

TORFIELD AND SAXON MOUNT ACADEMY TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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

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TORFIELD AND SAXON MOUNT ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Jennifer Sutherland
Michael Clarke
Susan Taylor

Trustees

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

Company registered number

09172115

Company name

Torfield and Saxon Mount Academy Trust

Principal and registered office

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

Company secretary

Marion Booth

Senior management team

Richard Preece, Chief Executive Officer and Accounting Officer
Marion Booth, Director of Finance, Resources and Strategy
Natalie Shuttleworth, Head of Torfield School (to 31 August 2020)
Amanda Jagot, Head of Saxon Mount School
John Anderson, Head of Torfield School (1 September 2020)

Independent auditors

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Bankers

NatWest Bank
Havelock Road
Hastings
East Sussex
TN34 1GW

Solicitors

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

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Trust operates 1 primary Academy and 1 secondary Academy for pupils aged 4 to 16 serving a catchment area predominantly in Hastings and the eastern areas of East Sussex but including any other area within the LA due to the specialist nature of the provision, with a pupil capacity of 100 and 142 pupils currently enrolled based on the May 2020 Census.

Structure, governance and management

a. Constitution

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

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

The charitable company is known as Torfield and Saxon Mount Academy Trust.

Details of the Trustees who served during the year, and to the date these financial statements are approved are included in the Reference and Administrative details on page 1.

b. 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.

c. 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.

d. 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 Chief Executive Officer / Executive Headteacher who is treated for all purposes as being an ex-officio Trustee.

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Trustees

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

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

f. Organisational structure

At 31 August 2020, the Academy Trust comprised the following individual academies:

- Saxon Mount School
- Torfield School

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments. The Board of Trustees normally meet 3 times each year on a pattern of once per term and excluding interim training and development events. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There is one separate Committee of the Board of Trustees which is the Chief Executive Officer / 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 Chief Executive Officer / Executive 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 Chief Executive Officer / Executive Headteacher. The SLT comprises the Chief Executive Officer / Executive Headteacher, Heads of Schools, Assistant Headteachers and the Director of Finance, Resources and Operational Strategy. The Chief Executive Officer / 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.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

f. Organisational structure (continued)

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.

g. Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees and the senior management team to comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Academy Trust on a day to day basis. All Trustees give of their time freely and no Trustee received any remuneration in the current or prior year, other than those Trustees who are also employees of the Academy Trust. Details of Trustees' remuneration and expenses are disclosed in note 12 of the financial statements respectively.

The pay of the senior management team is reviewed annually by the Board of Trustees in line with the Academy Trust's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff. The pay of the Chief Executive Officer / Executive Headteacher is reviewed annually by the Chief Executive Officer / Executive Headteacher Pay Committee, and recommendations made to the Board of Trustees.

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	3,220,000
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

The Torfield and Saxon Mount Academy Trust have been providing support to a local Non-Maintained residential Special School, St Mary's School and College, during this year, providing leadership, governance, management and Educational improvement support and charging for this at cost. From the 19 May 2020 to 10 September 2020, three of the Trust's Trustees were also Trustees at the School and another Trustee was appointed to the School's Interim Executive Board, which is a governance committee appointed to lead and manage school improvement following poor Ofsted categorisations in October 2018 and early 2019. From 10 September 2020 onwards, the number of Trustees who also sit on the Board of Trustees at the School reduced from three to two. The support provided by the Trust to the School was brokered by the Regional Schools Commissioner, the ESFA and East Sussex County Council. It is intended that this support will continue in future years.

Objectives and activities

a. Objects and aims

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

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

The aims of the Academy Trust during the year ended 31 August 2020 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.
- To strive to support the educational provision and life chances of pupils with high needs in other schools within the local areas and in other geographical areas if requested, by sharing the Academy Trusts knowledge, expertise and strategies to assist schools to be able to provide appropriate and outstanding provision for pupils with SEN in whatever setting they are placed.
- To strive to provide outstanding careers advice and guidance opportunities for all pupils. This is to enable them to make informed and relevant choices in preparation for leaving school recognising and developing the skills needed to undertake further education, apprenticeships or work. The trust is committed to working with local and national employers, training providers, supporting and recruiting bodies to develop opportunities available to pupils and young adults with SEN.
- To continue to provide high quality and accessible education and support provision for all pupils during the Corona Virus pandemic lockdown, either in school or at home. This includes retaining and improving the confidence of parents to enable their children to attend school at least one day a week during the final terms of the year, achieving recognition by the local authority for the highest pupil attendance at both schools, across all local special schools.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

b. 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 2020 were focused as follows:

- Ensuring the provision made by each school in the Trust leads to excellent academic and personal outcomes for pupils, evidenced using a range of key performance indicators.
- Managing succession planning effectively at senior leadership level, to ensure continuity of provision and the retention of high quality senior personnel. Temporary secondments to 1 senior teacher and 1 Finance have been implemented this year to provide those staff with additional experience in leadership and management roles and retain their experience within the Trust.
- To continue to develop systems, processes and expertise to share within our schools and the wider school community, to help raise awareness and develop opportunities for all children with SEN and their families.
- Continuing to manage the impact of a significant increase in pupil numbers at both schools. Torfield had 83 commissioned places but to 100 pupils were actually placed in the school during 2019 20, Saxon Mount experienced a similar increase, by the end of the year there were 144 pupils placed in the school, where 129 places had been commissioned. Over the last 2 years, both schools have had to undertake unexpected internal remodelling and decoration as well as appoint additional staffing and organisational changes in order to make accommodation and provision suitable for these additional pupils. The schools are anticipated to be at this high level of occupation for some time to come and commissioned places are likely to increase further.
- Further developing the KS4 curriculum and work related learning for each cohort as changes to the exam courses embed, to ensure all pupils are able to access appropriate courses with successful and meaningful outcomes and opportunities. Saxon Mount is a lead school in the East Sussex Careers Hub, providing information, guidance and support to other schools.
- To continue to develop the EYFS curriculum, environment and opportunities for our youngest pupils to ensure they have the best start to their school and learning experience. In addition, Torfield School continued to take a leading role in a Communication and Literacy project, funded by the Hastings Opportunity Area, to support special and mainstream schools in planning and assessing effectively for pupils who are assessed at below age related expectations.
- Both schools provided advice, guidance, support and resources to support school improvement activities at St Mary's School, Bexhill.
- Both schools had to respond quickly and efficiently to rapidly changing circumstances in the Spring of 2020 as the Covid -19 pandemic unfolded. A number of activities were undertaken to keep staff and pupils safe and to provide continuity and access of provision, both at school and for those at home. Additional resourcing was required such as cleaning equipment, PPE, free school meal provision for those eligible but unable to be in school and associated additional staffing costs.
- These key objectives and strategies, though specific examples of academy Trust development plans, contribute to the successful achievement of the wider stated aims above.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Maintaining the health and safety of the site and buildings at Torfield and Saxon Mount Schools by:

- a. Improving roof safety and accessibility for emergency access at both schools by installing roof barrier fencing.
 - b. Resurfacing the rear forecourt and entrance to the building, replacing high-maintenance paving with level tarmac and anti-skid surfacing.
 - c. Refurbishing external areas of the hut classroom walls where deterioration over time has weakened integrity and appearance. It is important for our pupils to see a well-maintained and cared-for environment to improve self-esteem and learn by examples around them.
 - d. Replacing the roof at the Torfield Early Years Centre where general deterioration and previous poor design and installation of windows and roof have impacted on the safety and integrity of the roof structure.
 - e. Improving the operation and availability of the swimming pool at Torfield School by replacing old plant and filtration with new, including improved electronic and automatic functions and more effective mediums.
 - f. Improving accessibility to the external table tennis area at Saxon Mount School by installing glass walls to 2 sides affected by prevailing winds.
- Success is measured through regular review of school and federation development objectives identified within the school development plans and Trust development plan. The school external consultant advisor assists the Board in evaluating success against key areas of school performance including pupil outcome data, pupil achievement, strength of leadership and management, quality of teaching and learning, pupil engagement and behaviour and overall effectiveness. The board of directors also meet regularly with representatives from the commissioned auditors to receive information, advice and guidance in relation to the Trust's financial performance. The Executive Headteacher, Chair of Trustees and Principle Finance Officer participated in a MAT review meeting with the Deputy Regional School Commissioner in which key aspects of trust performance were reviewed. Many strengths were highlighted and no concerns were raised about any aspect of the work of the Trust.
 - Corona virus activities were managed successfully including:
 - Successful delivery of school meal ingredients to families entitled to FSM in the first few weeks followed by order and delivery of supermarket vouchers when the government scheme was introduced.
 - Successful delivery of work and support to pupils not attending by delivery of hard copy, electronic software, regular telephone and email contact and home visits where appropriate, to all pupils.
 - Delivery of laptops and routers provided by the school, Government and local Opportunity area configured and delivered to year 11 and identified year 10 pupils at Saxon Mount and Year 6 pupils at Torfield School.
 - Cleaning and disinfecting regimes put in place to provide the safest environment possible to staff and pupils
 - Encouragement and transport provision to enable as many pupils as possible to attend safely at least one day per week and provision and attendance for all key worker and exceptionally vulnerable pupils provided every day throughout the lockdown period.

c. Public benefit

The Academy Trust aims to advance for the public benefit education in the Hastings, St Leonards and East Sussex and surrounding area, offering a broad curriculum and an excellent education environment for its pupils. The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community. The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

a. Achievements and performance

The Academy Trust continues to evolve and to adapt to the ever-changing educational environment. The Trust is in its 6th year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2020 was 241, and this has decreased to 240 at the October 2020 census due to the fluctuations in demand for Special school places at the Academy Trust. This number is anticipated to rise to by approximately 3 places over the immediate short term.

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. Due to national changes in response to the Coronavirus pandemic, there are no nationally published outcomes for Summer 2020. Therefore, the Trust cannot compare the performance of its schools with other settings as it has historically been able to. Instead an analysis of internally produced performance data, which usually occurs alongside the comparison with wider national outcomes has been undertaken. The schools continue to perform well against all key measures using this analysis.

The particular achievements and performance of the Academy Trust during the year ended 31 August 2020 were as follows:

For Saxon Mount, the External advisor reviewed outcomes and provision for 2019/20 and stated:

"Most significantly the school has continued to maintain the calm and purposeful atmosphere in the school during the COVID pandemic. On most days, attendance has been at 90% or above.

The behaviour of pupils is outstanding; Y11 students will, in the future, be involved in the greater responsibility to support behaviour, learning and engagement for KS3. The broad and challenging curriculum has been maintained and the calm, purposeful atmosphere in the school has been preserved, planning continues to reflect national changes & accountabilities. The school aims to ensure that, wherever possible, the 'in house' additional needs team provision 'fills the gaps' of lost extended and additional external services. In contrast to prior practice the default situation is that the pupils stay in one class and the teachers move between classes. This significantly helps to maintain the overwhelming objective to keep everyone safe. As detailed, this has been a significant learning opportunity for using technology in different ways and to find systems and methods that not only provide the support desired but have enhanced the learning opportunity for individuals and learning groups.

The broad and balanced curriculum has been retained and physical activity has been retained as a core provision. When pupils have been out of school tasks have been set very effectively through online contact.

There is a continuing development of strategies where tasks have needed adult support; work needs to be accessible with minimal parental support. Accelerated Reader remains in place and ensures that the drive to improve reading and understanding skills through a monitored and supportive framework is maintained. The developing use of "text to speech" software through an individual earpiece and the reverse ability to provide dictation directly into MSWord has had a positive, almost transformational (with some) impact broadly and especially with higher ability poor readers. Many teachers have brought high level expertise from primary or secondary school backgrounds and this is more readily being integrated into the "whole school" system giving greater coherence to assessment and support objectives.

These are difficult times for the school and more particularly for pupils and their parents / carers. Education provision and opportunities to 16 are outstanding and the school continues to reflect on how things can be improved. Post 16 is an issue which needs both local and national recognition and support. COVID has brought with it the opportunity to use technology differently. In so doing the school have discovered ways to improve core provision and to capitalise on the significant learning that has come from having to find solutions within situations that could never have been predicted."

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

For Torfield the External advisor reviewed outcomes and provision for 2019 20 and stated:

"Lockdown has shown the best in all staff. Although, with COVID, handover to the new Headteacher had to be done differently, it was highly effective. Elements of teaching promoting reading have been reviewed and identified as a current whole school focus. Research in school is reviewing how learning environments are celebrating and leading on reading development... There are significant efforts to support and empower middle level leaders so that they can make secure contributions to identifying and delivering on current and future development strands. Subject leaders are being supported to ensure their positive impact on teaching and learning. Through secure review the Headteacher and his team are confident that all teaching continues to be good or outstanding. Where intervention or support had been, or is now, identified as needed this continues to be provided.

Despite COVID attendance has been particularly good. There has been some self-isolation. However, issues of pupils with the common cold continue to be a difficult area as these pupils, and staff members, must self-isolate while waiting for test result. Some parents are rightly nervous about infection, both within their own families, and for the risk of transmission to other pupils and staff at the school but parents have been grateful to the school for sharing information about the measures being taken to keep pupils safe as well as for the support and guidance given to parents having to self-isolate.

The school have continued to ensure a level of knowledge; providing support to ensure that whenever appropriate, staff and pupils are in school.... Pupil assessments... do not show any significant regression in learning, especially for the majority of pupils who attended regularly throughout lockdown.

The school has been developing outside learning. A nature garden has been created and the school is now securing the provision and planning for their "edible playground." In maths there is a current review identifying and supporting the mastery of core mathematical skills. These "core skills" lessons would be delivered in the morning sessions and the use of those core skills in afternoon sessions.

It is notable that both schools responded and continue to respond highly proactively and positively to the Covid-19 pandemic."

Key Performance Indicators

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

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 at year end. At 31 August 2020, the balance of the unrestricted and restricted income reserves was £2,521,966 (2019: £2,156,492), which is after transfers of £256,011 to the restricted fixed asset fund to fund capital expenditure during the year. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 240 which is an decrease of 0.4% from the previous census.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to total educational grant funding (being GAG funding plus other operating educational grants from the ESFA and / or Local Authority) for the year was 73.4% (2019: 69.5%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 79.6% (2019: 81.7%).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

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

There is continued uncertainty on funding for High Needs places nationally and locally, including plans to open a number of additional Free schools in the Local authority area which may impact upon placements at Torfield and Saxon Mount in the short and medium term. Contingencies are held and planned to enable such turbulence to be managed for a significant period to avoid impact on pupils and staff and effective planning strategies to be put in place.

Cost increases due to the Covid pandemic and long-term practice adaptations, increasing value pay awards and associated NI and pension reviews will also impact more heavily over time and with no certainty on increased central or local government funding for high needs settings. Trust contingencies are held to provide protection and sustainability of the service in future years and to enable continued spending on improving and maintaining the learning and activity environments.

Financial review

a. 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 2020 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 2020, the Academy Trust's total income (excluding capital grants) was £5,008,056 (2019: £4,615,765) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £4,386,572 (2019: £3,834,058), resulting in a net surplus for the year of £621,484 (2019: £781,707).

The balance of reserves at 31 August 2019, excluding the restricted fixed asset funds and LGPS liability fund was £2,521,966 (2019: £2,156,492).

The Trust schools continued to be open throughout the Covid 19 lockdown process, initially to keyworker and other vulnerable pupils at risk if not in school. Throughout term 6 all pupils were encouraged to attend and the Trust schools had a high take up of pupils attending at least one day per week throughout the period. The Trust schools also offered transport to pupils during this time to enable as many pupils as possible to be able to attend. Safety measures were extensive and rigorous implementing all processes and procedures following latest government guidance. This incurred additional costs in the purchase of cleaning materials and time, transport and associated staff costs. The Trust received a congratulatory letter from the Local Authority Head of ISEND confirming that the two schools had the highest pupil attendance of all local special schools and this confirmed strategies employed enabled as many pupils as possible to maintain their school experience throughout this period and demonstrating good value for public money with this success.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

a. Financial review (continued)

The Trust had planned for a number of high value improvement projects in 2019/20, which were unable to be completed due to the lock down period. A number of these works were able to be completed in the summer holiday period 2020 but not all and in-year surplus funds now reflect the inactivity of works due to the Covid 19 pandemic impact.

The net book value of fixed assets at 31 August 2020 were £15,508,672. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £1,633,000 (2019: £1,399,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academies. Further details regarding the deficit in the LGPS at 31 August 2020 are set out in note 23 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, Asset Management and Insurance.

b. Reserves policy

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

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

The Academy Trust's current level of reserves at 31 August 2020 is £16,397,638 (2019: £16,584,291), of which £2,521,966 (2019: £2,156,492) is operating reserves, being the restricted income funds of £1,544,997 (2019: £1,394,067) and the unrestricted funds of £976,969 (2019: £759,425).

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

b. Reserves policy (continued)

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

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

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

The Trustees are satisfied with the current level of reserves held by the Trust for these reasons. The value of the restricted fixed asset fund at 31 August 2019 is £15,508,672 (2018: £15,826,799), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Trust, which can only be realised by disposing of the associated tangible fixed assets, and any balances of unspent capital grants.

The pension reserve fund has a deficit balance at 31 August 2020 of £1,633,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make additional pension contributions over a number of years in order to fund the deficit. These additional pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

The reserves policy has not been changed due to the Covid 19 pandemic financial impact as the main risks still exist as identified. However, forecast budget planning in 2020/2021 shows minimal in year surplus funds as the larger capital projects not completed in 19/20 will be funded from the 20/21 budget.

c. Investment policy

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

d. 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 teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategical development of the Trust. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan, which incorporates a Risk Register.

Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

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

Educational

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

Safeguarding and child protection

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

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA (and Local Authority). In the year, approximately 95% of the Academy Trust's income was ultimately Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light continuing changes in to the National Funding Formula for schools.

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

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

Staffing

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

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

d. Principal risks and uncertainties (continued)

Failures in governance and / or management

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

Fraud and mismanagement of funds

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

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

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

Fundraising

The Academy Trust has not undertaken any material fundraising activities during the year ended 31 August 2020.

Plans for future periods

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

The Academy Trust's plans for future periods are:

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods (continued)

- To implement and operate a wider range of extra- curricular after school, holiday and Saturday clubs available for all pupils, to replace services for high needs pupils cut by the Local Authority in 2018.
- To encourage all pupils to attend at least one extra curricular after school activity by offering transport home.
- To support and improve attendance of pupils not entitled to free home to school transport provided by the LA by offering a morning collection service and afternoon drop off service.
- To continue to follow government guidance to ensure the impact of past and any future lock downs due to Covid 19, have as minimal impact as possible on our pupils, either by continued attendance in school or home learning and support.

Funds held as custodian on behalf of others

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

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

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
- that 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 auditors are aware of that information.

Auditors

The auditors, Cooper Parry Group Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing 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 10 December 2020 and signed on its behalf by:



Jennifer Sutherland
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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and Competency Framework for Governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer / 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 ended 31 August 2020.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Jennifer Sutherland	3	3
Susan Taylor	3	3
Michael Clarke	3	3
Jean Haigh	3	3
Sarah Fitzjohn-Scott	2	3
Richard Preece	3	3

There have been no changes to the Board of Trustees in the year 2019/20. A review of governance is carried out in the summer terms each year and the Trustees action plan updated to reflect changes including actions identified as completed, those in progress and any additions to carry into the next period. The Board of Trustees reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness. The Board of Trustees has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust.

Although the Board of Trustees formally met less than six times during the year, they have maintained effective financial oversight and governance through the formal work and monthly management accounts reporting from the Director of Finance, Resources and Strategy, as the Chief Financial Officer, and the meetings undertaken by the Lead Director for Finance on 3 further occasions and prior to each full Board meeting. The notes of these meetings are provided to the full Board of Trustees along with the management accounts and notes at each full Board of Trustee meeting on the key matters considered at their meetings and the impact for consideration by the full Board of Trustees.

Throughout the Covid 19 pandemic, Board meetings have continued to the agreed schedule but via email delivery and communication mechanisms, with all Trustees participating and discussions and outcomes detailed in the minutes of each meeting.

In addition, the full Board of Trustees also meet on 2 other occasions each year for training and for review purposes.

The usual annual Board Development meeting was postponed due to Covid 19 restrictions and was held in September 2020.

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

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Full Board of Trustees acts as the Finance and Audit Committee. The key issues to deal with by the Finance Committee during the year were:

- the review of the Academy Trust's 3 year financial forecasts and the actions required to address the reduced funding expected over this period.
- the impact of Covid 19 on building and improvement projects and associated expenditure budgeted but not spent in year.

The key issues deal with by the Board of Trustees, acting as the Audit Committee during the year, was the review of the reports received from Cooper Parry in relation to the Trust's systems and processes in managing The continued support and relationship with St Mary's School and College, systems of internal control and accountability the actions undertaken to address the control weaknesses identified.

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

Review of value for money

As Accounting Officer, the Chief Executive Officer 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 period, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered value for money during the year by:

- Monitoring and reporting processes for ad hoc and locally generated income have been embedded and improved, including regular reporting to Heads of school to inform future requests for contributions to fund curriculum support activities. Mechanisms for collecting and monitoring parental contributions and pupil premium contributions to support initiatives have also resulted in a higher % of contributions being collected as payment by parents has been made simpler and more efficient. Improving use of the staff and parents payment software has also reduced cash handling particularly critical since the beginning of the Covid 19 management.
- The Trust has actively sought and implemented achieving economies of scale and shared use of resources through joint purchasing, contract management and human resource management, to enable optimum use of funds to deliver and improve the learning opportunities for the pupils in both schools. This also includes working in partnership with other schools and external organisations to support and achieve enhanced provision through sharing knowledge and expertise within the school's staff. This is particularly pertinent in including St Mary's School in Trust contract negotiations and achieving better prices from all 3 schools under combined contract arrangements.
- The recruitment of a bank of school vehicle drivers to enhance transport provision for collecting and dropping off pupils not entitled to LA transport provision, to improve attendance and engagement with pupils and families.
- Replace the roof at Torfield EYC to ensure the safety and integrity of the building is maintained and the learning environment is safe and comfortable.
- Install solid acrylic walls to the Saxon Mount external table tennis area to improve access all year round.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

- Resurface the Torfield car park area to improve the surface for pedestrians and vehicles and enhance signage.
- Replace the paved surface rear access at Saxon Mount with tarmac and anti-skid surface to improve safety and visibility for users.
- Replace the paved surface of the pupil entrance steps with tarmac and anti-skid surface to improve safety and visibility and reduce maintenance.
- Covid 19 has presented challenges in optimising the use of funds when operating with pupils not in school as well as those still in school. Free school meals delivery processes and mechanisms were initially reactive and flexible to individual circumstances as the lockdown developed, alongside the incorporating delivering and distributing learning resources as required by making use of contracted staff and subsequently developing online and electronic delivery as far as possible.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Torfield and Saxon Mount Academy Trust] for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

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

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

In 2019/20 The Board of Trustees has decided to engage Cooper Parry as internal auditor in 2019/20.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current year covered a full review of the relationship and partnership operational working between the Trust and St Mary's School and College. This review included key areas such as: governance, financial and operational processes to determine risks and compliance with all relevant stakeholders such as Companies House, Charities Commission and both Trusts involved.

On an annual basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Cooper Parry have delivered their program of work during the year ended 31 August 2020 as planned. While no significant internal control weaknesses were identified from the work completed, the Trustees and management have developed an action plan to continue to strengthen and improve internal controls over the next 3 months.

As detailed above, the Trustees have previously appointed the external auditors to undertake the internal scrutiny services for the Academy Trust. As a result of the changes introduced by the Financial Reporting Council's revised Ethical Standard for Auditors, the Trustees, will be appointing another organisation to undertake the internal scrutiny work for the Academy Trust for the 2020/21 academic year onwards.

Review of effectiveness

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

- the work of the external auditors;
- the work of the internal reviewers;
- the financial management and governance self-assessment process, including the School Resource Management Self-Assessment Tool; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 10 December 2020 and signed on their behalf by:



Jennifer Sutherland
Chair of Trustees



Richard Preece
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Richard Preece
Accounting Officer

Date: 10 December 2020

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 10 December 2020 and signed on its behalf by:



Jennifer Sutherland
Chair of Trustees

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

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

Opinion

We have audited the financial statements of Torfield and Saxon Mount Academy Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

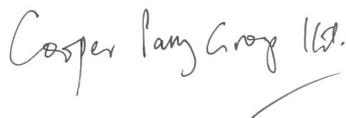
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Park View

One Central Boulevard

Blythe Valley Park

Solihull

West Midlands

B90 8BG

17 December 2020

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

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

In accordance with the terms of our engagement letter dated 1 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Torfield and Saxon Mount Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Torfield and Saxon Mount Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Torfield and Saxon Mount Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. The work undertaken to draw our conclusions included:

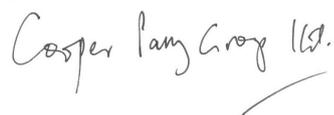
- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing 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.

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Date: 17 December 2020

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 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	355	-	(64,701)	(64,346)	256,541
Charitable activities	4	11,916	4,769,941	-	4,781,858	4,517,613
Other trading activities	5	214,465	-	-	214,465	88,457
Investments	6	11,379	-	-	11,379	9,434
Total income		<u>238,115</u>	<u>4,769,941</u>	<u>(64,701)</u>	<u>4,943,355</u>	<u>4,872,045</u>
Expenditure on:						
Charitable activities	7	20,572	4,660,000	509,437	5,190,009	4,511,279
Total expenditure		<u>20,572</u>	<u>4,660,000</u>	<u>509,437</u>	<u>5,190,009</u>	<u>4,511,279</u>
Net income/(expenditure)		<u>217,543</u>	<u>109,941</u>	<u>(574,138)</u>	<u>(246,654)</u>	<u>360,766</u>
Transfers between funds	17	-	(256,011)	256,011	-	-
Net movement in funds before other recognised gains/(losses)		<u>217,543</u>	<u>(146,070)</u>	<u>(318,127)</u>	<u>(246,654)</u>	<u>360,766</u>
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	60,000	-	60,000	(591,000)
Net movement in funds		<u>217,543</u>	<u>(86,070)</u>	<u>(318,127)</u>	<u>(186,654)</u>	<u>(230,234)</u>
Reconciliation of funds:						
Total funds brought forward	17	759,425	(1,933)	15,826,799	16,584,291	16,814,525
Net movement in funds		217,543	(86,070)	(318,127)	(186,654)	(230,234)
Total funds carried forward	17	<u>976,968</u>	<u>(88,003)</u>	<u>15,508,672</u>	<u>16,397,637</u>	<u>16,584,291</u>

The notes on pages 31 to 52 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 2020**

	Note		2020 £	2019 £
Fixed assets				
Tangible assets	14		15,508,672	15,728,968
			15,508,672	15,728,968
Current assets				
Debtors	15	260,881	364,506	
Cash at bank and in hand		2,828,251	2,531,711	
		3,089,132	2,896,217	
Creditors: amounts falling due within one year	16	(567,166)	(641,894)	
Net current assets			2,521,966	2,254,323
Total assets less current liabilities			18,030,638	17,983,291
Net assets excluding pension liability			18,030,638	17,983,291
Defined benefit pension scheme liability	23		(1,633,000)	(1,399,000)
Total net assets			16,397,638	16,584,291
Funds of the Academy Trust				
Restricted funds:				
Fixed asset funds	17	15,508,672	15,826,799	
Restricted income funds	17	1,544,997	1,397,067	
Pension reserve	17	(1,633,000)	(1,399,000)	
Total restricted funds	17		15,420,669	15,824,866
Unrestricted income funds	17		976,969	759,425
Total funds			16,397,638	16,584,291

The financial statements on pages 28 to 52 were approved by the Trustees, and authorised for issue on 10 December 2020 and are signed on their behalf, by:



Jennifer Sutherland
Chair of Trustees

The notes on pages 31 to 52 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 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	19	641,060	777,096
Cash flows from investing activities			
	20	(344,520)	(736,297)
Change in cash and cash equivalents in the year		296,540	40,799
Cash and cash equivalents at the beginning of the year		2,531,711	2,490,912
Cash and cash equivalents at the end of the year	21	2,828,251	2,531,711

The notes on pages 31 to 52 from part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Taxation

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

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

1.4 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

1.6 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Interest receivable

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

1.8 Tangible fixed assets

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

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

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

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

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

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

1.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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 Pensions

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

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

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

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

1.14 Agency arrangements

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

The funds received and paid during the year and balances held at the end of the year are disclosed in note 25.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.15 Financial instruments

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	355	-	355	262
Capital Grants	-	(64,701)	(64,701)	256,279
	<u>355</u>	<u>(64,701)</u>	<u>(64,346)</u>	<u>256,541</u>
Total 2019	<u>262</u>	<u>256,279</u>	<u>256,541</u>	

4. Funding for the academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General annual grant	-	2,108,829	2,108,829	2,130,131
Other ESFA/DfE grants	-	322,471	322,471	208,228
	<u>-</u>	<u>2,431,300</u>	<u>2,431,300</u>	<u>2,338,359</u>
Other government grants				
Local Authority grants	-	2,338,641	2,338,641	2,173,562
	<u>-</u>	<u>2,338,641</u>	<u>2,338,641</u>	<u>2,173,562</u>
Other funding				
Trip income	11,916	-	11,916	5,692
Total 2020	<u>11,916</u>	<u>4,769,941</u>	<u>4,781,857</u>	<u>4,517,613</u>
Total 2019	<u>5,692</u>	<u>4,511,921</u>	<u>4,517,613</u>	

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Other income	214,465	214,465	88,457
Total 2019	88,457	88,457	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income	11,379	11,379	9,434
Total 2019	9,434	9,434	

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Charitable activities:					
Direct costs	2,554,883	-	44,414	2,599,297	2,231,780
Support costs	1,213,732	360,750	1,016,230	2,590,712	2,279,499
Total 2020	3,768,615	360,750	1,060,644	5,190,009	4,511,279
Total 2019	3,311,074	244,511	955,694	4,511,279	

Of the total expenditure in the year, £20,572 (2019: £32,957) was to unrestricted funds, £4,660,000 (2019: £3,997,102) was to restricted funds and £509,437 (2019: £481,219) was to restricted fixed asset funds.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational operations	2,599,297	2,590,712	5,190,009	4,511,279
Total 2019	<u>2,231,780</u>	<u>2,279,499</u>	<u>4,511,279</u>	

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
LGPS FRS102 net pension interest cost	28,000	19,000
Staff costs	1,213,752	1,141,259
Depreciation	508,946	471,595
Technology costs	43,297	65,428
Property costs	360,750	292,992
Other support costs	419,242	263,516
Governance costs	16,726	25,709
	<u>2,590,712</u>	<u>2,279,499</u>

Included in governance costs are legal costs of £4,326 (2019: £3,397) relating to the transfer of existing schools into the Academy Trust and £6,450 (2019: £1086) relating to other matters.

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	2,327	3,737
Depreciation of tangible fixed assets	508,942	471,598
Fees paid to auditors for:		
- audit	10,200	8,000
- other services	8,550	5,600
	<u>530,019</u>	<u>5,935</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	2,614,091	2,372,683
Social security costs	242,379	218,365
Pension costs	837,371	599,119
	<u>3,693,841</u>	<u>3,190,167</u>
Agency staff costs	74,774	120,907
	<u>3,768,615</u>	<u>3,311,074</u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	29	26
Administration and support	67	65
Management	8	8
	<u>104</u>	<u>99</u>

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	-
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-
	<u>1</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff costs (continued)

c. Higher paid staff (continued)

3 (2019: 3) of the above staff members participated in the Teachers' Pension Scheme and the value of the employer contributions to the scheme during the year were £66,029 (2019 - £43,809). One (2019: 1) of the above staff members participated in the Local Government Pension Scheme and the value of the employer contributions to the scheme during the year were £16,950 (2019 - £15,481)

d. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the 4 (2019: 4) key management personnel for their services to the Academy Trust was £481,118 (2019 - £418,984).

11. Central services

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

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

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

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

The actual amounts charged during the year were as follows:

	2020	2019
	£	£
Torfield School	254,718	199,280
Saxon Mount School	299,016	275,195
Total	553,734	474,475

12. Trustees' remuneration and expenses

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

		2020	2019
		£	£
Richard Preece	Remuneration	125,000 - 130,000	115,000 - 120,000
	Pension contributions paid	25,000 - 30,000	15,000 - 20,000

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12. Trustees' remuneration and expenses (continued)

During the year, no Trustees received any benefits in kind (2019 - £NIL). The Executive Headteacher received benefits in kind amounting to £1,269 in the current year (2019 - £1,215).

During the year ended 31 August 2020, expenses totaling £1,283 (2019 - £1,483) were reimbursed to the Executive Headteacher for travel expenses incurred in operating the Academy Trust's activities.

During the year no Trustee's were reimbursed for travel expenses (2019 - Trustees were reimbursed expenses totaling £86).

13. Trustees' and Officers' insurance

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

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2019	16,204,705	1,018,373	307,174	245,342	17,775,594
Additions	189,461	81,837	19,900	-	291,198
Disposals	-	-	(8,842)	-	(8,842)
At 31 August 2020	<u>16,394,166</u>	<u>1,100,210</u>	<u>318,232</u>	<u>245,342</u>	<u>18,057,950</u>
Depreciation					
At 1 September 2019	1,448,917	321,213	229,479	47,017	2,046,626
Charge for the year	323,114	97,855	63,439	24,534	508,942
On disposals	-	(187)	(6,102)	-	(6,289)
At 31 August 2020	<u>1,772,031</u>	<u>418,881</u>	<u>286,816</u>	<u>71,551</u>	<u>2,549,279</u>
Net book value					
At 31 August 2020	<u><u>14,622,135</u></u>	<u><u>681,329</u></u>	<u><u>31,416</u></u>	<u><u>173,791</u></u>	<u><u>15,508,671</u></u>
At 31 August 2019	<u><u>14,755,788</u></u>	<u><u>697,161</u></u>	<u><u>77,695</u></u>	<u><u>198,324</u></u>	<u><u>15,728,968</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	905	7,517
Other debtors	180,993	211,653
Prepayments and accrued income	24,951	29,465
VAT repayable	54,032	115,871
	<u>260,881</u>	<u>364,506</u>
	<u>260,881</u>	<u>364,506</u>

16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	202,763	214,558
Other creditors	253,870	135,185
Accruals and deferred income	110,533	292,151
	<u>567,166</u>	<u>641,894</u>
	<u>567,166</u>	<u>641,894</u>
	2020 £	2019 £
Deferred income at 1 September 2019	14,537	4,334
Resources deferred during the year	5,058	14,537
Amounts released from previous periods	(14,537)	(4,334)
	<u>5,058</u>	<u>14,537</u>
	<u>5,058</u>	<u>14,537</u>

Deferred income relates to funding received in advance for Universal Infant Free School Meals, School trips and clubs that will be utilised during the year ending 31 August 2021.

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17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	759,425	238,116	(20,572)	-	-	976,969
Restricted general funds						
General Annual Grant (GAG)	1,279,609	2,108,829	(1,587,430)	(256,011)	-	1,544,997
Other ESFA/DfE grants	6,118	322,471	(328,589)	-	-	-
Local Authority Grants	111,340	2,338,641	(2,449,981)	-	-	-
Pension reserve	(1,399,000)	-	(294,000)	-	60,000	(1,633,000)
	<u>(1,933)</u>	<u>4,769,941</u>	<u>(4,660,000)</u>	<u>(256,011)</u>	<u>60,000</u>	<u>(88,003)</u>
Restricted fixed asset funds						
Tangible fixed assets	15,728,968	-	(509,437)	289,141	-	15,508,672
Capital grants and donations	97,831	(64,701)	-	(33,130)	-	-
	<u>15,826,799</u>	<u>(64,701)</u>	<u>(509,437)</u>	<u>256,011</u>	<u>-</u>	<u>15,508,672</u>
Total Restricted funds	<u>15,824,866</u>	<u>4,705,240</u>	<u>(5,169,437)</u>	<u>-</u>	<u>60,000</u>	<u>15,420,669</u>
Total funds	<u><u>16,584,291</u></u>	<u><u>4,943,356</u></u>	<u><u>(5,190,009)</u></u>	<u><u>-</u></u>	<u><u>60,000</u></u>	<u><u>16,397,638</u></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 ESFA/DfE grants (which include pupil premium grants, Teacher pay grants and Teacher pension grants), 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.

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. Statement of funds (continued)

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Torfield School	951,972	851,334
Saxon Mount School	1,221,262	987,305
Central Services	348,732	317,853
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,521,966	2,156,492
Restricted fixed asset fund	15,508,672	15,826,799
Pension reserve	(1,633,000)	(1,399,000)
	<hr/>	<hr/>
Total	16,397,638	16,584,291
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Torfield School	1,219,818	100,789	7,492	304,569	1,632,668	1,550,443
Saxon Mount School	1,484,918	127,190	32,489	303,338	1,947,935	1,720,344
Central Services	172,345	397,554	4,451	231,617	805,967	768,896
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy Trust	2,877,081	625,533	44,432	839,524	4,386,570	4,039,683
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. Statement of funds (continued)

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

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	15,508,672	15,508,672
Current assets	976,969	2,112,164	-	3,089,133
Creditors due within one year	-	(567,166)	-	(567,166)
Provisions for liabilities and charges	-	(1,633,000)	-	(1,633,000)
Difference	-	(1)	-	1
Total	<u>976,969</u>	<u>(88,003)</u>	<u>15,508,672</u>	<u>16,397,638</u>

Analysis of net assets between funds - prior period

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2020 £	2019 £
Net (expenditure)/income for the period (as per Statement of Financial Activities)	(246,654)	360,766
Adjustments for:		
Depreciation	508,942	471,598
Capital grants from DfE and other capital income	64,701	(256,279)
Interest receivable	(11,379)	(9,434)
Defined benefit pension scheme cost less contributions payable	266,000	177,000
Defined benefit pension scheme finance cost	28,000	19,000
Decrease/(increase) in debtors	103,625	(80,286)
(Decrease)/increase in creditors	(74,728)	85,107
Loss on disposal of fixed assets	2,553	9,624
Net cash provided by operating activities	641,060	777,096

20. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	11,379	9,434
Purchase of tangible fixed assets	(291,198)	(1,014,196)
Proceeds from the sale of tangible fixed assets	-	12,186
Capital grants from DfE Group	(64,701)	256,279
Net cash used in investing activities	(344,520)	(736,297)

21. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	2,828,251	2,531,711
Total cash and cash equivalents	2,828,251	2,531,711

22. Members' liability

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

TORFIELD AND SAXON MOUNT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2019.

Contributions amounting to £68,744 were payable to the schemes at 31 August 2020 (2019 - £55,217) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £331,574 (2019 - £207,766).

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £313,000 (2019 - £272,000), of which employer's contributions totalled £239,000 (2019 - £215,000) and employees' contributions totalled £ 74,000 (2019 - £57,000). The agreed contribution rates for future years are 22.1 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	2.2	2.7
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.6	21.2
Females	23.9	23.5
<i>Retiring in 20 years</i>		
Males	22.5	22.1
Females	25.3	24.9

Sensitivity analysis

Increase in the reported value of defined benefit obligations:

	2020 £000	2019 £000
Discount rate -0.5%	655	629
CPI rate +0.5%	599	531
Salary increase rate +0.5%	47	86

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

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

	At 31 August 2020 £	At 31 August 2019 £
Equities	2,917,080	2,442,000
Corporate bonds	670,140	814,000
Property	315,360	333,000
Cash and other liquid assets	39,420	111,000
Total market value of assets	<u><u>3,942,000</u></u>	<u><u>3,700,000</u></u>

The actual return on scheme assets was £(13,000) (2019 - £224,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	(505,000)	(366,000)
Past service cost	-	(26,000)
Interest income	69,000	94,000
Interest cost	(97,000)	(113,000)
Total amount recognised in the Statement of Financial Activities	<u><u>(477,000)</u></u>	<u><u>(321,000)</u></u>

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

	2020 £	2019 £
At 1 September	5,099,000	3,848,000
Current service cost	505,000	366,000
Interest cost	97,000	113,000
Participants' contributions	74,000	57,000
Actuarial (gains)/losses	(142,000)	721,000
Benefits paid	(58,000)	(32,000)
Past service costs	-	26,000
At 31 August	<u><u>5,575,000</u></u>	<u><u>5,099,000</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	3,700,000	3,236,000
Interest income	69,000	94,000
Actuarial (losses)/gains	(82,000)	130,000
Employer contributions	239,000	215,000
Employee contributions	74,000	57,000
Benefits paid	(58,000)	(32,000)
At 31 August	3,942,000	3,700,000

24. Operating lease commitments

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	3,736	3,736

25. Agency arrangements

The Academy Trust distributes Education Improvement Partnership funds to local schools as an agent for East Sussex County Council. In the year ended 31 August 2019, the Trust received £8,800 (2019 - £11,450) and disbursed £7,656 (2019 - £9,051) from the fund. An amount of £22,015 (2019 - £20,871) is included in other creditors relating to undistributed funds that will be carried forward and utilised on ongoing and new projects in the 2020/21 year.

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NOTES TO THE FINANCIAL STATEMENTS
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26. Related party transactions

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

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

Jean Haigh, Michael Clarke and Richard Preece, who are Trustees of the Academy Trust, were also Trustees of The Talking Trust, which operates as St Mary's School and College, during the year ended 31 August 2020, although Richard Preece resigned as a Trustee of The Talking Trust on 10 September 2020. During the year ended 31 August 2020, the Academy Trust charged St Mary's School and College £148,663 for teaching and administrative support staff services provided to the School and £33,535 for other administrative costs and services. The Academy Trust also paid St Mary's School and College £280 for plant training services. At 31 August 2020, there was an amount of £806 owing to the Academy Trust by St Mary's School and College. In entering into this transaction, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2019.

Richard Preece, the Chief Executive Officer / Executive Headteacher, and Marion Booth, the Director of Finance, Resources and Strategy, are the Chair and Treasurer respectively of the Education Improvement Partnership (EIP), a collaboration of special schools in the East Sussex area. During year ended 31 August 2020, the Academy Trust received a payment of £600 (2019 - £2,834) from the EIP in relation to administration costs and management of the EIP. No balance was outstanding at the year end (2019 - NIL).

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