

C/14

Registered number: 07540811

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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THE SOUTHWATER INFANT ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Mr D Smith Mrs S Winn Ms M Richards Mrs D Dowling
Trustees	Mr D Smith, Chair ¹ Mrs S Winn, Head Teacher ¹ Ms M Richards ¹ Mrs D Dowling ¹ Mrs K Davis, Vice-Chair Mrs A McBean Mrs V Dilling Mr G Mortley Mrs G Gray (resigned 28 May 2016) Mr J Johnston (resigned 5 November 2016) Mr A Harker Mrs C Cavallo (appointed 1 October 2016)
	¹ Director of the charity for the purposes of the Companies Act
Company registered number	07540811
Company name	The Southwater Infant Academy
Principal and registered office	Worthing Road Southwater West Sussex RH13 9JH
Chief executive officer	Mrs S Winn
Senior management team	Mrs S Winn, Head Teacher Mrs A McBean, Deputy Head Teacher Mrs V Dilling, Deputy Head Teacher Mrs C Cavallo, Acting Deputy Head Teacher
Independent auditors	Landau Baker Limited Chartered Accountants Statutory Auditors Mountcliff House 154 Brent Street London NW4 2DR
Bankers	HSBC plc 6 West Street Horsham West Sussex RH12 1PE

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
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Advisers (continued)

Solicitors	West Sussex County Council County Hall Chichester West Sussex PO19 1RQ
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Director of Finance and Administration	Mrs G Gray
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Clerk to Governors	Mrs W Colson
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THE SOUTHWATER INFANT ACADEMY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The Southwater Infant Academy are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Southwater Infant Academy .

Details of the Trustees who served during the year 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. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- o The Head Teacher
- o A minimum of 2 Parent Trustees
- o Up to 3 Co-opted Trustees
- o Up to 3 staff Trustees appointed by the members,
- o Any Trustees appointed by the Secretary of State for Education

The term of office for any Trustee is 4 years. The Head Teacher's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected.

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TRUSTEES' REPORT (continued)
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d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the period under review the Trustees held three full governing body meetings. The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The school has a Pay Policy in place which is reviewed annually. In line with this policy, key management personnel are going through an annual appraisal, the report of which contains recommendation on pay progression if that is possible. The Headteacher is responsible for submitting any recommendations for pay progression, in accordance with the relevant sections of the Pay Policy, to the Remuneration Committee for approval.

f. ORGANISATIONAL STRUCTURE

The charitable company has established a management structure to enable its efficient running. The structure consists of two levels: the Trustees and the executive who are the senior leadership team.

The body of Trustees has considered its role thoughtfully and decided that the role of the Trustees is to approve the strategic direction and objectives of the charitable company and monitor its progress towards these objectives.

The body of trustees has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the charitable company by use of budgets and making major decisions about the direction of the charitable company, including capital expenditure and senior staff appointments.

The Head Teacher assumes the accounting officer role.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

On 25 February 2015 the Friends of Southwater Infant Academy was registered as a charity by the Charity Commission. This charity was formed with the objective of advancing the education of pupils at The Southwater Infant Academy, in particular by engaging in activities or providing facilities or equipment which support the academy and advance the education of the pupils. Some of the Trustees of the academy are also Trustees of the Friends of Southwater Infant Academy. The income, expenditure and net assets of the Friends of Southwater Infant Academy have been included in the financial statements of the academy.

h. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the charitable company shall be indemnified out of the assets of the charitable company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the charitable company.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the academy is the operation of The Southwater Infant Academy to provide a broad and balanced education for pupils of all abilities in the Southwater area. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; the basis for charging pupils.

The Academy's Aims are being reviewed and edited in the autumn term of 2016.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Academy Improvement Plan (AIP) 2015/16

In 2015/16 we decided to focus on six key targets covering our continuing development priorities. The review of these was carried out in July 2016 and found;

Key development priorities:

1. Develop independent work across the curriculum

- **Children to use their skills and knowledge and work independently across the curriculum.**
Building on EYFS practice, 'Apply Time' was introduced in the Autumn '15 and is now established across KS1. This has enabled children to demonstrate what they know and can do and has provided teachers with evidence needed to confirm progress.
- **Differentiation should be clearly evident in planning and outcomes**
Differentiation has improved, is included in planning and can be seen in outcomes.
- **Children need to show they have taken on the advice from their teachers about how to use their learning and skills to improve.**
There is now more evidence in work books of children taking on advice from their teachers about how to improve – often spellings or use of capital letters or comments from children e.g. 'Ok' 'I will try'

2. Pupil Premium Grant project

A programme focusing on removing barriers to children's learning and well-being for those who are in receipt of Pupil Premium Grant was set up. The primary aim continues to be narrowing the gap between those eligible for PPG and all other children in the academy and nationally. The whole group has made good progress relative to their starting points.

- **Maintain profiles detailing all aspects of school performance**
As a group (8) the results for meeting end of year expectations in Yr2 are;
Reading 75% (6) / Writing 13% (1) / Maths 50% (4) / Science 63% (5)

3. Assessment without levels.

- Further develop assessment principles, criteria and in-house tracking systems.
Assessment principles were agreed by the staff, shared with parents and published on the website. Criteria for assessment were changed in-line with the new curriculum and an excel spreadsheet was introduced to ensure the objectives of the new curriculum were taught (1), understood by the children (2), application of the skill or knowledge was made (3).
- **Ensure tracking system demonstrates progress towards meeting end of year expectations**
O'track did not provide enough detail in terms of progress and so the excel spread sheets were used. We decided to move to Target Tracker in Sept '16 as more in-depth information is necessary.
- **Following Pupil Progress meetings targets for teaching and learning strategies to be agreed.**
Strategies were agreed at the PPM and monitored in lessons – Behaviour, reading and spellings mostly discussed at meetings – advice on supporting parents common.

4. Reading Project

- Launch a reading project to promote reading for pleasure and the Reading Promise
PTFA funds of 10k were used to purchase books to improve the quality and range of texts available to children. The Reading Project was launched in April designed to encourage children

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to read for at least 10 minutes every day with a motivational Bronze, Silver and Gold award system. It has worked well with very few children (10%) not yet receiving an award. The project has raised awareness for parents and children of the importance of reading!

- **Improve the reading attainment and progress of girls**
This target was met with 87% of girls meeting end of year expectations (68% 2A+ in 2015)

5. Focus on Writing, Spag and Maths problem solving

- **Enable the majority of children to achieve end of year expectations in Reading, Writing, SPAG, Maths and Problem solving**
The end of year expectations were harder to achieve this year as a new curriculum was introduced, there were more objectives to cover, there is now a requirement for evidence to be available for all objectives on the Interim Framework and a higher degree of moderation expected. All our judgements were agreed by the External Moderator June '16 and she advised us to encourage the children to edit their writing as some were very close to the threshold for meeting end of year expectations. The final teacher assessment scores are; Reading 74% / Writing 43% / Maths 70% (The SPAG test was not administered)
- **Maths ability groups in all year groups should be rigorously monitored to ensure application of skills and progress is achieved**
It is considered that maths ability groups work well for HA & MA but less well for LA children. This is partly due to the amount of movement required to move into groups, which causes distraction and erodes learning time. It is also due to the lack of children working at higher levels providing these children with positive role models and high aspirations.
- **Opportunities for independent maths investigations should be increased**
Apply Time was introduced in the Autumn Term across KS1. This has proved to be successful for the children who have enjoyed using and applying their knowledge and skills and has provided the required evidence needed to assess independent learning. Following feedback from moderated schools this will be developed to include more open ended investigations next year.

6. Launch the Teaching School

- **Launch Teaching School Alliance in April 2016 and appoint two Managers to support the TS Director**
The Teaching School was awarded £60,000 and was launched as planned and appointments made. To date, six Specialist Leaders in Education (SLE'S) have also been appointed, have received training and are ready to carry out aspects of School to School Support imminently.
- **Ensure all partners buy into the vision, values and purpose of the Alliance.**
The Alliance consists of 9 schools and an HEI – the vision and values have been agreed and a business plan has been drafted.
- **Focus on developing the 'Big Six'; StSS, CPD, R&D, ITT, SLE's & Leadership**
An audit has been carried out and a business plan formulated with areas each member of the Alliance is willing to lead. School to School Support, deployment of SLE's and recruitment of candidates wishing to participate in Initial Teacher Training through School Direct is moving ahead swiftly!

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TRUSTEES' REPORT (continued)
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c. PUBLIC BENEFIT

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- o Raising money for local, national and international charities
- o Providing community events such as the annual firework display, Christmas, and Summer fairs
- o Giving the opportunity for work experience to local Secondary school and College pupils
- o Leadership programmes for South-East region schools and academies

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

The school set a balanced budget and showed a surplus on unrestricted and restricted general funds (before restricted fixed assets fund and pension reserve) of £2,795 (2015: £106,677). The school will continue to trade with sufficient balances so as to continue the high standard of education offered to its students.

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b. THE ACHIEVEMENT AND PERFORMANCE OF LEARNERS

The introduction of the new National Primary Curriculum and the required assessment has had a huge impact on both attainment and the process of assessing progress accurately. The design of the mastery curriculum has made it challenging to ensure that all curriculum objectives are met with an appropriate level of independence. Clarification guidance was issued by the Teaching and Assessment Agency in March to address concerns across the country regarding amounts of evidence required for moderation and the interpretation of 'independence.' Exemplification documents were published in April which was very late in the year. Training and guidance from West Sussex maintained throughout that children must show independence in every area of the Interim Framework before they could be judged as meeting end of year expectations.

At SIA we worked hard to ensure children had time to use and apply their skills and knowledge in greater depth through the introduction of 'Apply Time' which provided the evidence needed for moderation. Throughout the year moderation was carried out frequently in Year Group teams to ensure consistency in judgements and interpretation of the guidance. We also moderated closely with another local school, with the West Horsham Network Schools and with a group of Infant Schools from across the County.

In spite of all of the above and in the knowledge that each year group team worked hard to ensure children were taught the content and skills of the new curriculum appropriate for their year group and the criteria for assessment applied rigorously, we find ourselves slightly below the national scores. Interestingly, even with the higher bar, there appears to have been an improvement nationally in the attainment of children at the end of KS1 although it seems the reverse has happened at the end of KS2, where writing scores were higher than reading.

In 2016/17 we must work relentlessly to re-focus our curriculum planning and provision so rapid attainment and progress can be made and assessed accurately against this curriculum. Communicating with and enlisting the support of parents in this will be crucial.

However, we must not lose sight of the importance of creating an environment in every classroom that excites, enthuses, engages and inspires all children, regardless of their circumstances, to secure their progress in as many interesting and creative ways as is possible. Maintaining the things that work well and strengthening other key areas of teaching and learning will be a task for everyone.

Our aim must be to a) quickly understand and address this anomaly during the forthcoming terms and b) arrive at a place where teachers can confidently teach all the basic skills and more while ensuring children are happy, eager to learn and make good progress which is sustained, providing the foundations for their learning in KS2 and beyond.

End of EYFS Results – July 2016

The achievement of the majority of pupils in the EYFS is good or better. The majority of EYFS pupils' attainment on entry is broadly average to above national average whilst on exit it is above average across most areas, demonstrating good or better progress. In July 2016, 76% of children made a 'Good Level of Development' compared to 68% in county & 69% nationally. This is an improvement of 5% since 2014.

Strengths:

- Improvements in results maintained in all areas
- Progress in Reading for all groups was very good, all achieving 5+ steps progress especially EAL- 6.13 steps progress
- The teaching of phonics is very good

End of Key Stage 1 Results – July 2016

The analysis of results has highlighted the following:

Reading

- Meeting end of year expectations SIA - All 73%, County 69%, National 74%
- Meeting end of year expectations SIA - Girls 87%, County 75%, National 79%
- Meeting end of year expectations SIA – Boys 61%, County 64%, National 59%
- Overall reading continues to be a strength of the Academy. Girls did particularly well and boys were above National scores.

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Writing

- Meeting end of year expectations SIA 43%, County 53%, National 66%
- Meeting end of year expectations SIA - Girls 54%, County 62%, National 73%
- Meeting end of year expectations SIA – Boys 34%, County 44%, National 59%
- Skills in the assessment of writing need to be considered carefully along with teaching children how to edit their own writing to make improvements.

Maths

- Meeting end of year expectations SIA - All 70%, County 64%, National 73%
- Meeting end of year expectations SIA - Girls 76%, County 65%, National 74%
- Meeting end of year expectations SIA – Boys 64%, County 64%, National 72%
- The results were just below the National scores but above County. Girls did very well.

Science

- Meeting end of year expectations SIA - All 69%, County 78%, National 82%
- Meeting end of year expectations SIA - Girls 80%, County 80%, National 84%
- Meeting end of year expectations SIA – Boys 59%, County 76%, National 80%
- The results were lower than usual but the girls results matched those achieved in the County.

PHONICS SCREENING CHECK

In June 2016 the national Phonics screening check was carried out with 110 children in Yr1 and those in Yr2 (19) that did not pass the check in 2015. The test was administered by class teachers on a 1:1 basis during one week.

YEAR 1 PHONICS SCREENING

The results in 2016 were as follows:

Phonics Yr 1 - 97/110 passed = 81.5%					
2014 (SAI)	(Nat)	2015 (SAI)	(Nat)	2016 (SAI)	(Nat)
77.8%	74.2%	81.3%	76.8%	81.5%	80.6%
Strengths: <ul style="list-style-type: none">• Maintained results this year - above local and national scores• Regular, systematic teaching of phonics in EYFS and Yr1 has continued• Phonic groups established where children consistently demonstrate the ability to use and apply phonics within Phases 3 & 4					
To be introduced in 2016/17: <ul style="list-style-type: none">• Daily phonics to be continued with greater focus on LA sets• Higher target to be set of 85% achieving the phonics check in 2017• Improve spelling by using phonic patterns and the Look, Cover, Write, Check method• Ensure common exception words are spelt correctly• Introduce the No Nonsense Spelling Programme - HA• Re-introduce personal dictionaries					

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Phonics Yr2 - 9/19 passed = 47.4%

Regular, systematic teaching of phonics in Year 2 was discontinued as the new requirements for spelling, punctuation and grammar (SPAG) were introduced in September 2015 and was an area to be tested in May 2016. Staff felt that children would be building on their phonic skills during the year and consequently did not teach phonics discreetly.

To be introduced in 2016/17:

- Higher target of 85% to achieve the phonics check in 2017
- Daily phonics to be timetabled in for 20 children who did not pass in 2016
- Literacy lead to provide refresher training in Phonics to all Yr2 staff & check progress of target group half-termly
- Introduce the "No Nonsense Spelling Programme"
- Re-introduce personal dictionaries

Financial review

a. GOING CONCERN

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy 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 Accounting Policies.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

c. RESERVES POLICY

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the academy improvement plan and academy aims.

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TRUSTEES' REPORT (continued)
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d. PRINCIPAL FUNDING

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Plans for future periods

a. PLANS FOR FUTURE PERIODS

Academy Improvement Plan (AIP)

This year we have three key targets. These are our main development priorities along with a range of other targets covering all aspects of academy improvement over the next twelve months.

The three key targets for 2016/17 are;

- 1. Writing;** Raise attainment and widen opportunities in writing across KS1. The aspirational target will be 80% meeting end of year expectations (Nat 66% 2016)
- 2. Spelling, punctuation and grammar;** Improve children's knowledge and skills in spelling, punctuation and grammar (Spag)
- 3. Mathematics;** Improve attainment and progress in maths through differentiated lessons with a focus on problem-solving. The target for 2017 will be for 80% to meet end of year expectations. (SIA 2016 – 70%/ Nat 72%)

Additional Leadership and Management Targets are to;

- To introduce the Target Tracker Assessment tool to enable attainment and progress to be recorded accurately across the Academy.
- To continue to develop a succession plan to secure the continued future success of the Academy to include the Leadership Team, Middle Leaders and Governors.
- Develop the role of Middle Leaders to ensure they are able to drive forward identified improvements across the academy in subject leadership.
- Continue to apply to the EFA for funds for four new classrooms to replace the current, dilapidated mobile classroom accommodation.
- To plan for increasing pupil numbers as the Village population grows.

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DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the board of trustees as the company directors, on 29 November 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D Smith', written over a horizontal line.

Mr D Smith
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Southwater Infant Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Smith, Chair	3	3
Mrs S Winn, Head Teacher	3	3
Ms M Richards	2	3
Mrs D Dowling	3	3
Mrs K Davis, Vice-Chair	3	3
Mrs A McBean	2	3
Mrs V Dilling	2	3
Mr G Mortley	3	3
Mrs G Gray	1	2
Mr J Johnston	3	3
Mr A Harker	3	3

Governance reviews

The Governors have continued to review and evaluate the structure and working practices of the Trust during 2015/16. The Governing Body have continued to work as effectively and efficiently as possible, recognising that the skills needed to carry out the functions of an Academy are broad and diverse. To meet these demands, training internally and externally has been undertaken together with attendance at strategically important meetings.

A review of the Terms of Reference and Framework of Governance of the four committees will be completed by the end of 2016 to ensure the Governing Body continues to meet its statutory responsibilities and provide appropriate challenge.

Governors continue to undertake visits to ensure Governors have a deeper understanding of the areas identified on the Academy Improvement Plan and to keep abreast of all the changes in curriculum and assessment. This gives the Governing Body as a whole confidence that key areas of the academy's work are understood and scrutinised.

Once again, Self-Evaluation Forms highlighting different skills and experiences have been returned from all Governors indicating the areas of strength and those needing improvement. The Chair of Governors, Headteacher and Deputy Headteachers are in the process of producing an action plan to include succession plans for Governors and Staff.

The issues surrounding the LGPS deficit have been explored and advice sought. A Liability by Employee Report has been requested from the Actuaries to provide further detail about the projected figures to assist with financial planning.

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GOVERNANCE STATEMENT (continued)

We continue to give consideration to the issues surrounding dual controls for online banking procedures. Procedures are in place to minimise the financial risks. The Responsible Officer is satisfied these measures are sufficient.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the finances of the academy and ensure that resources are used for the purposes intended.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Smith, Chair	6	6
Mrs S Winn	6	6
Mrs G Gray	5	5
Mrs D Dowling	3	6
Mr A Harker	6	6

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher has responsibility for ensuring that the academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Following a review of ICT SLA's the Governors terminated the contract in favour of a new arrangement with a nearby Local Authority to achieve a better service and level of support.
- A project designed to remove barriers to learning for those children in receipt of Pupil Premium Grant funding was launched. A Governor was appointed to ensure the funding was spent appropriately and benefitted the pupils involved. This project will continue as achieving 'diminishing differences' between groups of pupils is essential and requires focus and regular review.
- Using Sports Premium funds, an additional member of staff was employed to provide greater access to organised games and sports at playtimes.
- An application for CIF funds was submitted to the EFA in December 2015 for roof and mobile classroom refurbishment. The EFA awarded the Academy funds for the roof project and a loan for additional insulation was also granted. The roof project was completed on time and within budget.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Southwater Infant Academy for the year 1 September 2015 to 31 August 2016 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed:

- Mrs D Dowling, a Trustee, as Responsible Officer (RO);
- Landau Baker Limited, the external auditors, to perform additional checks.

The appointees' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the appointees report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

RO reports have highlighted no material weaknesses in the system of internal control.

REVIEW OF EFFECTIVENESS

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

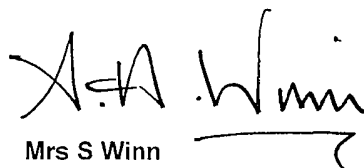
- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 29 November 2016 and signed on their behalf, by:



Mr D Smith
Chair of Trustees



Mrs S Winn
Accounting Officer

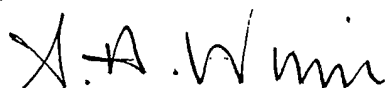
THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Southwater Infant Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



Mrs S Winn
Accounting Officer

Date: 29 November 2016

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (some of whom act as trustees for charitable activities of The Southwater Infant Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

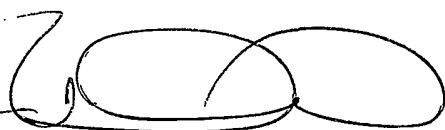
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on 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 the EFA/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 and signed on its behalf by:



Mr D Smith
Chair of Trustees

Date: 29 November 2016

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SOUTHWATER INFANT ACADEMY**

We have audited the financial statements of The Southwater Infant Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SOUTHWATER INFANT ACADEMY**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
29 November 2016

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SOUTHWATER INFANT ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 November 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Southwater Infant Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Southwater Infant Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Southwater Infant Academy and the EFA 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 The Southwater Infant Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE SOUTHWATER INFANT ACADEMY'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Southwater Infant Academy's funding agreement with the Secretary of State for Education dated 21 June 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.
- adherence to tendering policies.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SOUTHWATER INFANT ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

29 November 2016

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds (as restated) 2015 £
INCOME FROM:						
Donations and capital grants	2	41,375	-	110,608	151,983	141,242
Charitable activities	3	-	1,285,341	-	1,285,341	1,144,500
Other trading activities	4	28,742	-	-	28,742	28,755
TOTAL INCOME		70,117	1,285,341	110,608	1,466,066	1,314,497
EXPENDITURE ON:						
Raising funds		64,720	-	-	64,720	64,286
Charitable activities		-	1,299,266	39,628	1,338,894	1,181,204
TOTAL EXPENDITURE	7	64,720	1,299,266	39,628	1,403,614	1,245,490
NET INCOME / (EXPENDITURE) BEFORE EXCEPTIONAL ITEM						
		5,397	(13,925)	70,980	62,452	69,007
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(171,000)	-	(171,000)	13,000
NET MOVEMENT IN FUNDS		5,397	(184,925)	70,980	(108,548)	82,007
RECONCILIATION OF FUNDS:						
Total funds brought forward		192,966	(82,103)	2,537,078	2,647,941	2,565,934
TOTAL FUNDS CARRIED FORWARD		198,363	(267,028)	2,608,058	2,539,393	2,647,941

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07540811

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		2,619,240		2,527,720
CURRENT ASSETS					
Debtors	15	44,453		55,829	
Cash at bank and in hand		587,178		433,410	
		<u>631,631</u>		<u>489,239</u>	
CREDITORS: amounts falling due within one year	16	<u>(301,416)</u>		<u>(170,018)</u>	
NET CURRENT ASSETS			<u>330,215</u>		<u>319,221</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,949,455</u>		<u>2,846,941</u>
CREDITORS: amounts falling due after more than one year	17		<u>(14,062)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>2,935,393</u>		<u>2,846,941</u>
Defined benefit pension scheme liability	22		<u>(396,000)</u>		<u>(199,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,539,393</u></u>		<u><u>2,647,941</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	128,972		116,897	
Restricted fixed asset funds	18	2,608,058		2,537,078	
		<u>2,737,030</u>		<u>2,653,975</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(396,000)</u>		<u>(199,000)</u>	
Total restricted income funds			<u>2,341,030</u>		<u>2,454,975</u>
Unrestricted income funds	18		<u>198,363</u>		<u>192,966</u>
TOTAL FUNDS			<u><u>2,539,393</u></u>		<u><u>2,647,941</u></u>

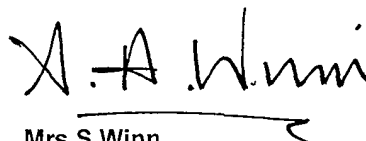
THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on 29 November 2016 and are signed on their behalf, by:



Mr D Smith
Chair of Trustees



Mrs S Winn
Head Teacher

The notes on pages 27 to 45 form part of these financial statements.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	92,308	124,698
Cash flows from investing activities:			
Dividends, interest and rents from investments		97,000	3,000
Purchase of tangible fixed assets		(131,148)	(20,188)
Capital grants from DfE/EFA		110,608	23,664
Net cash provided by investing activities		76,460	6,476
Cash flows from financing activities:			
Cash inflows from new borrowing		(15,000)	-
Net cash used in financing activities		(15,000)	-
Change in cash and cash equivalents in the year		153,768	131,174
Cash and cash equivalents brought forward		433,410	302,236
Cash and cash equivalents carried forward		587,178	433,410

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Southwater Infant Academy constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Southwater Infant Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Southwater Infant Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

1.2 Fund accounting

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

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

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

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

1.4 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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 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 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..

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	125 years
Improvements to leasehold premises	-	10 years
Plant and machinery	-	10 years
Furniture and equipment	-	5 years
Computer equipment	-	2 years
Assets under construction	-	Not depreciated until first brought into use

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

1.11 Financial instruments

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

1.12 Taxation

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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1. ACCOUNTING POLICIES (continued)

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

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

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 judgement:

During the period no estimates or judgements have been applied to the financial statements.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds (as restated) 2015 £
Donations	41,375	-	-	41,375	56,490
Assets gifted by the Friends of Southwater Infant Academy	-	-	-	-	61,088
Capital grants	-	-	110,608	110,608	23,664
	<u>41,375</u>	<u>-</u>	<u>110,608</u>	<u>151,983</u>	<u>141,242</u>
Total donations and capital grants	<u>41,375</u>	<u>-</u>	<u>110,608</u>	<u>151,983</u>	<u>141,242</u>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £141,242 was to restricted funds

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds (as restated) 2015 £
Educational operations	-	1,284,701	1,284,701	1,143,374
Other charitable activities	-	640	640	1,126
	<u>-</u>	<u>1,285,341</u>	<u>1,285,341</u>	<u>1,144,500</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,144,500 was to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds (as restated) 2015 £
DfE/EFA grants				
GAG	-	1,037,094	1,037,094	999,242
Other EFA grants	-	178,546	178,546	130,942
LA and other government grants	-	69,061	69,061	13,190
	<u>-</u>	<u>1,284,701</u>	<u>1,284,701</u>	<u>1,143,374</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,143,374 was to restricted funds.

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds (as restated) 2015 £
Other income	28,742	-	28,742	28,755

In 2015, of the total income from other trading activities, £28,755 was to unrestricted funds and £ NIL was to restricted funds.

5. DIRECT COSTS

	Educational operations £	Total 2016 £	Total(as restated) 2015 £
Pension finance charge	8,000	8,000	8,000
Educational supplies and services	36,338	36,338	36,383
Staff development	10,419	10,419	8,421
Other direct costs	21,078	21,078	13,804
Universal infant free school meal costs	115,634	115,634	106,159
Supply teaching costs	43,145	43,145	55,634
Wages and salaries	685,894	685,894	590,106
National insurance	45,189	45,189	35,026
Pension cost	113,167	113,167	84,529
Depreciation	39,628	39,628	38,334
	<u>1,118,492</u>	<u>1,118,492</u>	<u>976,396</u>

6. SUPPORT COSTS

	Educational operations £	Total 2016 £	Total (as restated) 2015 £
Maintenance of premises and equipment	10,219	10,219	15,204
Cleaning	30,602	30,602	30,202
Rent and rates	6,266	6,266	6,098
Water and energy costs	13,684	13,684	13,214
Insurance	7,350	7,350	1,185
Other support costs	19,380	19,380	14,609
Governance costs	13,763	13,763	13,275
Wages and salaries	77,301	77,301	72,957
National insurance	4,281	4,281	3,467
Pension cost	37,556	37,556	34,597
	<u>220,402</u>	<u>220,402</u>	<u>204,808</u>

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6. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the academy incurred the following Governance costs:

£13,763 (2015 - £13,275) included within the table above in respect of Direct costs - Educational operations.

In 2015, the academy incurred the following Support costs:

£204,808 in respect of Direct costs - Educational operations.

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	5,212	-	51,395	56,607	60,668
Expenditure on fundraising trading	721	-	7,392	8,113	3,618
Activities:					
Direct costs	887,394	28,102	202,996	1,118,492	976,396
Support costs	119,138	68,121	33,143	220,402	204,808
	<u>1,012,465</u>	<u>96,223</u>	<u>294,926</u>	<u>1,403,614</u>	<u>1,245,490</u>

In 2016, of the total expenditure, £64,720 (2015 - £64,286) was to unrestricted funds and £1,338,894 (2015 - £1,181,204) was to restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	<u>39,628</u>	<u>38,334</u>

9. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the academy's auditor in respect of:		
The auditing of accounts of the academy	4,000	4,000
All other non-audit services not included above	<u>4,300</u>	<u>3,063</u>

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10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	768,169	669,490
Social security costs	49,654	38,540
Operating costs of defined benefit pension schemes	151,497	119,248
	<u>969,320</u>	<u>827,278</u>
Supply teacher costs	43,145	55,634
	<u>1,012,465</u>	<u>882,912</u>

The average full time equivalent number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	14	11
Administration and support	17	15
Management	1	1
	<u>32</u>	<u>27</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The above staff member contributed to the Teachers' Pension Scheme. Employer contributions paid by the academy in the period amounted to £11,200 (2015: £9,035) for this staff member.

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £169,504 (2015: £166,645).

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2015 - 4) in respect of defined benefit pension schemes.

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

		2016	2015
		£'000	£'000
Mrs S Winn - remuneration	Remuneration	65-70	60-65
	Pension contributions paid	10-15	5-10
Mrs V Dilling	Remuneration	45-50	45-50
	Pension contributions paid	5-10	5-10
Mrs G Gray	Remuneration	20-25	20-25
	Pension contributions paid	0-5	0-5
Mrs A McBean	Remuneration	30-35	35-40
	Pension contributions paid	5-10	5-10

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. PENSION FINANCE CHARGE

	2016	2015
	£	£
Interest income on pension scheme assets	20,000	16,000
Interest on pension scheme liabilities	(28,000)	(24,000)
	(8,000)	(8,000)

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14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Assets under construction £	Total £
Cost					
At 1 September 2015	2,603,916	61,444	13,063	-	2,678,423
Additions	2,475	-	10,395	118,278	131,148
At 31 August 2016	2,606,391	61,444	23,458	118,278	2,809,571
Depreciation					
At 1 September 2015	106,071	36,098	8,534	-	150,703
Charge for the year	28,102	6,658	4,868	-	39,628
At 31 August 2016	134,173	42,756	13,402	-	190,331
Net book value					
At 31 August 2016	2,472,218	18,688	10,056	118,278	2,619,240
At 31 August 2015	2,497,845	25,346	4,529	-	2,527,720

15. DEBTORS

	2016 £	2015 £
Trade debtors	6,681	7,479
HMRC - VAT	13,948	19,631
Prepayments and accrued income	23,824	28,719
	44,453	55,829

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other loans	938	-
Trade creditors	152,884	26,936
Other taxation and social security	15,431	12,237
Other creditors	15,504	12,951
Accruals and deferred income	116,659	117,894
	301,416	170,018

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16. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	109,614	70,271
Resources deferred during the year	116,659	109,614
Amounts released from previous years	(109,614)	(70,271)
Deferred income at 31 August 2016	<u>116,659</u>	<u>109,614</u>

**17. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Other loans	<u>14,062</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	2016 £	2015 £
Between one and two years		
Other loans	<u>3,752</u>	<u>-</u>
Between two and five years		
Other loans	<u>5,625</u>	<u>-</u>
Over five years		
Other loans	<u>4,685</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by instalments	<u>4,685</u>	<u>-</u>

The loan was advanced by Salix Limited, is unsecured and interest free.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
General funds	136,056	28,842	(4,837)	-	160,061
Friends of Southwater Infant academy fund	56,910	41,275	(59,883)	-	38,302
	<u>192,966</u>	<u>70,117</u>	<u>(64,720)</u>	<u>-</u>	<u>198,363</u>
Restricted funds					
Restricted Funds - all funds	116,897	1,285,341	(1,273,266)	-	128,972
Pension reserve	(199,000)	-	(26,000)	(171,000)	(396,000)
	<u>(82,103)</u>	<u>1,285,341</u>	<u>(1,299,266)</u>	<u>(171,000)</u>	<u>(267,028)</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	2,537,078	110,608	(39,628)	-	2,608,058
Total restricted funds	<u>2,454,975</u>	<u>1,395,949</u>	<u>(1,338,894)</u>	<u>(171,000)</u>	<u>2,341,030</u>
Total of funds	<u>2,647,941</u>	<u>1,466,066</u>	<u>(1,403,614)</u>	<u>(171,000)</u>	<u>2,539,393</u>

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds (as restated) 2015 £
	-	-	-	-	2,527,720
Tangible fixed assets	-	-	2,619,240	2,619,240	-
Current assets	198,363	429,450	3,818	631,631	489,238
Creditors due within one year	-	(300,478)	(938)	(301,416)	(170,017)
Creditors due in more than one year	-	-	(14,062)	(14,062)	-
Provisions for liabilities and charges	-	(396,000)	-	(396,000)	(199,000)
	<u>198,363</u>	<u>(267,028)</u>	<u>2,608,058</u>	<u>2,539,393</u>	<u>2,647,941</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	62,452	69,007
Adjustment for:		
Depreciation charges	39,628	38,334
Dividends, interest and rents from investments	(97,000)	(3,000)
Decrease/(increase) in debtors	11,376	(17,754)
Increase in creditors	145,460	38,775
Capital grants from DfE and other capital income	(110,608)	(23,664)
Defined benefit pension scheme cost less contributions payable	18,000	15,000
Defined benefit pension scheme finance cost	8,000	8,000
Salix loan finance raised	15,000	-
Net cash provided by operating activities	<u>92,308</u>	<u>124,698</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	587,178	433,410
Total	<u>587,178</u>	<u>433,410</u>

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22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £15,505 were payable to the schemes at 31 August 2016 (2015 - £12,951) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £82,426 (2015 - £62,365).

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

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22. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £63,000 (2015 - £54,000), of which employer's contributions totalled £50,000 (2015 - £43,000) and employees' contributions totalled £13,000 (2015 - £11,000). The agreed contribution rates for future years are 20.1% for employers and between 5.5% and 6.5% for employees.

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

The academy has contributed an additional amount of £6,000 (2015 - £6,000) during the year to reduce the accumulated deficit on the LGPS and has a commitment to make a further additional contribution of £6,000 in 2016/17.

West Sussex County Council Pension Scheme

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	24.4	24.4
Females	25.8	25.8
Retiring in 20 years		
Males	26.9	26.9
Females	28.5	28.5

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22. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	485,000	346,000
Bonds	106,000	78,000
Property	53,000	39,000
Cash	20,000	25,000
	<u>664,000</u>	<u>488,000</u>
Total market value of assets	<u>664,000</u>	<u>488,000</u>

The actual return on scheme assets was £97,000 (2015 - £3,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(68,000)	(58,000)
Net interest cost	(8,000)	(8,000)
	<u>(76,000)</u>	<u>(66,000)</u>
Total	<u>(76,000)</u>	<u>(66,000)</u>
Actual return on scheme assets	<u>97,000</u>	<u>3,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	687,000	607,000
Current service cost	68,000	58,000
Interest cost	28,000	37,000
Contributions by employees	13,000	11,000
Actuarial losses/(gains)	171,000	(13,000)
Changes in financial assumptions	268,000	(10,000)
Benefits paid	(4,000)	(3,000)
	<u>1,231,000</u>	<u>687,000</u>
Closing defined benefit obligation	<u>1,231,000</u>	<u>687,000</u>

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22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	488,000	418,000
Return on plan assets (excluding net interest on the net defined pension liability)	97,000	3,000
Interest income	20,000	16,000
Opening fair value of scheme assets	50,000	43,000
Employer contributions	13,000	11,000
Benefits paid	(4,000)	(3,000)
	<u>664,000</u>	<u>488,000</u>
Closing fair value of scheme assets	<u>664,000</u>	<u>488,000</u>

23. 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.

24. RELATED PARTY TRANSACTIONS

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

Mr D Smith, Chair of Trustees, has declared an interest in "The Little Teahouse (Southwater) Limited", a company in which his wife and daughter have an interest. The academy purchased supplies from this company to the value of £1,886 (2015 - £2,309) in the period of account. There were no amounts outstanding at 31 August 2016 or 31 August 2015.

The academy made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the EFA's Academies Financial Handbook (2015).

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure. The table below shows the effect of the transition to FRS102 on the SOFA for the prior year:

	As previously stated £	Effect of transition £	FRS102 (as restated) £
Total income	1,314,497	0	1,314,497
Total (expenditure)	(1,237,490)	(8,000)	(1,245,490)
Actuarial gain on defined benefit schemes	5,000	8,000	13,000

In the prior year, there were actuarial gains recognised on the scheme of £5,000. Under FRS102, these gains have been reclassified as shown above.