

Company Registration Number: 09172115 (England & Wales)

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



TORFIELD AND SAXON MOUNT ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Jennifer Smith
Michael Clarke
Susan Taylor

Trustees

Jennifer Smith, Chair of Trustees
Susan Taylor, Chair of the Academy Advisory Board
Michael Clarke
Jean Haigh
Sarah Fitzjohn-Scott
Richard Preece, Executive Headteacher and Accounting Officer

Company registered number

09172115

Company name

Torfield and Saxon Mount Academy Trust

Principal and registered office

Saxon Mount School, Edinburgh Road, St Leonards-on-Sea, East Sussex, TN38 8HH

Company secretary

Marion Booth

Senior management team

Richard Preece, CEO and Accounting Officer
Marion Booth, Director of Finance, Resources and Strategy
Natalie Taftt, Head of Torfield School
Amanda Jagot, Head of Saxon Mount School

Independent auditors

Cooper Parry Group Limited, Park View, One Central Boulevard, Blythe Valley Park, Solihull, West Midlands, B90 8BG

Bankers

NatWest Bank, Havelock Road, Hastings, East Sussex, TN34 1GW

Solicitors

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Trust operates 1 primary Academy and 1 secondary Academy for pupils aged 4 to 16 serving a catchment area predominantly in Hastings and the eastern areas of East Sussex but including any other area within the LA due to the specialist nature of the provision, with a pupil capacity of 100 and 140 pupils currently enrolled based on the May 2019 Census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is known as the Torfield and Saxon Mount Academy Trust.

Details of the Trustees who served throughout the year and to the date the approval of this report and the financial statements are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Members, Trustees and the Local Governing Body members from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

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

- up to 5 Trustees who are appointed by the Members;
- the Executive Headteacher who is treated for all purposes as being an ex-officio Trustee.

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

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TRUSTEES' REPORT (CONTINUED)
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Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the Schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees. As there are normally only a low number of new trustee appointments each year, induction will be tailored specifically to the individual(s) and will reflect existing skills and knowledge. Advantage is taken of specific relevant courses offered by various external organisations as appropriate. Two trustee training events are organised each year which includes training sessions to keep the trustees updated on relevant developments impacting upon their roles and responsibilities. New Trustees also have the opportunity to undertake appropriate training provided by external parties and all governors receive regular information and updates.

A bespoke governance development program is operated throughout the year which allows Trustees to meet informally as a team for training, so as to keep the Trustees updated on relevant developments impacting on their roles and responsibilities, and to contribute to the strategic leadership and direction of the Academy Trust.

Organisational Structure

At 31 August 2019, the Academy Trust comprised the following individual academies:

- Torfield School
- Saxon Mount School

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

The Board of Trustees normally meet 3 times each year on a pattern of once per term and excluding interim training and development events. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There is one separate Committee of the Board of Trustees as follows:

- The Executive Headteachers Performance Management Committee

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

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

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

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The Trustees have devolved the day-to-day management of the Academy Trust to the Senior Leadership Team ('SLT'), which is led by the Executive Headteacher. The SLT comprises the Executive Headteacher, Heads of Schools, Assistant Headteachers and the Director of Finance, Resources and Operational Strategy. The Executive Headteacher is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance.

The Board of Trustees delegates a number of functions to the Academy Advisory Board ('AAB') for both schools in the Trust. The AAB reviews and monitors performance within each academy, including curriculum and pupil outcomes, safeguarding and Health and Safety and school improvement activities. Trustee members of the AAB include the Executive Headteacher, Trustee with Responsibility for Teaching and Learning and Trustee with Responsibility for Child Protection and safeguarding and Health and Safety. These Trustees report directly to the Board in relation to the AAB's activities.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior management team to comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy on a day to day basis. All Trustees give of their time freely and no Trustee received any remuneration in the current or prior year, other than those Trustees who are also employees of the Academy. Details of Trustees' remuneration and expenses are disclosed in note 12 of the financial statements respectively. The pay of the senior management team is reviewed annually the Board of Trustees in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

Related Parties and Other Connected Charities and Organisations

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

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

The aims of the Academy Trust during the year ended 31 August 2019 are summarised below:

- To improve the life chances of pupils by providing the best possible educational opportunities for our learners, allowing them to work towards independence and to achieve well over time;
- To continually strive to improve standards in every aspect of Trust provision;

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- By providing consistently high quality educational experiences across all phases of their education, we aim to raise aspirations for children and young people, enabling them to be confident and successful in their next step in education or training and in their preparation for adulthood.
- To strive to support the educational provision and life chances of pupils with high needs in other schools within the local areas and in other geographical areas if requested, by sharing the Academy Trusts knowledge, expertise and strategies to assist schools to be able to provide appropriate and outstanding provision for pupils with SEN in whatever setting they are placed.
- To strive to provide outstanding careers advice and guidance opportunities for all pupils. This is to enable them to make informed and relevant choices in preparation for leaving school recognising and developing the skills needed to undertake further education, apprenticeships or work. The trust is committed to working with local and national employers, training providers, supporting and recruiting bodies to develop opportunities available to pupils and young adults with SEN.

Objectives, Strategies and Activities

The key priorities for the period are contained in the Academy Trust's Development Plan which is available from the Executive Headteacher.

The key activities of the Academy Trust for the year ended 31 August 2019 were focused as follows:

- Ensuring the provision made by each school in the Trust leads to excellent academic and personal outcomes for pupils, evidenced using a range of key performance indicators.
- Managing succession planning effectively at senior leadership level, to ensure continuity of provision and the retention of high quality senior personnel. Temporary secondments to 1 senior teacher and 1 Finance have been implemented this year to provide those staff with additional experience in leadership and management roles and retain their experience within the Trust.
- To continue to develop systems, processes and expertise to share within our schools and the wider school community, to help raise awareness and develop opportunities for all children with SEN and their families.
- Continuing to manage the impact of a significant increase in pupil numbers at both schools. Torfield had an anticipated from 83 commissioned places to 100 pupils actually placed in the school during 2018 19, Saxon Mount experienced a similar increase, but due to commissioning process and additional demands on places in year, this was not apparent until later in the school year by the end of the year there were 140 pupils placed in the school, where 127 places had been commissioned. Both schools have had to undertake unexpected internal remodelling and decoration as well as appoint additional staffing and organisational changes in order to make accommodation and provision suitable for these additional pupils. The schools are anticipated to be at this high level of occupation for some time to come.
- Further developing the KS4 curriculum and work related learning for each cohort as changes to the exam courses embed, to ensure all pupils are able to access appropriate courses with successful and meaningful outcomes and opportunities. Saxon Mount has become a lead school in the East Sussex Careers Hub, providing information, guidance and support to mainstream schools.

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- To continue to develop the EYFS curriculum, environment and opportunities for our youngest pupils to ensure they have the best start to their school and learning experience. In addition, Torfield School bid to take a leading role in a Communication and Literacy project, funded by the Hastings Opportunity Area, to support special and mainstream schools in planning and assessing effectively for pupils who are assessed at below age related expectations.
- These key objectives and strategies, though specific examples of academy Trust development plans, contribute to the successful achievement of the wider stated aims above.
- Maintaining the health and safety of the site and buildings at Saxon Mount by:
 - a. replacing the fire safety system to enable additional fire protection mechanisms such as smoke detectors and integrated alarms between the main school building and the external classroom buildings. This was subject to a successful CIF bid.
 - b. by replacing the boilers for the heating and hot water provision. This was also subject to a successful CIF bid.
 - c. Replacing large areas of the main building roof where deterioration due to age was allowing water ingress in increasing areas of the building. This was not subject to external funding and has been funded by Trust reserves and specifically a contribution from the MAT reserve fund.
- To improve the environment and efficient operation at Torfield School by replacing the remaining areas of the roof not included in the previous successful CIF funded replacement 4 years ago. This further replacement has also been predominantly funded by a successful CIF bid.
- Improving both of the school environments and financial efficiency by replacing all lighting with LED units, improving light quality and recognising financial savings over time.
- Success is measured through regular review of school and federation development objectives identified within the school development plans and Trust development plan. The school external consultant advisor assists the Board in evaluating success against key areas of school performance including pupil outcome data, pupil achievement, strength of leadership and management, quality of teaching and learning, pupil engagement and behaviour and overall effectiveness. The Board of Trustees also meet regularly with representatives from the commissioned auditors to receive information, advice and guidance in relation to the Trust's financial performance. The Executive Headteacher, Chair of Trustees and Principle Finance Officer participated in a MAT review meeting with the Deputy Regional School Commissioner in which key aspects of Trust performance were reviewed. Many strengths were highlighted and no concerns were raised about any aspect of the work of the Trust.

Public Benefit

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

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

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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy Trust continues to evolve and to adapt to the ever changing educational environment. The Trust is in its 5th year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2019 was 240.

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

The particular achievements and performance of the Academy Trust during the year ended 31 August 2019 are set out in the external advisors annual report as follows:

External Advisor Report

The pupils at Saxon Mount and Torfield exhibit excellent behaviour and attitude, to their school, the staff, and their work.

At both schools it would be easy for visitors to assume that this is a reflection on the pupils themselves, something which is undoubtedly true.

However, a closer analysis of the prior experience and records of these pupils in their previous placement's points to a wide range of serious issues:

- Exceptionally poor attendance
- Very poor attitude to work
- Poor relationships with other pupils and staff
- Parents who in many aspects have given up hope of anything like a normal educational experience for their child.

Overview

The reviews, and assessment of performance this year have delivered opportunities to "observe, explore and discuss" with the executive Headteacher and the Heads of school.

It continues to be particularly important to capitalize on the "outstanding" judgment at Torfield and the "good" with outstanding features judgement at Saxon Mount.

As mentioned every year, but worth restating, shaped by the executive Headteacher, there is a well-developed underpinning set of core values at both schools.

These values are demonstrated in the interactions between all staff and pupils. There is a clear acknowledgement of an outstanding culture and the manifestation of this is clear to all visitors, embracing the lofty heights of OfSTED, the needs of concerned pupils, parents and carers as well as the more prosaic needs of external advisors.

Pupils have an excellent experience within the TaSMAT Academy structure. All staff grasp the opportunity to develop, to become more skilled and more able to be formative within a developing and improving school structure. This persistence of both pupils and staff to be the best that they can be is now deeply entrenched in the DNA of the TaSMAT Academy.

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What the visitor, parents, pupils themselves as well as their teachers see, is pupils who are now within an outstanding educational culture of support and development. This is one where pupils are able and encouraged, with support of their teachers and parents, to take ownership of their future. They enjoy a culture of care, commitment and a relentless pursuit to be the best they possibly can.

Outcomes data for both schools has been examined rigorously. Over the years' curriculum changes make it potentially easier to marginalise year on year changes and growth. However, the culture in the schools is predicated on the need to review outcomes in depth, including comparisons with other similar schools and pupils nationally. It provides the opportunity for an external advisor to categorically state the outcomes of progression and attainment at both schools are excellent.

The curriculum offered is flexible enough to be personal and rigid enough to ensure that the core studies in numeracy and literacy underpin significant progress in a wide range of subjects. At 16+ pupils are confident to take on further study and / or employment and only a very small minority, if any at all, are identified as NEET.

At Saxon Mount – 2018 analysis of outcomes

- Analysis of data in special schools is not as straightforward as in mainstream. The school has compared outcomes to those from similar schools as well as with all pupils in secondary education nationally. This is a challenging comparison for the school to make and yet outcomes are excellent.
- There are no significant differences in performance considering gender or those pupils described as disadvantaged: CLA, FSM, ever6
- All year 11 pupils achieved at least 3 level 1 qualifications in 2018 the school is committed to ensure all pupils have access to meaningful qualifications to reflect their abilities and interests and enable progression in KS5.
- The % of pupils gaining 5+ GCSEs 9-1 (or equivalent), including English and Maths, has increased significantly from 8% in 2016, 20% in 2017 and **58.8% in 2018**. This represents outstanding outcomes and reflects our aim to provide a broad and relevant curriculum that allows pupils to achieve and be well prepared for progression into college, employment or training.
- Outcomes for all pupils continue to improve year on year with the overall attainment 8 figure increasing from 6.29 in 2016, 8.49 in 2017 and **11.96 in 2018**.
- Some qualifications offered at Saxon Mount do not contribute to national performance measures: ELC Science; Functional Skills and some of the vocational courses, e.g. Land Based Studies and Skills for Independence and Work. The school continues to offer these qualifications as they provide excellent progression opportunities for pupils and it is their best interests to achieve them. This list will increase as the DfE have reviewed level 1 qualifications contributing towards headline measures.
- The curriculum offer for pupils is outstanding with 19 qualifications, including 9 GCSEs that include: English Literature, English Language, Maths and Combined Science. In addition, Functional Skills are offered in English, Maths and IT. The curriculum offer continues to be flexible as the school responds to both pupil needs / interests and to school performance indicators such as Progress 8, by providing a curriculum that can be equated to and is often broader than a mainstream school accreditation offer. This is aspirational and reflects an ambition for all pupils have access to the type of curriculum and progression opportunities offered in mainstream provision, with appropriate additional support to overcome barriers to learning.
- 95% of teaching was good or better with 47.5% outstanding. This represents outstanding teaching and learning and is a strength over time.
- Progress in KS3 and 4 continues to show that 85+% of pupils make expected or aspirational progress across the school. This is validated by KS4 outcomes. The provisional Progress 8 score for pupils leaving in 2018 was -0.74. This shows exceptional progress and significant improvements on previous years

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- Since 2008 the number of fixed term exclusions has fallen significantly year-on-year from over 75 half days. In 2015 2016 and in 2016 17 there were **ZERO** exclusions for two years. In 2017 18, one pupil was excluded for one day.
- Attendance in 2017 18 was 95.4%, this is broadly in line with that for mainstream secondary schools nationally and higher than that for local secondary schools and significantly higher than that for special schools nationally and locally. This is Outstanding and the school is to be commended on this sustained achievement.
- All pupils from last year's cohort had a September guarantee, continuing the trend of very high engagement in education, employment or training post 16

At Torfield – 2018 analysis of outcomes

- Pupil outcomes are compared with all pupils nationally but comparison with pupils with similar profiles is a more useful and realistic data group for analysis of strengths and areas of potential weakness.
- There is very little variation in outcomes over the past three years and this indicates that, with consistently strong teaching, excellent facilities and effective systems for tracking, pupils make outstanding progress. Comparisons can be very difficult year on year as stated above however there appears to be a trend developing of very slightly lower attainment for pupils who are disadvantaged. Detailed pupil analysis indicates that the disadvantaged group has, year on year, a higher proportion of higher need pupils and this may explain the apparent difference. The school will nevertheless be addressing this possible gap by targeting family learning, family support and holiday provision to support communication skills and Personal, social and emotional development.
- Some pupils with a higher level of need have very low starting points and lower rates of progress; these pupils have realistically challenging targets that allow progress to be recognised and celebrated. Pupils in the SLD group account for approximately 20% of the school population.
- Progress for the SLD group of pupils is carefully monitored through MAPPM, work scrutiny and observation to ensure aspirations are high and support is effectively in place to address barriers such as communication. In some more complex cases progress is affected by complex home circumstances and whereas the school is relentless in pursuing support for such pupils, thresholds for support from social services are very high.
- At the end of KS1 all pupils are allocated a prior attainment group (PAG) which predicts their outcome at the end of KS2. This group will comprise of pupils with similar levels of SEN but also pupils with higher potential such as pupils with EAL. At the end of KS 2 pupils are given a progress score. Their progress score is the difference between their KS2 score and the national average for all pupils in their PAG. Some pupils have achieved a positive (+) score meaning they scored higher than those in their group. Others have a minus score.
- There is an ongoing focus on supporting the development of communication skills for all pupils and progress from year R to year 6 is good and in many cases outstanding. all class teams are fully supported to implement the programme across the curriculum.
- The school continues to apply rigorous measures including national expectations when setting annual and KS targets in order to maintain the highest aspirations for all pupils regardless of low starting points which can in themselves be misleading. Baselines for new pupils joining mid key stage are rigorous and evidence based in order to, where necessary, challenge prior data that indicates higher levels of prior attainment. Pupils transferring from mainstream school often demonstrate adult dependency and therefore a limited ability to independently demonstrate or apply skills, knowledge and understanding.
- Progress scores at KS2 that are published, indicate that pupils included in the data set at Torfield do very well. Within the ESCC list of schools, KS2progress at Torfield was shown to be higher than many mainstream schools.

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Lesson Observations, Torfield and Saxon Mount

Joint lesson observations with the heads of school are conducted to ensure that judgements in school are triangulated and externally evaluated. On every occasion at both schools the judgements were in line. From that review criteria and analysis trustees can be confident that the lesson observations and judgements are accurately scrutinised and agreed.

- ◆ The lessons observed were excellent.
- ◆ There is significant evidence at both schools of outstanding teaching and learning.
- ◆ As mentioned earlier, it is easy to fall into the trap of assuming that the children in both schools are somehow:
 - A select, well-motivated, caring and sociable group of pupils.
 - A group who, along with their parents, have high expectations for their future.
- The reality is that there is exceptional work at both school to create this outstanding environment, and:
- That, outcomes and quality of teaching and learning is so high reflects the environment created by the executive Headteacher and the heads of school.

Conclusion

It is quite clear that both schools provide outstanding opportunities for pupils. Staff, equally, through what they bring to the schools and through focussed training and development continue to have the opportunity to become the best that they can be and likewise provide through their teaching, a framework of education, matched to the needs and aspirations of pupils and their families.

The growth in the capacity of pupils to meet the challenges that the world provides is outstanding. The Academy Trust continues to excel in what it does.

This has been another excellent year and the heads of school have performed outstandingly. None of this would be possible without the total engagement of all staff, teaching and non-teaching and the persistent support of the governing body in the shaping and development of the young people.

Governors can rightly be proud of the outstanding provision and the outstanding response by parents and pupils.

The school has the capacity and resilience to support the reconstruction of an educational provision to ensure that is "fit for purpose" at a nearby Non Maintained residential special school. Richard is uniquely involved but, inevitably, by association so are many members of staff.

There is a moral imperative here which overrides all others. The provision at this school will become outstanding, drawing as it does on the energy and expertise at TaSMAT.

As Executive Headteacher Richard has again confirmed that his values and clear focus on the engagement and development of staff and pupils are of the highest calibre.

I can only congratulate him once more for the excellence of his leadership and management underpinning all that is done at TASMAT.

Key Performance Indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

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A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves carried forward. At 31 August 2019, the balance of the unrestricted and restricted income reserves was £2,156,492 (2018: £1,862,234), which is after transfers of £487,448 (2018: £552,889) to the restricted fixed asset fund to fund capital expenditure during the year. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. The total number of pupils during the year ended 31 August 2019 were 244, which is an increase of 29 pupils from the previous year.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to total educational grant funding (being GAG funding plus other operating educational grants from the ESFA and Local Authority) for the year was 70% (2018: 69%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 82% (2018: 81%).

Going Concern

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

FUNDRAISING

The Academy Trust has not undertaken any material fundraising activities during the year ended 31 August 2019.

FINANCIAL REVIEW

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities. The Academy Trust also receives grants for fixed assets from the ESFA and other organisations / funders and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

For the year ended 31 August 2019, the Academy Trust's total income (excluding capital grants) was £4,615,766 (2018: £3,938,880) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £3,834,058 (2018: £3,286,469), resulting in a net surplus for the year of £781,708 (2018: £652,411).

The balance of reserves at 31 August 2019, excluding the restricted fixed asset funds and LGPS liability fund was £2,156,492 (2018: £1,862,234).

The net book value of fixed assets at 31 August 2019 were £15,728,968 (2018: £15,208,180). The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £1,399,000 (2018: £612,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academies. Further details regarding the deficit in the LGPS at 31 August 2019 are set out in note 24 to the financial statements.

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

Reserves Policy

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

The Trustees have determined that the appropriate level of reserves should be:

- a minimum of approximately 5% of total incoming resources. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, structural defects and long term staff absences etc. It is understood that this contingency sum may be held either within the individual schools or within the MAT.
- Structural maintenance funds received from the Local Authority, specifically to maintain land and buildings, with unspent balances from each year contributing to a total reserve value for any major work required and not subject to a successful CIF bid, or to contribute to future CIF bids. This reserve may be held in revenue or capital funds.
- Long term teacher absence/support staff self-insurance fund to the maximum of one full time teacher. This reserve is held as a working, diminishing budget as the year progresses and long term cover is required.
- The Trust continues to hold additional surplus funds in as a Trust development working capital fund to support future MAT projects to enhance and improve knowledge and expertise in curriculum and operational development within the wider special school and mainstream community as required; and to enable effective succession planning and building leadership and management capacity in line with the longer term priorities and future needs of the Trust.

The Academy Trust's current level of reserves at 31 August 2019 is £16,584,291 (2018: £16,814,525), of which £2,156,492 (2018: £1,862,234) are operating reserves, being the restricted income funds of £1,397,067 (2018: £1,173,696) and the unrestricted funds of £759,425 (2018: £688,538).

The Trustees recognise that the total value of reserves at the year end exceeds the combined value of the individual items above. This is due to the future planning, development and protection during the current and future period of uncertainty regarding schools funding streams, and specifically funding for special schools via a High Needs funding formula and the Local Authority's specific high needs deficit funding issues and the impact of the planned opening of a number of proposed Free schools within the next 1 to 3 years in the Local Authority area.

The Trustees wish to maintain some protection to the Trust schools in the light of this uncertainty in income and in conjunction with increasing staff costs over the next 3 years, in order to provide stability of provision as necessary strategies are implemented. In addition to this, there are a number of extracurricular and attendance strategies taking place across the Trust schools, currently subject to funding support from the Hastings Opportunity area and fixed term Local Authority grants.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

To date these initiatives are demonstrating significant social and academic benefits to pupils so are planned to be continued and developed further from the usual and guaranteed school income funding streams when not subject to additional grant funding. There are also a number of planned development and improvement building and transport projects at both schools in 2019/20 and 2020/21 that will be funded from reserves carried forward from previous years.

The Trustees are satisfied with the current level of reserves held by the Trust for these reasons. The value of the restricted fixed asset fund at 31 August 2019 is £15,826,799 (2018: £15,564,291), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Trust, which can only be realised by disposing of the associated tangible fixed assets, and any balances of unspent capital grants.

The pension reserve fund has a deficit balance at 31 August 2019 of £1,399,000 (2018: £612,000), which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make accelerated pension contributions over a number of years in order to fund the deficit. These accelerated pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers. Current cash flow has also allowed for a designated principle sum to be invested on deposit for an extended period with the Academy Trust's principal bankers. The notice period account chosen presents zero risk to capital and attracts a considerably higher rate of interest. The cash flow and balances position will be reviewed regularly and at least termly, to assess if the deposit can be increased or notice of withdrawal of any sum is required in the required notice period.

Principal Risks and Uncertainties

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

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

Educational

The continuing success of the Academy Trust is dependent on the Local Authority continuing to commission and ensure occupation of places, the Trust continuing to attract applicants and preferences by parents/carers in sufficient numbers by maintaining the highest educational standards across all key stages. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed, with corrective actions embedded at an early stage, and that relationships and partnerships with parents, the local authority, the local community and other organisations and groups are maintained and are effective in producing a cohesive and supportive community.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Safeguarding and child protection

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

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA and Local Authority. In the year, approximately 97.8% of the Academy Trust's was ultimately Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light continuing changes in to the National Funding Formula for schools.

Continuing increases in employment costs, including pension costs association with both the Teachers' Pension Scheme and the Local Government Pension Scheme, and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balance budgets in the future.

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

Staffing

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

Failures in governance and / or management

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

Fraud and mismanagement of funds

The Academy Trust engaged Whitley Stimpson Limited to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

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

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£371
Total pay bill	£3,119,531
Percentage of total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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PLANS FOR FUTURE PERIODS

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

The Academy Trust's plans for future periods are:

- To further develop and improve on the facilities and environments at both Trust schools to enhance pupils learning experiences and opportunities to achieve the best that they can.
- To improve the life chances of all pupils by providing the best possible educational opportunities for our learners, allowing them to work towards independence and to achieve well over time.
- To continually strive to improve standards in every aspect of Trust provision including providing a curriculum giving every pupil the best chance of achieving qualifications and skills to them forward into the next phase of their life.
- To improve on future career opportunities by working with local, regional and national careers organisations, the local community and employers, and by providing work experience and information for pupils to assist them in making informed and effective choices for the next stage in their education or employment options.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

- To ensure that our staff structure, recruitment and training programmes attract, retain and develop the highest quality staff and expertise to benefit the Trust schools and support Trust developments in the future.
- To implement and operate a wider range of extra- curricular after school, holiday and Saturday clubs available for all pupils, to replace services for high needs pupils cut by the Local Authority in 2018.
- To encourage all pupils to attend at least one extra curricular after school activity by offering transport home.
- To support and improve attendance of pupils not entitled to free home to school transport provided by the LA by offering a morning collection service

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust currently manages and holds the funds for the Special Schools Education Improvement Partnership, on behalf of the Special Schools Alliance. Management of the funds sits with the Chair of the Partnership who is currently the Executive Headteacher of the Torfield and Saxon Mount Academy Trust. Funds are spent in accordance with the agreed strategies and activities of the partnership forum and reported to this group. Funds are held in a separate bank account from Trust funds.

The Academy Trust and its Trustees do not act as custodian Trustees for any other charity.

AUDITOR

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2019 and signed on its behalf by:

Jennifer Smith
Chair of Trustees



TORFIELD AND SAXON MOUNT ACADEMY TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Torfield and Saxon Mount Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The Board of Trustees has formally met 3 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
Jennifer Smith	3	3
Jean Haigh	3	3
Sarah Fitzjohn-Scott	1	3
Susan Taylor	3	3
Michael Clarke	3	3
Richard Preece	3	3

In addition, the full Board of Trustees also meet on 3 other occasions each year for training, Trust development planning and review purposes. Lead Trustees for the respective areas of Finance, Health and Safety and Safeguarding, and Development also meet with relevant senior leaders of the Trust prior to each Academy Advisory Board meeting or full Board of Trustees meeting as determined for each Lead Board member role within the Trust Governance handbook. The Board of Trustees reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness.

The Board of Trustees has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust.

The Full Board of Trustees acts as the Finance and Audit Committee.

The key financial issues dealt with by the Board of Trustees, acting as the Finance committee, during the year was the review of the Academy Trust's 3 and 5 year financial forecasts and the actions required to address the reduced funding expected over this period.

The key issues dealt with by the Board of Trustees, acting as the Audit Committee during the year, was the review of the reports received from Whitley Stimpson in relation to the Trust's systems of internal control and the actions undertaken to address the control weaknesses identified.

The Academy Advisory Board is a sub-Committee of the Board of Trustees and includes other Governors. Its purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to Curriculum, Safeguarding and Child Protection and Health & Safety of the Academy Trust.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Executive Headteacher 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 Academy 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:

- Monitoring and reporting processes for ad hoc and locally generated income have been embedded and improved, including regular reporting to Heads of school to inform future requests for contributions to fund curriculum support activities. Mechanisms for collecting and monitoring parental contributions and pupil premium contributions to support initiatives have also resulted in a higher % of contributions being collected as payment by parents has been made simpler and more efficient.
- The Trust has actively sought and implemented achieving economies of scale and shared use of resources through joint purchasing, contract management and human resource management, to enable optimum use of funds to deliver and improve the learning opportunities for the pupils in both schools. This also includes working in partnership with other schools and external organisations to support and achieve enhanced provision through sharing knowledge and expertise within the schools staff.
- Planning and investing in the internal and external learning environments and staffing structures to provide a balance of activities and support for all pupils to not only enhance learning opportunities but also build physical skills, co-operation and independence, recognising that this will have a significant impact beyond school and formal education.
- Successful CIF funding bids for capital works have been combined with school funded works to obtain best value from appointed consultants.
- The purchase of an additional vehicle for each school has decreased the necessity for external transport arrangements and improved pupil access to extra curricular activities and attendance initiatives.
- Replacing all light fittings in all Trust school buildings with energy efficient and longer life LED units and bulbs, improving lighting quality and effectiveness, reducing the number of overall lighting units, lower power use reducing the Trusts carbon footprint and recognising significant financial energy cost savings over time. Investing in window and door replacements to improve security, safety and energy efficiency.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's 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 Torfield and Saxon Mount academy Trust for the period from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Academy 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 Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Whitley Stimpson Limited to perform a program of internal reviews and checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current year included:

- review of and testing of risk management and the risk register.
- review of and testing of bank and cash control and management processes.

On an annual basis, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The reviewer has delivered their program of work during the year ended 31 August 2019 as planned.

While no significant internal control weaknesses were identified from the work completed, the Trustees and management have developed an action plan to continue to strengthen and improve internal controls over the next 3 months.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

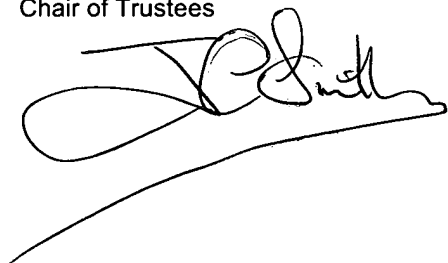
As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the internal reviewers;
- 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 External Auditor and Board of Trustees and weaknesses in the systems have been addressed to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on their behalf by:

Jennifer Smith
Chair of Trustees



Richard Preece
Accounting Officer

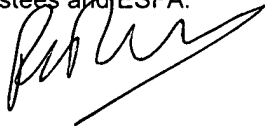
TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Torfield and Saxon Mount Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Richard Preece
Accounting Officer

Date: 12 December 2019

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies Accounts Direction published by the Education & 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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on its behalf by:

Jennifer Smith
Chair of Trustees



TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TORFIELD AND SAXON MOUNT ACADEMY TRUST**

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TORFIELD AND SAXON MOUNT ACADEMY TRUST (CONTINUED)**

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 auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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.

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TORFIELD AND SAXON MOUNT ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

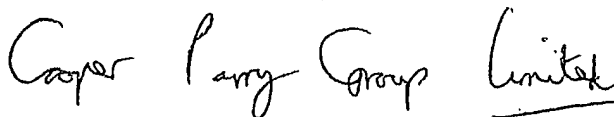
Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 auditors' report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA (senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Park View

One Central Boulevard

Blythe Valley Park

Solihull

West Midlands

B90 8BG

17 December 2019

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 1 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Torfield and Saxon Mount Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Torfield and Saxon Mount Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Torfield and Saxon Mount Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Torfield and Saxon Mount Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Torfield and Saxon Mount Academy Trust's accounting officer
and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Torfield and Saxon Mount Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions included:

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

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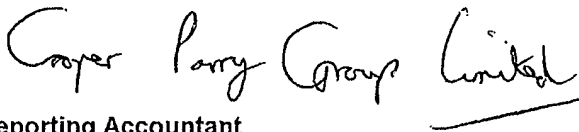
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TORFIELD
AND SAXON MOUNT ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Approach (continued)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Cooper Parry Group Limited
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Date: 17 December 2019

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	262	-	256,279	256,541	283,017
Charitable activities		5,692	4,511,921	-	4,517,613	3,888,993
Other trading activities		88,457	-	-	88,457	45,197
Investments	6	9,434	-	-	9,434	3,211
Total income		103,845	4,511,921	256,279	4,872,045	4,220,418
Expenditure on:						
Charitable activities		32,957	3,997,102	481,219	4,511,278	3,927,407
Total expenditure		32,957	3,997,102	481,219	4,511,278	3,927,407
Net income/(expenditure)		70,888	514,819	(224,940)	360,767	293,011
Transfers between funds	17	-	(487,448)	487,448	-	-
Net movement in funds before other recognised gains/(losses)		70,888	27,371	262,508	360,767	293,011
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(591,000)	-	(591,000)	418,000
Net movement in funds		70,888	(563,629)	262,508	(230,233)	711,011
Reconciliation of funds:						
Total funds brought forward		688,538	561,696	15,564,291	16,814,525	16,103,514
Net movement in funds		70,888	(563,629)	262,508	(230,233)	711,011
Total funds carried forward		759,426	(1,933)	15,826,799	16,584,292	16,814,525

The notes on pages 32 to 56 form part of these financial statements.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09172115

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	15,728,968	15,208,180
		<u>15,728,968</u>	<u>15,208,180</u>
Current assets			
Debtors	15	364,506	284,220
Cash at bank and in hand		2,531,711	2,490,912
		<u>2,896,217</u>	<u>2,775,132</u>
Creditors: amounts falling due within one year	16	(641,894)	(556,787)
Net current assets		<u>2,254,323</u>	<u>2,218,345</u>
Total assets less current liabilities		<u>17,983,291</u>	<u>17,426,525</u>
Net assets excluding pension liability		<u>17,983,291</u>	<u>17,426,525</u>
Defined benefit pension scheme liability	24	(1,399,000)	(612,000)
Total net assets		<u><u>16,584,291</u></u>	<u><u>16,814,525</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	17	15,826,799	15,564,291
Restricted income funds	17	1,397,067	1,173,696
Pension reserve	17	(1,399,000)	(612,000)
Total restricted funds	17	<u>15,824,866</u>	<u>16,125,987</u>
Unrestricted income funds	17	759,425	688,538
Total funds		<u><u>16,584,291</u></u>	<u><u>16,814,525</u></u>

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 28 to 56 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:

Jennifer Smith
Chair of Trustees

A handwritten signature in black ink, appearing to read 'Jennifer Smith', with a large, stylized initial 'J'.

The notes on pages 32 to 56 form part of these financial statements.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	19	777,096	870,895
Cash flows from investing activities	20	(736,297)	(495,639)
Change in cash and cash equivalents in the year		40,799	375,256
Cash and cash equivalents at the beginning of the year		2,490,912	2,115,656
Cash and cash equivalents at the end of the year	21	<u>2,531,711</u>	<u>2,490,912</u>

The notes on pages 32 to 56 form part of these financial statements

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Torfield and Saxon Mount Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.4 Fund accounting

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

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

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.5 Income

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

- **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

1.6 Expenditure

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

- **Charitable activities**

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.6 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.8 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Leasehold land	- 125 years straight line
Long-term leasehold property	- 50 years straight line
Plant and machinery	- 10 years straight line
Motor vehicles	- 10 years straight line
Fixtures and fittings	- 10 years straight line
Computer equipment	- 5 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.9 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.10 Debtors

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

1.11 Cash at bank and in hand

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

1.12 Liabilities and provisions

Liabilities and provisions 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.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Agency arrangements

The Academy Trust holds and manages the funds for the Special School Education Improvement Partnership, on behalf of the Special Schools Alliance. Payments received and subsequent disbursements to schools are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds.

The funds received and paid during the year and balances held at the end of the year are disclosed in note 26.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Critical areas of judgment:

The classification of expenditure between restricted and unrestricted funds is deemed as a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	262	-	262	1,479
Capital Grants	-	256,279	256,279	281,538
	<u>262</u>	<u>256,279</u>	<u>256,541</u>	<u>283,017</u>
Total 2018	<u>1,479</u>	<u>281,538</u>	<u>283,017</u>	

4. Funding for the academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General annual grant	-	2,130,131	2,130,131	2,151,647
Other EFA/DfE grants	-	208,228	208,228	174,622
	<u>-</u>	<u>2,338,359</u>	<u>2,338,359</u>	<u>2,326,269</u>
Other government grants				
Local Authority grants	-	2,173,562	2,173,562	1,554,024
	<u>-</u>	<u>2,173,562</u>	<u>2,173,562</u>	<u>1,554,024</u>
Other funding				
Trip income	5,692	-	5,692	8,701
	<u>5,692</u>	<u>-</u>	<u>5,692</u>	<u>8,701</u>
Total 2019	<u>5,692</u>	<u>4,511,921</u>	<u>4,517,613</u>	<u>3,888,994</u>

In 2018, of the total income, £8,701 was in unrestricted funds and £3,880,293 was in restricted funds.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	88,457	88,457	45,197

In 2018, of the total income from other trading activities, £45,197 was to unrestricted funds and £nil was to restricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	9,434	9,434	3,211

In 2018, of the total income from Investment income, £3,211 was to unrestricted funds and £Nil was to restricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Charitable activities:					
Direct costs	2,169,815	-	61,965	2,231,780	1,646,120
Allocated support costs	1,141,259	280,184	858,056	2,279,499	2,281,287
	3,311,074	280,184	920,021	4,511,279	3,927,407
Total 2018	2,835,796	244,511	847,100	3,927,407	

Of the total expenditure for the year, £32,957 (2018 - £23,900) was to unrestricted funds and £4,478,320 (2018 - £3,903,507) was to restricted funds.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	2,231,780	2,279,499	4,511,279	3,927,407
Total 2018	1,646,120	2,281,287	3,927,407	

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
LGPS FRS102 net pension interest cost	19,000	23,000
Staff costs	1,141,259	1,262,060
Depreciation	471,595	447,599
Technology costs	65,428	47,662
Property costs	292,992	257,487
Other support costs	263,515	213,475
Governance costs	25,710	30,004
	2,279,499	2,281,287

During the year ended 31 August 2019, the Academy Trust incurred governance costs of £25,710 (2018 - £30,004).

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	3,737	13,612
Depreciation of tangible fixed assets	471,598	447,599
Fees paid to auditors for:		
- audit	8,000	7,600
- other services	5,600	13,612
	<u> </u>	<u> </u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,372,683	2,036,431
Social security costs	218,365	179,956
Pension costs	599,119	519,794
	<u>3,190,167</u>	<u>2,736,181</u>
Agency staff costs	120,907	99,615
	<u>3,311,074</u>	<u>2,835,796</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	26	26
Administration and support	65	57
Management	8	8
	<u>99</u>	<u>91</u>

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
In the band £110,001 - £120,000	1	1
	<u>4</u>	<u>3</u>

3 (2018: 3) of the above staff members participated in the Teachers' Pension Scheme and the value of the employer contributions to the scheme during the year were £43,809 (2018 - £42,195). One (2018: Nil) of the above staff members participated in the Local Government Pension Scheme and the value of the employer contributions to the scheme during the year were £15,481 (2018 - £Nil)

d. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the 4 (2018: 4) key management personnel for their services to the Academy Trust was £418,984 (2018 - £410,395).

11. Central services

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

- Leadership support
- Finance support
- Information & technology support
- Site team support

The Academy Trust charges for these services on the following basis:

- central budgeted costs are allocated over the two Academies using pupil ratio.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Torfield School	199,280	191,101
Saxon Mount School	275,195	286,651
Total	<u>474,475</u>	<u>477,752</u>

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Trustees' remuneration and expenses

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

		2019	2018
		£	£
Richard Preece	Remuneration	115,000 -	115,000 -
		120,000	120,000
	Pension contributions paid	20,000 -	15,000 -
		25,000	20,000

During the year, no Trustees received any benefits in kind (2018 - £NIL). The Executive Headteacher received benefits in kind amounting to £1,215 in the current year (2018 - £1,216).

During the year ended 31 August 2019, expenses totaling £1,483 (2018 - £2,760) were reimbursed to the Executive Headteacher for travel expenses incurred in operating the Academy Trust's activities.

During the year 1 Trustee was reimbursed £86 for travel expenses (2018 - Trustees were reimbursed expenses totaling £Nil).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	15,633,864	685,808	284,552	199,799	16,804,023
Additions	570,841	360,530	31,831	50,994	1,014,196
Disposals	-	(27,965)	(9,209)	(5,451)	(42,625)
At 31 August 2019	16,204,705	1,018,373	307,174	245,342	17,775,594
Depreciation					
At 1 September 2018	1,136,041	253,582	179,684	26,536	1,595,843
Charge for the year	312,876	79,090	56,971	22,661	471,598
On disposals	-	(11,459)	(7,176)	(2,180)	(20,815)
At 31 August 2019	1,448,917	321,213	229,479	47,017	2,046,626
Net book value					
At 31 August 2019	14,755,788	697,160	77,695	198,325	15,728,968
At 31 August 2018	14,497,823	432,226	104,868	173,263	15,208,180

The long term leasehold property comprises the land and buildings of the individual academies within the Academy Trust which were transferred to the Trust from East Sussex County Council on conversion to Academy Trust. The Trust occupies the land and buildings under a 125 year lease arrangement with East Sussex County Council.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	7,519	381
Other debtors	211,653	183,704
Prepayments and accrued income	29,463	20,055
VAT repayable	115,871	80,080
	<u>364,506</u>	<u>284,220</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	214,558	153,736
Other creditors	135,185	113,349
Accruals and deferred income	292,151	289,702
	<u>641,894</u>	<u>556,787</u>

	2019 £	2018 £
Deferred income at 1 September 2018	4,334	8,255
Resources deferred during the year	14,537	4,334
Amounts released from previous periods	(4,334)	(8,255)
	<u>14,537</u>	<u>4,334</u>

Deferred income relates to funding received in advance for Universal Infant Free School Meals, School trips and clubs that will be utilised during the year ending 31 August 2020.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	688,538	103,844	(32,957)	-	-	759,425
Restricted general funds						
General Annual Grant (GAG)	1,049,548	2,130,131	(1,412,622)	(487,448)	-	1,279,609
Pupil premium	-	139,405	(139,405)	-	-	-
Other ESFA/DfE grants	-	68,823	(62,705)	-	-	6,118
Local Authority Grants	124,148	2,173,562	(2,186,370)	-	-	111,340
Pension reserve	(612,000)	-	(196,000)	-	(591,000)	(1,399,000)
	<u>561,696</u>	<u>4,511,921</u>	<u>(3,997,102)</u>	<u>(487,448)</u>	<u>(591,000)</u>	<u>(1,933)</u>
Restricted fixed asset funds						
Fixed asset inherited on conversion	13,406,866	-	(481,219)	2,803,321	-	15,728,968
Fixed assets funded from GAG and other funds	1,573,815	-	-	(1,573,815)	-	-
Capital grants and donations	583,610	256,279	-	(742,058)	-	97,831
	<u>15,564,291</u>	<u>256,279</u>	<u>(481,219)</u>	<u>487,448</u>	<u>-</u>	<u>15,826,799</u>
Total Restricted funds	<u>16,125,987</u>	<u>4,768,200</u>	<u>(4,478,321)</u>	<u>-</u>	<u>(591,000)</u>	<u>15,824,866</u>
Total funds	<u>16,814,525</u>	<u>4,872,044</u>	<u>(4,511,278)</u>	<u>-</u>	<u>(591,000)</u>	<u>16,584,291</u>

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

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

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

The Pension reserve represents the Local Government Pension Scheme deficit.

Restricted fixed assets funds represent the investment in fixed assets, net of accumulated depreciation and include the value of fixed assets transferred to the Academy Trust on conversion together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grant was paid.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Torfield School	851,334	615,583
Saxon Mount School	987,305	799,944
Central Services	317,853	446,707
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,156,492	1,862,234
Restricted fixed asset fund	15,826,799	15,564,291
Pension reserve	(1,399,000)	(612,000)
	<hr/>	<hr/>
Total	16,584,291	16,814,525
	<hr/> <hr/>	<hr/> <hr/>

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Torfield School	649,677	597,248	17,847	285,671	1,550,443	1,384,867
Saxon Mount School	968,047	447,161	38,930	266,206	1,720,344	1,838,568
Central Services	160,092	507,852	3,017	97,935	768,896	256,373
Academy Trust	1,777,816	1,552,261	59,794	649,812	4,039,683	3,479,808

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	653,851	58,587	(23,900)	-	-	688,538
Restricted general funds						
General Annual Grant (GAG)	1,024,961	2,151,647	(1,574,171)	(552,889)	-	1,049,548
Other ESFA/DfE grants	-	174,622	(174,622)	-	-	-
Local Authority Grants	83,900	1,554,024	(1,513,776)	-	-	124,148
Pension reserve	(844,000)	-	(186,000)	-	418,000	(612,000)
	264,861	3,880,293	(3,448,569)	(552,889)	418,000	561,696

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Fixed asset inherited on conversion	13,779,275	-	(372,409)	-	-	13,406,866
Fixed assets funded from GAG and other funds	1,103,455	-	(82,529)	552,889	-	1,573,815
Capital grants and donations	302,072	281,538	-	-	-	583,610
	<u>15,184,802</u>	<u>281,538</u>	<u>(454,938)</u>	<u>552,889</u>	<u>-</u>	<u>15,564,291</u>
Total Restricted funds	<u>15,449,663</u>	<u>4,161,831</u>	<u>(3,903,507)</u>	<u>-</u>	<u>418,000</u>	<u>16,125,987</u>
Total funds	<u>16,103,514</u>	<u>4,220,418</u>	<u>(3,927,407)</u>	<u>-</u>	<u>418,000</u>	<u>16,814,525</u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	15,728,968	15,728,968
Current assets	759,425	1,832,921	303,871	2,896,217
Creditors due within one year	-	(435,854)	(206,040)	(641,894)
Provisions for liabilities and charges	-	(1,399,000)	-	(1,399,000)
Total	<u>759,425</u>	<u>(1,933)</u>	<u>15,826,799</u>	<u>16,584,291</u>

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,208,180	15,208,180
Current assets	688,539	1,730,483	356,111	2,775,133
Creditors due within one year	-	(556,787)	-	(556,787)
Provisions for liabilities and charges	-	(612,000)	-	(612,000)
Total	688,539	561,696	15,564,291	16,814,526

19. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per statement of financial activities)	360,767	293,011
Adjustments for:		
Depreciation	471,598	447,599
Capital grants from DfE and other capital income	(256,279)	(281,538)
Interest receivable	(9,434)	(3,211)
Defined benefit pension scheme cost less contributions payable	177,000	163,000
Defined benefit pension scheme finance cost	19,000	23,000
Increase in debtors	(80,286)	(17,344)
Increase in creditors	85,106	239,039
Loss on disposal of fixed assets	9,624	7,339
Net cash provided by operating activities	777,096	870,895

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	9,434	3,211
Purchase of tangible fixed assets	(1,014,196)	(787,289)
Proceeds from the sale of tangible fixed assets	12,186	6,901
Capital grants from DfE Group	256,279	281,538
Net cash used in investing activities	(736,297)	(495,639)

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	2,531,711	2,490,912
Total cash and cash equivalents	2,531,711	2,490,912

22. 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 year 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.

23. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements	-	99,620

24. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. Pension commitments (continued)

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. Pension commitments (continued)

Scheme Changes (continued)

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £207,766 (2018 - £179,407).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website at <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £272,000 (2018 - £225,000), of which employer's contributions totalled £215,000 (2018 - £178,000) and employees' contributions totalled £ 57,000 (2018 - £47,000). The agreed contribution rates for future years are 22.1 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.70	2.80
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.1	23.8
Females	24.9	26.3

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate -0.5%	629,000	4,312,000
CPI rate +0.5%	531,000	4,232,000
Salary increase rate +0.5%	86,000	3,922,000

The Academy Trust's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,442,000	2,363,000
Corporate bonds	814,000	453,000
Property	333,000	323,000
Cash and other liquid assets	111,000	97,000
Total market value of assets	3,700,000	3,236,000

The actual return on scheme assets was £224,000 (2018 - £216,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Past service cost	(26,000)	-
Interest income	94,000	73,000
Interest cost	(113,000)	(96,000)
Total amount recognised in the Statement of financial activities	(45,000)	(23,000)

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	3,848,000	3,167,000
Current service cost	366,000	-
Interest cost	113,000	96,000
Employee contributions	57,000	47,000
Actuarial losses/(gains)	721,000	(275,000)
Benefits paid	(32,000)	(37,000)
Past service costs	26,000	-
At 31 August	5,099,000	2,998,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	3,236,000	2,832,000
Interest income	94,000	73,000
Actuarial gains	130,000	143,000
Employer contributions	215,000	178,000
Employee contributions	57,000	47,000
Benefits paid	(32,000)	(37,000)
At 31 August	3,700,000	3,236,000

25. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	2,327	3,737
Later than 1 year and not later than 5 years	-	2,327
	2,327	6,064

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

26. Agency arrangements

The Academy Trust distributes Education Improvement Partnership funds to local schools as an agent for East Sussex County Council. In the year ended 31 August 2019, the Trust received £11,450 (2018 - £NIL) and disbursed £9,051 (2018 - £23,536) from the fund. An amount of £20,871 (2018 - £18,478) is included in other creditors relating to undistributed funds that will be carried forward and utilised on ongoing and new projects in the 2019/20 year.

27. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year ended 31 August 2019:

The Academy Trust received a grant of £2,834 (2018 - £1,900) from the Education Improvement Partnership (EIP), a collaboration of special schools in the area for which Richard Preece, the Executive Headteacher, is the Chair, and Marion Booth, the Director of Finance, Resources and Strategy, is the Treasurer. No balance was outstanding at the year end (2018 - NIL).

There were no other related party transactions in the current or prior year, other than certain Trustees' remuneration and expenses already disclosed in note 12.

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

In accordance with the terms of our engagement letter dated 1 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Torfield and Saxon Mount Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Torfield and Saxon Mount Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Torfield and Saxon Mount Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Torfield and Saxon Mount Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Torfield and Saxon Mount Academy Trust's accounting officer
and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Torfield and Saxon Mount Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions included:

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TORFIELD AND SAXON MOUNT ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 auditors' report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Atkins FCA (senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Park View

One Central Boulevard

Blythe Valley Park

Solihull

West Midlands

B90 8BG

17 December 2019

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	262	-	256,279	256,541	283,017
Charitable activities		5,692	4,511,921	-	4,517,613	3,888,993
Other trading activities		88,457	-	-	88,457	45,197
Investments	6	9,434	-	-	9,434	3,211
Total income		103,845	4,511,921	256,279	4,872,045	4,220,418
Expenditure on:						
Charitable activities		32,957	3,997,102	481,219	4,511,278	3,927,407
Total expenditure		32,957	3,997,102	481,219	4,511,278	3,927,407
Net income/(expenditure)		70,888	514,819	(224,940)	360,767	293,011
Transfers between funds	17	-	(487,448)	487,448	-	-
Net movement in funds before other recognised gains/(losses)		70,888	27,371	262,508	360,767	293,011
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(591,000)	-	(591,000)	418,000
Net movement in funds		70,888	(563,629)	262,508	(230,233)	711,011
Reconciliation of funds:						
Total funds brought forward		688,538	561,696	15,564,291	16,814,525	16,103,514
Net movement in funds		70,888	(563,629)	262,508	(230,233)	711,011
Total funds carried forward		759,426	(1,933)	15,826,799	16,584,292	16,814,525

The notes on pages 32 to 56 form part of these financial statements.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A company limited by guarantee)

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

Approach (continued)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Cooper Parry Group Limited

Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Date: 17 December 2019