the Trustees was a parent governor in the year ended 31 August 2017 but retired before 1 September 2017, therefore no equivalent amounts are disclosed this year.

In 2017, £223,800 was paid to Gulseley School, an organisation in which one of the retired Trustees is the headteacher. As the Trustee retired in the year ended 31 August 2017, no equivalent amounts are disclosed this year.

There were no amounts outstanding at 31 August 2018 in respect of the above transactions (2017: £nil).

During the year £78,409 (2017: £nil) of expenses and salaries were reimbursed to Dellus School, an organisation in which one of The Southfield Grange Trustees, is a governor. Within trade creditors at the year end is £3,331 owed to Dellus School (2017: £nil). During the year £4,412 (2017: £nil) was invoiced from The Southfield Grange Trust to Dellus School. No amounts are outstanding from the related party for this (2017: £nil).

25 Agency arrangement

The Academy Trust distributed 16-19 bursary funds to students for ESFA. In the accounting period ending 31 August 2018 the Academy Trust received £92,781 and disbursed £74,268 from the fund. An amount of £26,786 is included in other creditors relating to undistributed funds that is repayable to ESFA. The Trust retained a beneficial interest in individual transactions such that £3,718 has been recognised in income in the SOFA.

The Academy Trust distributes funds to students as an agent for South BACS. In the accounting period ending 31 August 2018 the Academy Trust received £271,122 and disbursed £64,940 from the fund. An amount of £280,212 is included in other creditors relating to undistributed funds that is repayable to South BACS. The Trust retained a beneficial interest in individual transactions such that £36,625 has been recognised in income in the SOFA.

The Academy Trust distributes funds to students as an agent for Bradford District Achievement Partnership. In the accounting period ending 31 August 2018 the Academy Trust received £151,553 and disbursed £89,130 from the fund. An amount of £66,735 is included in other creditors relating to undistributed funds that is repayable to BDAP. The Trust retained a beneficial interest in individual transactions such that £6,875 has been recognised in income in the SOFA.