
TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Jennifer Smith
Michael Clarke
Susan Taylor

Trustees

Jennifer Smith, Chair of Trustees
Susan Taylor
Michael Clarke
Jean Haigh
Sarah Fitzjohn-Scott (appointed 18 May 2017)
Michael Saunders (resigned 31 March 2017)
Richard Preece, Executive Headteacher and Accounting Officer

In the Torfield and Saxon Mount Academy Trust the Board of Trustees in full have responsibility for the finance and audit function for the Trust.

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

Mrs M J Booth

Senior management team

Richard Preece, CEO and Executive Headteacher
Natalie Tafft, Head of School, Torfield School
Elaine Gardner, Head of School, Saxon Mount School
Amanda Jagot, Associate Head of School, Saxon Mount School
Marion Booth, Director of Finance, Resources and Operational Strategy

Independent auditors

Whitley Stimpson Limited, Penrose House, 67 Hightown Road, Banbury, Oxfordshire, OX16 9BE

Bankers

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

Solicitors

Browne Jacobson, 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 2017

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 2016 to 31 August 2017. 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 predominantly in East Sussex but with pupils being placed from other neighbouring local authorities due to the specialist nature of the provision, with a combined pupil capacity of 210 and 200195 pupils currently enrolled across the Academies based on the 19th May 2017 Census.

The Torfield and Saxon Mount Academy Trust are an approved DfE sponsor for any Ofsted category rated Special schools and Primary schools with Good or Outstanding Ofsted rating.

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 during the year are included in the Reference and administrative details on page 1.

Members' Liability

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

Trustees' Indemnities

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.

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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.

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 tends to be tailored specifically to the individual and will reflect their 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.

Organisational Structure

At 31 August 2017, the Academy Trust comprised the following individual academies:

- Torfield School
- Saxon Mount School

The Board of Trustees normally meet three times each year, on a pattern of once per term. 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 and all Trustees are responsible for the strategic financial and audit oversight of the Academy Trust as follows:

- The Executive Headteachers Performance Management Committee

This 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 Headteacher.

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.

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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 senior management team to comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Academy Trust on a day to day basis. The members of the senior management team are included in the Reference and Administrative Details on page 1.

The pay of the senior management team is reviewed annually by 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, St Leonards and East Sussex 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 2017 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;
- 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.

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- 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.

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 2017 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 and trustee level, to ensure continuity of provision and the appointment of high quality senior personnel: 1 Head of School (Saxon Mount), 1 Assistant Headteacher (Saxon Mount) and 1 Trustee were successfully appointed.
- In response to trust development priorities, successfully apply to become an Academy Sponsor, explore possibilities of extending provision at Year 12 and beyond.

Other key activities included:

- Improving the external facilities at the Torfield School Croft Road site to provide enhanced inspiring internal and external learning environments to promote pupils activity, learning, co-operation and to develop co-ordination through play and structured curriculum activities. This included significant improvement to the swimming pool environment and converting an external hard surfaced play area into a safety surfaced outdoor classroom and activity space.
- Making significant building and ground improvements at Saxon Mount School in both Health and Safety aspects and to improve the facilities available to pupils. This included providing a canopy over the external table tennis facility, completing the replacement of all windows in the building, and improving the access and safety aspects of the main reception area and access into the pupil areas.
- Further developing the KS4 curriculum following changes in accredited exam courses to ensure all pupils are able to access appropriate courses with successful and meaningful outcomes.
- These key objectives and strategies, though specific examples of academy trust development plans, contribute with all other developments to the successful achievement of the wider stated aims above.
- Success is measured through regular review of school and federation development objectives identified within the School Development Plan 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 directors also meet regularly with representatives from the commissioned accountants, to receive information, advice and guidance in relation to the trust's financial performance.

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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.

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 3rd year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2017 was 196, but this has increased to 200 at the October 2017 census due to the continued demand for places at the Academy Trust.

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

The particular achievements and performance of the Academy Trust during the year ended 31 August 2017 were as follows:

Torfield School

The External Advisor visit report from October 2016 noted the following strengths of the school:

- Strong leadership from SLT and LL team.
- A welcoming, well-structured ASD friendly environment which supports the children's learning and development and gives them confidence to explore
- Communicative environment supports the initiation of communication
- The staff's positive and caring ethos support the development of personal and social education
- Highly effective transition arrangements ensure children adjust well to their new school and feel confident and secure in their environment
- Excellent partnership working with parents and other agencies
- Enthusiastic, creative staff setting up a range of multi-sensory activities for the children to explore
- High quality sensory work undertaken; individual programmes and activities are planned to support the child
- Highly effective Curriculum Monitoring Meetings ensure all teaching staff are aware of the range of abilities in class groups
- The school's analysis of progress and attainment is rigorous and results in the accurate self-evaluation and effective school development planning.
- There are challenges for the school in how it accesses and uses data about pupils. Analysis rightly ignores variations in pupil outcomes which are, given the small numbers statistically invalid.
- Progress measured through P levels has been used expertly and fairly.

There is sufficient data about the school to make the judgement that the school should be judged "**Outstanding**"

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Saxon Mount School

The External Advisor visit report from October 2016 noted the following strengths of the school:

- Catch-up and Summer School funding is targeted at raising literacy and numeracy skills for pupils in year 7, 8, 9 and 10 (Sept 2016). These after-school sessions are led by a Senior Teaching Assistant and coordinated by a senior leader whose responsibility is to ensure impact of this support for key skills across the school especially in KS 3. Pupils attending catch up provision have, over time, shown that on average they make more progress than pupils not attending. Every effort is made to ensure pupils with the greatest need engage in these classes
- High quality moderation of marking and assessment in conjunction with local mainstream partners (St Richards, William Parker / Helenswood partnership)
- High quality staff development in planning, AfL, assessment and marking;
- Sustained outcomes at KS 4
- Increased range of accreditation at appropriate levels allowing for optimum progress to be demonstrated
- Consistently good and outstanding teaching leading to high level of engagement
- Good and outstanding pupil behaviour
- Flexible, targeted support where appropriate
- ASD-friendly environment conducive to successful learning
- secure improvement in pupil outcomes
- Small % NEET, pupils at risk of becoming NEET are given intensive literacy support by the "Pupil Mentor"
- No groups of pupils significantly outperform others despite a particularly high % of PP
- Secure improvement in pupil outcomes
- Flexible curriculum offer meets the needs and interests of each cohort in KS 4- the is facilitated by the strategic planning of a highly proactive and skilled teaching team,
- Excellent CEIAG provision for all pupils embedded into the school curriculum in all year groups
- High level of engagement and progression post 16
- Range of KS 4 outcomes
- Learning Talks where pupils and teachers set individual targets for core learning and review regularly
- Impact of "Reading Groups"
- ASF teaching provision
- Communication and ASD friendly environment
- Increased offer of catch up provision for KS 3 and KS 4

There is sufficient data about the school to make the judgement that the school should be judged "**Outstanding**"

Key Performance Indicators

For both schools:

Teaching, learning and assessment is judged to be Outstanding as is achievement. Attendance is high, exclusions are low. Parent and stakeholder satisfaction is high. In December 2016 the LA graded overall effectiveness at Torfield and Saxon Mount as Outstanding.

The external advisor annual report 2017 states that:

"The External Advisor review visits this year have been completed across both schools in the MAT.

The review and assessment of performance this year have delivered opportunities to "observe, explore and discuss" with the Executive Headteacher and the heads of school.

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The curriculum planning and delivery of teaching and learning are fundamentally important and reflect the “core purpose” of the schools; it is the environment in which they operate that underpins the impressions that visitors get. Every visit to either schools is framed by that first impression. For my own part the schools never cease to impress. The atmosphere is friendly calm and purposeful. Greetings from staff and pupils are warm and genuine. The impact of this is the development of the culture of the MAT and in my opinion that culture is exceptional.

Over the last year I have, at different times, with the senior leadership team and with Trustee representatives reviewed: end of year outcomes / overall effectiveness, the quality of teaching and learning, leadership and management and behaviour and welfare.

Outcomes data for both schools has to be examined rigorously. This is not because there is a concern but rather because the schools are utterly determined to ensure that comparisons of data are provided between the schools and a wide selection of external sources. The schools go to great lengths to ensure that they are compared against the full national profile for all pupils as well as against data for special schools. This is a tough strategy but one that ensures that any “easy option” is not used to create an overly generous view of the school’s outcomes and that a “tough option” is not used to merely demonstrate some greater level of disadvantage in the two schools. The middle path allows a serious and extremely rigorous analysis of outcomes using as often as is possible the same tools and comparators that all schools are required to use, whether “special” or “mainstream”.

At Saxon Mount – 2016 analysis of outcomes

In literacy and maths 100% of pupils both disadvantaged and Not Disadvantaged have made expected progress, 83% in 2014.

Attendance has increased year on year and stands at 95.2% 2015-16.

Unauthorised and persistent absence remains low.

Attendance compares very favourably against local secondary schools and very well against special schools and is consistently close to national secondary school attendance levels, despite small and variable cohorts.

At Torfield – 2016 analysis of outcomes

Analysis of data indicates pupils have made very good progress in reading and are in line with the national expected level.

In maths and writing the progress is significantly below national expectations, all scores include one pupil arriving mid key stage with unsubstantiated prior data.

Calculations minus this pupil indicate scores in all areas are not significantly different from national expected levels for all pupils (including Non-SEND pupils). Further analysis of disadvantaged pupils indicates they did better than those not disadvantaged.

Attendance overall – 94.3% (high)

These are two extracts of reports sent to Trustees but demonstrate how the judgements are made against all appropriate national data sets and that the schools continue to deliver exceptionally impressive outcomes.

Lesson Observations

Joint lesson observations are conducted to ensure that judgements in school are triangulated and externally evaluated. On every occasion at both schools the judgements were in line. There are always elements that one observer sees but the other misses and that is considered.

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From that review criteria and analysis trustees can be confident that the lesson observations and judgements are accurately scrutinised and agreed.

In summary

Policy and practice in core areas is regularly assessed across both schools.

Hard questions are asked of the SLT by the Trustees present, the Executive Headteacher and me. The thrust of the process is to create a conversation and discussion around the key areas of the Academy operation, to test and triangulate the Academy judgements and agree areas for development.

This has been another excellent year for the Academy. The atmosphere in the schools is thoughtful, purposeful, happy and productive. Children present complex needs, these are respected and define the individuality of the learning environment. Learning in the academy is not a passive process but one actively structured and delivered by a gifted leadership and excellent, committed teachers who, day by day, and through their efforts empower pupils to have a successful, creative and active part in the world.

Key Financial Performance Indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring. 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 2017, the balance of the unrestricted and restricted income reserves was £1,762,712 (2016 - £1,492,305). Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

The majority of the Academy Trust's funding is based on pupil place numbers as commissioned by the Local Authority (East Sussex County Council) (ESCC), topped up with an average amount per pupil in occupation of a place each month. There is a recognised trend in special schools for pupil number to rise as the academic year progresses and pupils requiring specialist provision in year or by mobility are identified. The Trust recognises that although pupil numbers is a KPI, pupil occupation of places is not within the Trusts control. As noted earlier in this report, pupil numbers at the most recent census were 200 which is an increase of 2.5% from the previous census in May 2017. This is a conflict with the previous trend of under occupation early in the academic year but reinforces and demonstrates the successful operation of the Trust schools and the rising and continuing need for high quality, high needs special school places in the Hastings, St Leonards, East Sussex and other surrounding areas. It is common for Special schools to have capacity early in the academic year, which is then reduced as pupils move to the school as a result of LA decision to agree placement when a pupil has moved into the area or their existing placement can no longer meet need. Places available within the Torfield and Saxon Mount Academy Trust schools are already near capacity within term 1. What is clear is that the current picture remains volatile and difficult to predict with any certainty.

Staffing costs are another key performance indicator for the Trust and the percentage of total staff costs to GAG funding and occupation top up for the year was 69.8%, while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS 102 pension cost adjustments) was 82.5%.

Going Concern

After making appropriate enquiries, the Board of Trustees, including all Committees, 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.

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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 2017 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 2017, the Academy Trust's total income (excluding capital grants) was £3,961,231 (2016 - £3,875,154) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £3,321,025 (2016 - £3,255,486), resulting in a net surplus / deficit for the year of £640,206 (2016 - £619,668).

The balance of reserves at 31 August 2017, excluding the restricted fixed asset funds and LGPS liability fund was £1,762,712 (2016 - £1,492,305).

The net book value of fixed assets at 31 August 2017 were £14,882,731. 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 £844,000 (2016 - £1,445,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy(ies). Further details regarding the deficit in the LGPS at 31 August 2017 are set out in note 22 to the financial statements.

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

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, increasing staff costs and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of reserves for each individual school and the MAT 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 receipt of grants and to provide a cushion to deal with unexpected emergencies or changing circumstances.
- Structural Maintenance from funds received from the Local Authority, specifically to maintain land and buildings with unspent balances from each year contributing to a reserve value for any major required works not subject to a successful CIF bid, or to contribute against future CIF bids. This reserve may be held in capital or revenue funds.

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- Long term teacher absence/support staff self- insurance fund to the maximum value of approximately one full time teacher. This reserve is held as a working and diminishing budget as the year progresses and long term cover provided.
- The Trust continues to hold any additional surplus funds as a Trust development working capital fund to support:
- Future MAT projects to enhance and improve knowledge and expertise in curriculum and operational development within the wider special school and mainstream community as required;
- Succession planning and building leadership and management capacity in line with the longer term priorities and future needs of the Trust.

These reserves will be held within both restricted and unrestricted revenue reserves at each year end.

The Academy Trust's current level of reserves is £16,103,514, of which £1,762,712 are revenue reserves (that is, total funds less the amount held in restricted fixed asset funds and restricted pension funds). Of this £653,851 are free reserves (that is total funds less the amount held in fixed assets and restricted funds) and £1,108,861 are restricted revenue reserves.

The Trustees recognise that the total value of reserves at the year end exceeds the values of the individual items above as part of 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. 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. There are also a number of planned development and improvement building and transport projects at both schools in 2017/18 and 18/19 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.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers. Where cash flow allows, balances in excess of £1,000,000 may be invested on deposit for extended periods with the Academy Trust's principal bankers or other reputable financial institutions.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategic 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 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:

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TRUSTEES' REPORT (continued)
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Reputational

The continuing success of the Academy Trust is dependent on continuing to attract applicants and preferences by parents/carers in sufficient numbers by maintaining the highest educational standards and to ensure that the reputation of the Trust schools remains high in the local community of schools and amongst other stakeholders placing pupils with SEN in appropriate provision.

To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed, that relationships and partnerships with the Local Authority and other local special schools are maintained and effective in producing a cohesive and supportive community, and that pupils and parents are happy and confident in the effectiveness of the provision provided.

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 almost total reliance on continued Government funding either directly through the ESFA or indirectly from the Local Authority high needs block funding whilst the current level is expected to continue at least in the short term, there is no assurance that Government and Local authority policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The determination of the per place value for high needs pupils has been under review for some years and is still subject to on-going review of strategy for determining need. Although significant turbulence in income to date has been avoided by using protection mechanisms and baseline financial level data, there is no guarantee that this will continue to produce funding on the same terms or at the same level. In addition, the Local Authority is also considering options for commissioned places in future years which may result in decreased place funding from the ESFA.

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

The Trustees examine the financial health of the Academy Trust formally every full 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.

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TRUSTEES' REPORT (continued)
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Fraud and mismanagement of funds

The Academy Trust has engaged Whitley Stimpson, the external auditor, to perform additional checks as 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.

PLANS FOR FUTURE PERIODS

The Academy Trust strives to continually improve levels of achievement 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 training or employment, as well as promoting the continued professional development of its staff.

The Academy Trust's plans for future periods are:

- 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. Opportunities are enhanced by effective recruitment and retention of excellent staff and by providing and maintaining stimulating, challenging and appropriate internal and external learning environments.
- 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 take them forward into the next
- 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 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.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust currently manages and holds the funds for the Special School 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 of any other charity. The Academy did however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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.

AUDITORS

The auditors, Whitley Stimpson Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2017 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, Chair of Trustees	3	3
Michael Clarke	3	3
Jean Haigh	3	3
Susan Taylor	3	3
Sarah Fitzjohn-Scott	1	1
Michael Saunders	2	2
Richard Preece, Executive Headteacher	3	3

The Board of Trustees is at current full capacity as designated by the Articles of Association, with one new appointment and one resignation within the period of this report. Michael Saunders resigned from the Board on the 31st March 2017 and Sarah Fitzjohn–Scott joined the Board on the 18th May 2017.

During the period there have been no exceptional or significant challenges arising for the Board. However, financial security in the continuing uncertainty in the high needs funding environment both nationally and locally continues to be a particular focus and concern. This aspect will continue to be a very significant factor in future planning and development for the MAT.

Succession planning for key staff roles has also been a priority during the period to ensure the successful continuation of effective service provision as the MAT progresses and develops, and to improve CPD opportunities for staff at all levels.

The Board of Trustees undertook a Governance review in July 2016, to assess the effectiveness and achievement of improvement targets set at the previous annual review in July 2015. The Governance documents have been updated to take account of the most recent Ofsted framework for inspection. The ongoing use of a bi-annual Governance questionnaire is effective in ascertaining individual views and judgements and in contributing to future planning and development. The overall outcome of the Review of Effectiveness shows that governance is of a high quality with many outstanding features. Statutory requirements are efficiently met and Governors have a clear vision for the ongoing development and success of the MAT. Areas for development have been identified and are the focus of the governance review of effectiveness process for 2017/18.

The Chair of Trustees, Chair of the AAB, the Executive Headteacher and the Clerk will meet after each round of meetings (3 times per year) to update and monitor the review of effectiveness so as to achieve a responsive account of all performance.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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

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:

- Successful applications for a number of grants to support both general and specific projects including Health grants from ESCC for both schools, successful CIF bids for projects at each school, a donation from a local charity towards a specific item to support learning activities.
- 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 the 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.
- Monitoring and reporting processes for ad hoc and locally generated income have been established, including regular reporting to Heads of School to inform future requests for contributions to fund curriculum support activities enabling enhanced opportunities for all pupils.
- Income and expenditure patterns are established and embedded and investments in longer term bank accounts to maximise interest has been investigated for an identified value and term.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Torfield and Saxon Mount Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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, the external auditors, to perform additional checks.

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

- review of and testing of income recognition and recording systems and procedures
- review of and testing of payroll systems and procedures
- review of and testing of procurement systems and procedures
- review of and testing of bank control procedures
- Review of management information preparation procedures, including information prepared for and presented to the Board of Trustees

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

The auditor has delivered their program of work during the year ended 31 August 2017 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 6 months.

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 auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.
- Questions or enquiries from Trustees as part of review and reporting processes
- Any aspects dictated by the changing needs of the schools and accommodation of these within a controlled financial environment

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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 7 December 2017 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

I confirm that 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.

Mr R J Preece
Accounting Officer

Date: 7 December 2017

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 7 December 2017 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 for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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.

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 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of 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 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**

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. Our opinion on the financial statements does not cover the 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 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

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**

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.

Auditor's 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. The description forms part of our Auditors' report.

Jonathan Mark Walton ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Whitley Stimpson Limited

Chartered Accountants
Registered Auditors

Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

Date:

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 7 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Torfield and Saxon Mount Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 the 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 the 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our 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;

TORFIELD AND SAXON MOUNT ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO TORFIELD
AND SAXON MOUNT ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

- A review of the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

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

Whitley Stimpson Limited

Chartered Accountants
Registered Auditors

Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

Date:

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 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	9,290	-	332,076	341,366	432,787
Charitable activities	3	8,305	3,922,023	-	3,930,328	3,837,923
Other trading activities	4	17,594	-	-	17,594	23,209
Investments	5	1,869	-	-	1,869	5,744
Other income		2,150	-	-	2,150	-
TOTAL INCOME		39,208	3,922,023	332,076	4,293,307	4,299,663
EXPENDITURE ON:						
Charitable activities		11,805	3,475,220	444,212	3,931,237	3,740,215
TOTAL EXPENDITURE	6	11,805	3,475,220	444,212	3,931,237	3,740,215
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	27,403	446,803	(112,136)	362,070	559,448
		-	(369,799)	369,799	-	-
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		27,403	77,004	257,663	362,070	559,448
Actuarial gains/(losses) on defined benefit pension schemes	22	-	767,000	-	767,000	(602,000)
NET MOVEMENT IN FUNDS		27,403	844,004	257,663	1,129,070	(42,552)
RECONCILIATION OF FUNDS:						
Total funds brought forward		626,448	(579,143)	14,927,139	14,974,444	15,016,996
TOTAL FUNDS CARRIED FORWARD		653,851	264,861	15,184,802	16,103,514	14,974,444

The notes on pages 29 to 50 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 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		14,882,730		14,824,983
CURRENT ASSETS					
Debtors	14	266,876		302,739	
Cash at bank and in hand		2,115,656		1,716,376	
		<u>2,382,532</u>		<u>2,019,115</u>	
CREDITORS: amounts falling due within one year	15	<u>(317,748)</u>		<u>(424,654)</u>	
NET CURRENT ASSETS			<u>2,064,784</u>		<u>1,594,461</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,947,514</u>		<u>16,419,444</u>
Defined benefit pension scheme liability	22		<u>(844,000)</u>		<u>(1,445,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>16,103,514</u>		<u>14,974,444</u>
FUNDS OF THE ACADEMY					
Restricted fixed asset funds:					
Restricted income funds	16	1,108,861		865,857	
Restricted fixed asset funds	16	15,184,802		14,927,139	
Restricted income funds excluding pension liability		16,293,663		15,792,996	
Pension reserve		<u>(844,000)</u>		<u>(1,445,000)</u>	
Total restricted fixed asset funds			<u>15,449,663</u>		<u>14,347,996</u>
Unrestricted income funds	16		<u>653,851</u>		<u>626,448</u>
TOTAL FUNDS			<u>16,103,514</u>		<u>14,974,444</u>

The financial statements on pages 26 to 50 were approved by the Trustees, and authorised for issue, on 7 December 2017 and are signed on their behalf, by:

Ms J Smith
Chair of Trustees

The notes on pages 29 to 50 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>567,294</u>	<u>449,343</u>
Cash flows from investing activities:			
Interest received		1,869	5,744
Proceeds from the sale of tangible fixed assets		8,822	-
Purchase of tangible fixed assets		(510,781)	(428,761)
Capital grants		332,076	414,509
Capital donations		-	10,000
Net cash (used in)/provided by investing activities		<u>(168,014)</u>	<u>1,492</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		<u>1,716,376</u>	<u>1,265,541</u>
Cash and cash equivalents carried forward	19	<u><u>2,115,656</u></u>	<u><u>1,716,376</u></u>

The notes on pages 29 to 50 form part of these financial statements.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Torfield and Saxon Mount Academy Trust constitutes a public benefit entity as defined by 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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 Education Funding Agency, Local Authority or other 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 and include grants from the Education Funding Agency and Local Authority.

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.5 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

1.6 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 Bank.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Expenditure

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

Charitable activities and Governance costs are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives 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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

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 basis 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 14. 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 costs as detailed in note 15. 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 instruments.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There are no key judgements that the Trust has made which have a significant effect on the financial statements.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Pensions (continued)

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

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

1.16 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 Academy Trust also acts as an agent in distributing the post 16 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students 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 24.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	9,290	-	-	9,290	18,278
Capital Grants	-	-	332,076	332,076	414,509
	9,290	-	332,076	341,366	432,787
<i>Total 2016</i>	<i>8,278</i>	<i>-</i>	<i>424,509</i>	<i>432,787</i>	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant	-	2,201,166	2,201,166	2,203,850
Other EFA/DfE grants	-	158,514	158,514	184,923
	-	2,359,680	2,359,680	2,388,773
Other government grants				
Local Authority grants	-	1,562,343	1,562,343	1,449,150
	-	1,562,343	1,562,343	1,449,150
Other funding				
Trip income	8,305	-	8,305	-
	8,305	-	8,305	-
	8,305	3,922,023	3,930,328	3,837,923

In 2016, of the total income from charitable activities, £3,837,923 was to restricted funds and £nil was to unrestricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Self-generated income	17,594	-	17,594	22,909
Lettings income	-	-	-	300
	17,594	-	17,594	23,209
<i>Total 2016</i>	23,209	-	23,209	

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NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Investment income	1,869	-	1,869	5,744
<i>Total 2016</i>	5,744	-	5,744	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Educational activities:					
Direct costs	1,966,509	-	(240,570)	1,725,939	1,873,908
Support costs	871,101	251,466	1,082,731	2,205,298	1,866,307
	2,837,610	251,466	842,161	3,931,237	3,740,215
<i>Total 2016</i>	2,689,932	211,600	838,683	3,740,215	

Of the total expenditure for the year, £11,805 (2016 - £500) was to unrestricted funds and £3,919,432 (2016 - £3,739,715) was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	<i>Total funds 2016 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,314,367	1,288,454
National insurance	133,254	116,884
Pension cost	198,414	200,020
Direct costs	79,904	61,550
	1,725,939	<i>1,666,908</i>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	836,740	829,291
National insurance	52,876	41,821
Pension cost	301,959	213,461
Depreciation	419,222	395,677
FRS 102 pension costs	31,000	29,000
Technology costs	58,554	40,933
Property costs	280,760	245,404
Other support costs	185,115	260,857
Governance costs	39,072	16,862
	2,205,298	<i>2,073,306</i>
	3,931,237	<i>3,740,214</i>

During the year ended 31 August 2017, the Academy Trust incurred governance costs of £39,072 (2016 - £16,862).

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	<i>2016 £</i>
Depreciation of tangible fixed assets: - owned by the charity	419,222	395,677
Auditors' remuneration - audit services	7,000	7,000
Auditors' remuneration - non-audit services	6,203	10,550
Operating lease rentals	4,155	7,028
	436,580	<i>420,255</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS

Staff costs were as follows:

	2017	<i>2016</i>
	£	£
Wages and salaries	2,064,675	<i>2,036,200</i>
Social security costs	186,130	<i>158,705</i>
Operating costs of defined benefit pension schemes	500,373	<i>413,482</i>
	2,751,178	<i>2,608,387</i>
Supply teacher costs	86,432	<i>75,233</i>
Staff restructuring costs	-	<i>6,312</i>
	2,837,610	<i>2,689,932</i>

Included in staff restructuring costs are staff severance payments totalling £NIL (2016 - £6,312), none of which involved any non-statutory / non-contractual payments.

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

	2017	<i>2016</i>
	No.	No.
Teachers	25	<i>35</i>
Administration and support	56	<i>62</i>
Management	7	<i>1</i>
	88	<i>98</i>

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

	2017	<i>2016</i>
	No.	No.
In the band £60,001 - £70,000	0	<i>1</i>
In the band £70,001 - £80,000	2	<i>1</i>
In the band £110,001 - £120,000	1	<i>1</i>

All 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 £42,449 (2016 - £41,482)

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 5 (2016: 5) key management personnel for their services to the Academy Trust was £436,580 (2016 - £419,297).

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. 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 split over the two Academies using pupil ratio.

The actual amounts charged during the year were as follows:

	2017	<i>2016</i>
	£	£
Torfield School	189,989	<i>330,000</i>
Saxon Mount School	284,984	<i>570,000</i>
	474,973	<i>900,000</i>
Total	474,973	<i>900,000</i>

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017	<i>2016</i>
		£	£
Mr R J Preece	Remuneration	110,000-115,000	<i>110,000-115,000</i>
	Pension contributions paid	15,000-20,000	<i>15,000-20,000</i>

During the year ended 31 August 2017, the above Trustee received benefits in kind of £5,660 (2016 - £4,054).

During the year ended 31 August 2017, expenses totalling £1,273 (2016 - £554) were reimbursed to 3 Trustees (2016 - 1).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	14,682,999	29,980	615,759	245,087	15,573,825
Additions	275,984	129,018	88,956	16,823	510,781
Disposals	-	(14,536)	(16,957)	(4,573)	(36,066)
	<u>14,958,983</u>	<u>144,462</u>	<u>687,758</u>	<u>257,337</u>	<u>16,048,540</u>
Depreciation					
At 1 September 2016	543,084	6,298	111,596	87,864	748,842
Charge for the year	293,822	6,898	68,963	49,539	419,222
On disposals	-	(671)	(1,172)	(411)	(2,254)
	<u>836,906</u>	<u>12,525</u>	<u>179,387</u>	<u>136,992</u>	<u>1,165,810</u>
Net book value					
At 31 August 2017	<u>14,122,077</u>	<u>131,937</u>	<u>508,371</u>	<u>120,345</u>	<u>14,882,730</u>
At 31 August 2016	<u>14,139,915</u>	<u>23,682</u>	<u>504,163</u>	<u>157,223</u>	<u>14,824,983</u>

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.

14. DEBTORS

	2017 £	2016 £
Trade debtors	-	2,300
Other debtors	219,462	202,340
Prepayments and accrued income	18,723	13,934
VAT recoverable	28,691	84,165
	<u>266,876</u>	<u>302,739</u>

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	102,124	248,669
Tax and national insurance	93,499	89,797
Other creditors	40,053	65,858
Accruals and deferred income	82,072	20,330
	317,748	424,654
	317,748	424,654
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	2,326	4,212
Resources deferred during the year	8,255	2,326
Amounts released from previous years	(2,326)	(4,212)
	8,255	2,326
	8,255	2,326

Deferred income relates to funding received in advance for Universal Infant Free School Meals that relates to the 2017/18 year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	626,448	39,208	(11,805)	-	-	653,851
Restricted funds						
General Annual Grant (GAG)	812,381	2,201,166	(1,618,787)	(369,799)	-	1,024,961
Other ESFA / DfE grants	53,476	158,514	(211,990)	-	-	-
Local Authority Grants	-	1,562,343	(1,478,443)	-	-	83,900
Pension reserve	(1,445,000)	-	(166,000)	-	767,000	(844,000)
	<u>(579,143)</u>	<u>3,922,023</u>	<u>(3,475,220)</u>	<u>(369,799)</u>	<u>767,000</u>	<u>264,861</u>
Restricted fixed asset funds						
Fixed asset inherited on conversion	14,179,522	-	(400,247)	-	-	13,779,275
Fixed assets funded from GAG and other funds	645,461	-	(43,965)	501,959	-	1,103,455
Capital grants and donations	102,156	332,076	-	(132,160)	-	302,072
	<u>14,927,139</u>	<u>332,076</u>	<u>(444,212)</u>	<u>369,799</u>	<u>-</u>	<u>15,184,802</u>
Total restricted funds	<u>14,347,996</u>	<u>4,254,099</u>	<u>(3,919,432)</u>	<u>-</u>	<u>767,000</u>	<u>15,449,663</u>
Total of funds	<u><u>14,974,444</u></u>	<u><u>4,293,307</u></u>	<u><u>(3,931,237)</u></u>	<u><u>-</u></u>	<u><u>767,000</u></u>	<u><u>16,103,514</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Unrestricted funds						
General funds	589,717	37,231	(500)	-	-	626,448
	<u>589,717</u>	<u>37,231</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>626,448</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS (continued)

Restricted funds

Restricted general funds	257,501	2,203,850	(1,620,898)	(28,072)	-	812,381
Start-up grants	14,202	-	(14,202)	-	-	-
Other ESFA / DfE grants	39,289	184,923	(170,736)	-	-	53,476
Local Authority grants	78,335	1,449,150	(1,449,150)	(78,335)	-	-
Pension reserve	(759,000)	-	(84,000)	-	(602,000)	(1,445,000)
	<u>(369,673)</u>	<u>3,837,923</u>	<u>(3,338,986)</u>	<u>(106,407)</u>	<u>(602,000)</u>	<u>(579,143)</u>

Restricted fixed asset funds

Fixed asset inherited on conversion	14,551,949	-	(372,427)	-	-	14,179,522
Fixed assets funded from GAG and other funds	245,002	-	(28,301)	428,760	-	645,461
Capital grants and donations	-	424,509	-	(322,353)	-	102,156
	<u>14,796,951</u>	<u>424,509</u>	<u>(400,728)</u>	<u>106,407</u>	<u>-</u>	<u>14,927,139</u>
Total restricted funds	<u>14,427,278</u>	<u>4,262,432</u>	<u>(3,739,714)</u>	<u>-</u>	<u>(602,000)</u>	<u>14,347,996</u>
Total of funds	<u>15,016,995</u>	<u>4,299,663</u>	<u>(3,740,214)</u>	<u>-</u>	<u>(602,000)</u>	<u>14,974,444</u>

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

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

Other EFA/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 that it could carry forward at 31 August 2017.

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16. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Torfield School	406,708	332,061
Saxon Mount School	864,121	678,049
Central Services	491,883	482,195
	1,762,712	1,492,305
Total before fixed asset fund and pension reserve		
Restricted fixed asset fund	15,184,802	14,927,139
Pension reserve	(844,000)	(1,445,000)
	16,103,514	14,974,444
Total	16,103,514	14,974,444

ANALYSIS OF ACADEMIES BY COST

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 2017 £	<i>Total 2016 £</i>
Torfield School	644,005	442,715	24,034	395,504	1,506,258	1,647,852
Saxon Mount School	874,621	346,153	-	595,749	1,816,523	2,061,378
Central Services	176,669	254,814	5,780	35,954	473,217	446,256
	1,695,295	1,043,682	29,814	1,027,207	3,795,998	4,155,486
	1,695,295	1,043,682	29,814	1,027,207	3,795,998	4,155,486

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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	14,882,730	14,882,730
Current assets	653,851	1,426,609	302,072	2,382,532
Creditors due within one year	-	(317,748)	-	(317,748)
Provisions for liabilities and charges	-	(844,000)	-	(844,000)
	<u>653,851</u>	<u>264,861</u>	<u>15,184,802</u>	<u>16,103,514</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	14,824,983	14,824,983
Current assets	626,448	1,290,511	102,156	2,019,115
Creditors due within one year	-	(424,654)	-	(424,654)
Provisions for liabilities and charges	-	(1,445,000)	-	(1,445,000)
	<u>626,448</u>	<u>(579,143)</u>	<u>14,927,139</u>	<u>14,974,444</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	362,070	559,448
Adjustment for:		
Depreciation charges	419,222	395,677
Capital grants and donations	(332,076)	(424,509)
Decrease/(increase) in debtors	35,863	(196,432)
(Decrease)/increase in creditors	(106,906)	31,853
Dividends, interest and rents from investments	(1,869)	(5,744)
Defined benefit pension scheme cost less contributions payable	135,000	55,000
Defined benefit pension scheme finance cost	31,000	29,000
Loss on disposal of fixed assets	24,990	5,050
Net cash provided by operating activities	<u>567,294</u>	<u>449,343</u>

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19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	2,115,656	1,716,376
Total	2,115,656	1,716,376

20. 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.

21. CAPITAL COMMITMENTS

At 31 August 2017 the Academy Trust had capital commitments as follows:

	2017	2016
	£	£
Contracted for but not provided in these financial statements	295,966	-

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

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22. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £198,414 (2016 - £200,020).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £212,000 (2016 - £203,000), of which employer's contributions totalled £167,000 (2016 - £152,000) and employees' contributions totalled £45,000 (2016 - £51,000). The agreed contribution rates for future years are 22.1% for employers and 5.5% to 12.5% for employees.

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

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22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	<i>2016</i>
Discount rate for scheme liabilities	2.50 %	<i>2.00 %</i>
Rate of increase in salaries	2.80 %	<i>4.10 %</i>
Rate of increase for pensions in payment / inflation	2.40 %	<i>2.10 %</i>

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

	2017	<i>2016</i>
Retiring today		
Males	22.1	<i>22.2</i>
Females	24.4	<i>24.4</i>
Retiring in 20 years		
Males	23.8	<i>24.2</i>
Females	26.3	<i>26.7</i>

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities (i.e. the defined benefit obligations) are as follows:

Sensitivities	At 31 August 2017	<i>At 31 August 2016</i>
	£	<i>£</i>
Discount rate -0.5%	4,112,000	<i>4,500,000</i>
Salary increase rate +0.5%	3,754,000	<i>4,157,000</i>
CPI rate +0.5%	4,027,000	<i>4,353,000</i>

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

	Fair value at 31 August 2017	<i>Fair value at 31 August 2016</i>
	£	<i>£</i>
Equities	2,039,000	<i>1,807,000</i>
Bonds	397,000	<i>413,000</i>
Corporate bonds	-	-
Debt instruments	-	-
Property	283,000	<i>258,000</i>
Cash and other liquid assets	113,000	<i>103,000</i>
Total market value of assets	2,832,000	<i>2,581,000</i>

The actual return on scheme assets was £14,000 (2016 - £356,000).

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22. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017	2016
	£	£
Interest income	53,000	76,000
Interest cost	(84,000)	(105,000)
Total	(31,000)	(29,000)

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

	2017	2016
	£	£
Opening defined benefit obligation	3,819,000	2,705,000
Interest cost	84,000	105,000
Employee contributions	45,000	51,000
Actuarial (gains)/losses	(753,000)	958,000
Benefits paid	(28,000)	-
Closing defined benefit obligation	3,167,000	3,819,000

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

	2017	2016
	£	£
Opening fair value of scheme assets	2,581,000	1,946,000
Interest income	53,000	76,000
Actuarial gains/(losses)	14,000	356,000
Employer contributions	167,000	152,000
Employee contributions	45,000	51,000
Benefits paid	(28,000)	-
Closing fair value of scheme assets	2,832,000	2,581,000

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23. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	3,852	3,205
Between 1 and 5 years	6,266	1,836
Total	<u>10,118</u>	<u>5,041</u>

24. 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 2017, the Trust received £3,300 (2016 - £54,650) and disbursed £25,255 (2016 - £17,413) from the fund. An amount of £39,776 (2016 - £61,731) is included in other creditors relating to undistributed funds that will be carried forward and utilised on ongoing and new projects in the 2017/18 year.

The Academy Trust also distributes post 16 bursary funds to students as an agent for the ESFA. In the period ended 31 August 2017, the Trust received £644 (2016 - £Nil) and disbursed £644 (2016 - £Nil). There are no amounts carried forward at 31 August 2017 (2016 - £Nil) relating to undistributed funds.

25. RELATED PARTY TRANSACTIONS

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

During the year ended 31 August 2017, Cherry Orchard Primary School, at which the daughter of Michael Clarke, a Trustee, is the Headteacher, purchased fixed assets from the Trust for £2,800 (2016 - £Nil). At the balance sheet date, a balance of £Nil (2016 - £Nil) was owed to the Trust.

There were no other related party transactions in the current or prior year, other than certain Trustees' remuneration and expenses already disclosed in note 11.