

Company Registration Number: 07540811 (England & Wales)

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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



**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**CONTENTS**

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 9
Governance Statement	10 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditors' Report on the Financial Statements	18
Independent Reporting Accountant's Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21 - 22
Balance Sheet	23 - 24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 49

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Members</b>	Mr D Smith (appointed 17 October 2018) Ms M Richards (appointed 17 October 2018) Mrs D Dowling (appointed 17 October 2018)
<b>Trustees</b>	Mrs K Davis, Chair Mr A Harker, Vice Chair Mrs C Cavallo, Head Teacher Mrs V Dilling, Deputy Head Teacher (resigned 30 June 2019) Mrs C Minall, Parent (resigned 10 September 2019) Mrs A Mason, Parent Mr G Mortley, Staff Trustee (appointed 17 October 2018, resigned 23 July 2019) Mrs C Quinlisk, Parent Mr P Buckley, Co-opted (appointed 17 October 2018) Mr C Cotterill, Co-opted (appointed 17 October 2018) Mr D Roberts, Co-opted (appointed 17 October 2018, resigned 3 April 2019)
<b>Company registered number</b>	07540811
<b>Company name</b>	The Southwater Infant Academy
<b>Principal and registered office</b>	Worthing Road Southwater West Sussex RH13 9JH
<b>Chief executive officer</b>	Mrs C Cavallo
<b>Senior management team</b>	Mrs C Cavallo, Head Teacher Mrs V Dilling, Deputy Head Teacher Mrs A Parsons, Assistant Head Teacher
<b>Independent auditors</b>	Landau Baker Limited Chartered Accountants Mountcliff House 154 Brent Street London NW4 2DR
<b>Bankers</b>	HSBC plc 6 West Street Horsham RH12 1PE
<b>Solicitors</b>	West Sussex County Council County Hall Chichester PO19 1RQ
<b>Director of Finance and Administration</b>	Mrs G Gray
<b>Clerk to Trustees</b>	Mrs A Jones (appointed 1 September 2017)

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

**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.

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

The charitable company is known as The Southwater Infant Academy.

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

**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 Memorandum of Association and funding agreement as follows:

- o The Head Teacher
- o A minimum of 2 Parent Trustees
- o Co-opted Trustees
- o Up to 3 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.

**d. Policies adopted for the induction and training of Trustees**

During the period under review the Trustees held three Board of Trustees 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

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Structure, governance and management (continued)**

**e. 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.

**f. Arrangements for setting pay and remuneration of key management personnel**

The academy 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.

**Objectives and activities**

**a. Academy Improvement Plan (AIP) 2018/19**

In 2018/19 we decided to focus on three key targets covering our continuing development priorities. The review of these was carried out in July 2019 and found;

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Objectives and activities (continued)**

**b. Key development priorities:**

1. Create a broad curriculum that is creative and inspiring, with opportunities for in depth learning.

A curriculum review was carried out at the start of the year, with INSET time allocated to support the planning and development of the curriculum revision. Key Drivers were identified by the staff team to run through all curriculum areas, and ensure that the infant academy curriculum learning prepared children for the next steps in their education. Trustees took part in Learning Walks and monitoring of work to evaluate the progress and development of the revised curriculum. Feedback from this showed improvements in engagement and enjoyment of the curriculum across the academy. Further development work will continue into 2019/2020 to complete the curriculum revision and ensure this is embedded and evaluated fully going forwards.

2. Embed Quality First Teaching across the academy, including support staff, ensuring learning is accessible and challenging for all.

CPD was carried out by the SLT to support teachers in providing Quality First Teaching for their children. The Deputy Headteacher at the Junior Academy worked alongside the infant SLT over the year to share good practice from the Junior Academy, and to provide strategies to support learners in class. This also helped to create greater consistency in approaches across both academies. CPD was provided for support staff to build confidence and strategies for supporting learners, and new planning and marking sheets enabled in-class interventions and support to be monitored and tracked by the SLT. Through classroom observations, Learning Walks and work scrutiny, noticeable improvements were seen across the academy. This resulted in higher outcomes at the end of KS1 in all subject areas compared to previous years. (Reading +1%, Writing +4%, and Maths +9%)

3. Develop provision in the EYFS through high quality teaching and learning, and outstanding learning environments.

CPD was carried out by the Deputy Headteacher at the start of term to ensure all staff were clear about the academy expectations of learning environments. Funds raised by the FSIA were used to purchase resources for each class to improve their reading areas, and Year 1 classes introduced small role-play areas to increase opportunities for imaginative play and conversation. The access around the academy for parents was reorganised to better enable Early Years to set up the outdoor classroom for continuous provision, and extra support was provided for staff who needed further help with improving their learning environment. The impact of the improved learning environments was noticeable across the academy, with an increase in Communication and Language in EYFS (+2%) and an increase in Reading at the end of KS1 (+1%).

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Objectives and activities (continued)**

**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, Spring 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

**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

The academy set a balanced budget for the academic year 2018/2019 and showed a surplus on unrestricted and restricted general funds (before restricted fixed assets fund and pension reserve) of £484,871 (2017/8: £440,770). The academy will endeavour to continue to operate with sufficient balances so as to maintain the high standard of education offered to its students, providing that funding allows.

**THE ACHIEVEMENT AND PERFORMANCE OF LEARNERS**

A focus on Teaching and Learning was continued from the previous year, with monitoring systems used to ensure complete evaluation of Teaching and Learning through observations, work scrutiny and data tracking. Issues with the quality of Teaching and Learning were addressed quickly, ensuring that children received the best quality education possible.

Revisions to the systems of assessment were carried out to improve the progress and attainment of learners, and to ensure that teachers were clear about the next steps needed for their children.

CPD was provided to support staff in meeting the needs of specific children, and to assist key support staff members in assessing progress and outcomes of learners.

With all the developments and support in place, the attainment scores in 2019 show further progress in improved outcomes for our children. Early data shows that we are above National in all areas except Greater Depth for writing, however we have still made continued progress in outcomes in this area.

Our focus for the coming year is to maintain our outcomes at above National where this occurred, and to increase the outcome in Greater Depth writing to ensure we are above National in this area also. To support this, we are embedding the revised assessment and tracking procedures begun this year to support teachers in providing targeted, Quality First Teaching for all learners.

**End of EYFS Results – July 2019**

The achievement of the majority of pupils in the EYFS is good or better. The baseline data for 2018 / 2019 continued the trend of lower starting points compared to previous years, however at the end of EYFS the outcomes were above National across most areas, demonstrating good or better progress. In July 2019, 76% of

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**Strategic report (continued)**

**Achievements and performance (continued)**

children made a 'Good Level of Development' compared to 72% in county & 72% nationally. Strengths across the EYFS were:

- Improvements in results maintained in all areas
- Progress in all areas of learning was very good, with the majority of children making at least 7 steps.
- The teaching of phonics is very good

**End of Key Stage 1 Results – July 2019**

The analysis of results has highlighted the following:

**Reading**

- Meeting end of year expectations SIA - 89%, County 77%, National 75%
- Greater Depth in Reading SIA – 38%, County 21%, National 25%
- Overall reading continues to be a strength of the Academy

**Writing**

- Meeting end of year expectations SIA 77%, County 68%, National 69%
- Greater Depth in Writing SIA 13%, County, 11%, National, 15%
- Outcomes in writing have improved rapidly for all children. Further improvements and focus on Greater Depth in writing will take place over the next year.

**Maths**

- Meeting end of year expectations SIA - 88%, County 74%, National 76%
- Greater Depth in Maths SIA – 33%, County 17%, National 22%

**Science**

- Meeting end of year expectations SIA - 93%, County 83%, National 83%

**PHONICS SCREENING CHECK**

In June 2019 the national Phonics screening check was carried out with 89 children in Yr1 and those in Yr2 (9) that did not pass the check in 2018. The test was administered by class teachers on a 1:1 basis during one week.

**YEAR 1 PHONICS SCREENING**

The results in 2019 were as follows:

Phonics Yr1 –									
76/89 passed = 85%									
2015 (SIA)	(Nat)	2016 (SIA)	(Nat)	2017 (SIA)	(Nat)	2018 (SIA)	(Nat)	2019 (SIA)	(Nat)
81.3%	76.8%	81.5%	80.6%	87%	81%	90%	83%	85%	82%

**Strengths**

- Maintained results this year- above local & national scores
- Regular, systematic teaching of phonics in EYFS & Yr1 has continued
- Phonic groups established where children consistently demonstrate the ability to use and apply phonics



**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Strategic report (continued)**

**Achievements and performance (continued)**

within Phases 3 & 4

To be introduced in 2019/20:

- Daily phonics to be continued with tracking used to ensure children are making good progress
- Maintain a percentage of 85%+ achieving the phonics check in 2020
- Continue to improve spelling by using Read, Write Inc Spelling programme
- Focus on common exception words in class and at home using word houses and rockets
- Continue to use personal dictionaries in class to support spelling in writing
- Introduce 'Song of Sounds' revisions to the Phonics scheme of work in EYFS to increase engagement of children in phonics

Phonics Yr2 - 8/9 passed = 89%

Daily early morning phonics groups were carried out again for those children that did not pass the Phonics Screening Check in Year 1. These focussed on building consistency and confidence in decoding and segmenting words, supporting reading and spelling. The groups ran throughout the year, with regular assessments carried out to check progress and ensure teaching was appropriately targeted.

To be introduced in 2019/20:

- Target of 89% to achieve the phonics check in 2020
- Targeted daily phonics groups for 13 children who did not pass in 2019
- Target Tracker to be used alongside regular phonic assessments to track progress
- Support phonics with spelling learning using the 'Read, Write Inc' spelling programme.
- Continue to use personal dictionaries to encourage independence in spelling

**b. 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 they continue 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.

**Financial review**

**a. 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.

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Strategic report (continued)**

**Financial review (continued)**

**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.

**Fundraising**

The academy engages in fundraising throughout the academic year, both for specific projects and to augment the annual education budget. The main fundraising event is the Mini Marathon, which takes place during the summer term. The income and expenditure pertaining to the mini marathon, and to all other fundraising activities (including the allocation of funds) is independently reviewed by the Responsible Officer, who reports his findings directly to the board of trustees.

The board of trustees will also respond directly to any complaints that arise pertaining to fundraising events, with the Responsible Officer acting as an independent intermediary if deemed to be necessary.

**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 2019/20 are;

1. Further develop the SIA curriculum to ensure that it is creative and inspiring, with opportunities for in depth learning.
2. Develop Subject Leadership across the academy, with clear progression of knowledge and skills for each area.
3. Embed the use of Statements on Target Tracker to effectively track progress within each curriculum subject and area of learning across the academy.

Additional Leadership and Management Targets are to:

- Plan and prepare for the installation of the new mobile classrooms
- Develop Subject Leadership across the academy, with clear progression of knowledge and skills for each area.
- Ensure the new Year 2 team are supported and coached to enable the high standards across the academy to be maintained.
- Recruit and train trustees to the Academy Trust, ensuring skills and expertise match identified areas from audits.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

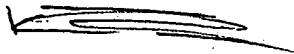
**THE SOUTHWATER INFANT ACADEMY  
(A Company Limited by Guarantee)**

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

**Auditors**

The auditors, Landau Baker Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 27 November 2019 and signed on its behalf by:



Mrs K Davis  
Chair of Trustees

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**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.

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**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
Mrs K Davis, Chair	2	3
Mr A Harker, Vice Chair	3	3
Mrs C Cavallo, Head Teacher	3	3
Mrs V Dilling, Deputy Head Teacher	2	3
Mrs C Minall, Parent	2	3
Mrs A Mason, Parent	2	3
Mr G Mortley, Staff Trustee	2	3
Mrs C Quinlisk, Parent	3	3
Mr P Buckley, Co-opted	2	3
Mr C Cotterill, Co-opted	1	3
Mr D Roberts, Co-opted	1	2

**Governance Review**

The Trustees have continued to review and evaluate the structure and working practices of the trust during 2018/2019. To develop the strategic development of the academy, and ensure there is a clear distinction between the roles of Members and Trustees, the academy Members have now separated from the main Governing Body to create a two-tier governance system. The Trustees will ensure, through committee meetings and full Board of Trustee meetings, that the leadership and management of the academy is robust and effective and hold senior leaders to account. The Members will retain a strategic overview of the academy, and will be responsible for ensuring the Trustees are effective in their roles. Trustees will report to the Members each year regarding all matters, including finance.

The Board of Trustees has 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 three new trustees were appointed in October 2018 and training internally and externally was undertaken together with attendance at strategically important meetings. Two of those trustees have subsequently resigned from the board, resulting in the recruitment of two new trustees in September 2019. Induction and training will be provided for these new trustees over the coming year.

A review of the committees was carried out in 2018/2019, which has resulted in some changes. A Curriculum Committee was introduced at the start of the academic year 2018/2019 to ensure there was effective monitoring of the academy curriculum, and the Personnel and Life of the Academy Committees were merged at the start of this academic year due to duplication in the meetings.

A review of the Terms of Reference, Risk Register and Framework of Governance of the 3 committees was carried out in 2018/2019, and the final details of this will be completed by the end of 2019 to ensure the Board of Trustees continues to meet its statutory responsibilities and provide appropriate challenge.

The Trustees continue to undertake visits and monitoring to ensure they 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 Board of Trustees as a whole confidence that key areas of the academy's work are understood and scrutinised. Trustees days are held each term where the focus is on monitoring the progress in the Three Key Targets.

The Skills Audit of all Members and Trustees carried out last year is currently being updated to include the new Trustees. The output from this will then be used to review the constitution of the Board of Trustees and highlight areas for training and development.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the finances

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

of the academy and ensure that resources are used for the purposes intended.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Harker	5	5
Mrs K Davis	4	5
Mrs C Cavallo	4	5
Mr P Buckley	3	5
Mrs C Minall	2	5
Mr C Cotterill	4	5
Mr D Roberts	1	3

**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:

- Using internal staff to cover supply or absence whenever possible to reduce the cost of agency staff.
- The Pupil Premium Project was continued using the Pupil Premium Grant funding. The Pupil Premium Grant Trustees ensured the funding was spent appropriately and benefitted the pupils involved. This project will be adapted in the next academic year due to a smaller numbers of families in receipt of Pupil Premium attending the academy. Targeted individual support will instead be planned in class to ensure we achieve 'diminishing differences' between groups of pupils, especially regarding more able children in receipt of Pupil Premium.
- Using Sports Premium funds, training and resources were provided for staff to build confidence and effectiveness, and to ensure new staff members were trained to use the Real PE Scheme. This has provided a more inclusive method of PE teaching, appealing to a greater number of children, and ensures that high quality PE provision is sustainable.
- The forthcoming removal of support for Windows 7 during the year has resulted in a large number of computers becoming obsolete due to their incompatibility to upgrade to Windows 10. After evaluating the potential costs to replace all the computers, it was decided to instead move from static desktop computers in each class to a system whereby teachers used their own laptops to connect to the class interactive boards. This reduced the number of required computers by 10, therefore saving the academy a considerable amount of money. The additional Capital funding for "little extras" from the Department for Education was utilised to purchase the teacher laptops and administration desktops required.

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 2018 to 31 August 2019 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 significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The risk and control framework**

The academy'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 Mr A Harker, a Trustee, to carry out a programme of internal checks.

Landau Baker, the auditors, are engaged to perform additional checks as needed.

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

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 reviewer reports to the board of Trustees through the finance committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

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

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

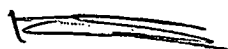
**Review of effectiveness**

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:

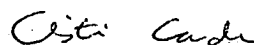
- the work of the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 27 November 2019 and signed on their behalf by:



Mrs K Davis  
Chair of Trustees



Mrs C Cavallo  
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 board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Mrs C Cavallo  
Accounting Officer  
Date: 27 November 2019

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

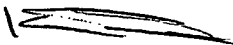
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of Trustees on 27 November 2019 and signed on its behalf by:



Mrs K Davis  
Chair of Trustees

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

We have audited the financial statements of The Southwater Infant Academy for the year ended 31 August 2019, set out on page 49. These financial statements have been prepared under the accounting policies set out therein ).

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

**Respective responsibilities of Trustees and auditors**

The Trustees' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Trustees' Responsibilities Statement.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the academy has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the academy's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Opinion**

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the information given in the Trustees' Report is consistent with the financial statements.



FOR LANDAU BAKER LIMITED

Carly Pinkus (Senior Statutory Auditor)

for and on behalf of  
**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

27 November 2019

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
SOUTHWATER INFANT ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 November 2011 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Southwater Infant Academy during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Southwater Infant Academy and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Southwater Infant Academy and ESFA, 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

**Conclusion**

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

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
SOUTHWATER INFANT ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

*Landau Baker Limited*

**Reporting Accountant**

**Landau Baker Limited**

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

Date: 27 November 2019

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>						
Donations and capital grants	3	29,458	-	34,852	64,310	42,840
Charitable activities		-	1,194,229	-	1,194,229	1,247,098
Teaching schools		-	63,632	-	63,632	73,979
Other trading activities		22,962	4,806	-	27,768	40,623
<b>Total income</b>		<b>52,420</b>	<b>1,262,667</b>	<b>34,852</b>	<b>1,349,939</b>	<b>1,404,540</b>
<b>Expenditure on:</b>						
Raising funds		21,717	-	-	21,717	33,061
Charitable activities	7	-	1,245,653	47,903	1,293,556	1,311,698
Teaching schools		-	63,633	3,571	67,204	78,378
Other expenditure		-	-	-	-	-
<b>Total expenditure</b>		<b>21,717</b>	<b>1,309,286</b>	<b>51,474</b>	<b>1,382,477</b>	<b>1,423,137</b>
<b>Net income/(expenditure )</b>		<b>30,703</b>	<b>(46,619)</b>	<b>(16,622)</b>	<b>(32,538)</b>	<b>(18,597)</b>
Transfers between funds	18	-	(3,983)	3,983	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>30,703</b>	<b>(50,602)</b>	<b>(12,639)</b>	<b>(32,538)</b>	<b>(18,597)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(104,000)	-	(104,000)	119,000
<b>Net movement in funds</b>		<b>30,703</b>	<b>(154,602)</b>	<b>(12,639)</b>	<b>(136,538)</b>	<b>100,403</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		248,190	(33,420)	2,589,127	2,803,897	2,703,494
Net movement in funds		30,703	(154,602)	(12,639)	(136,538)	100,403
<b>Total funds carried forward</b>		<b>278,893</b>	<b>(188,022)</b>	<b>2,576,488</b>	<b>2,667,359</b>	<b>2,803,897</b>

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 26 to 49 form part of these financial statements.



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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	2,579,896	2,594,409
		<u>2,579,896</u>	<u>2,594,409</u>
<b>Current assets</b>			
Debtors	14	49,159	48,955
Cash at bank and in hand		601,064	568,209
		<u>650,223</u>	<u>617,164</u>
Creditors: amounts falling due within one year	15	(158,447)	(168,552)
<b>Net current assets</b>		491,776	448,612
<b>Total assets less current liabilities</b>		<u>3,071,672</u>	<u>3,043,021</u>
Creditors: amounts falling due after more than one year	16	(10,313)	(13,124)
<b>Net assets excluding pension liability</b>		3,061,359	3,029,897
Defined benefit pension scheme liability	24	(394,000)	(226,000)
<b>Total net assets</b>		<u><u>2,667,359</u></u>	<u><u>2,803,897</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	2,576,488	2,589,127
Restricted income funds	18	205,978	192,580
		<u>2,782,466</u>	<u>2,781,707</u>
Restricted funds excluding pension asset	18	2,782,466	2,781,707
Pension reserve	18	(394,000)	(226,000)
<b>Total restricted funds</b>	18	2,388,466	2,555,707
<b>Unrestricted income funds</b>	18	278,893	248,190
<b>Total funds</b>		<u><u>2,667,359</u></u>	<u><u>2,803,897</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 21 to 49 were approved by the Trustees, and authorised for issue on 27 November 2019 and are signed on their behalf, by:

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**



Mrs K Davis  
Chair of Trustees

The notes on pages 26 to 49 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 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	36,839	93,057
<b>Cash flows from investing activities</b>	22	(2,109)	(25,422)
<b>Cash flows from financing activities</b>	21	(1,875)	(938)
<b>Change in cash and cash equivalents in the year</b>		<b>32,855</b>	<b>66,697</b>
Cash and cash equivalents at the beginning of the year		568,209	501,512
<b>Cash and cash equivalents at the end of the year</b>	<b>23</b>	<b>601,064</b>	<b>568,209</b>

The notes on pages 26 to 49 form part of these financial statements

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

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

The Southwater Infant Academy meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.3 Income**

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the academy, can be reliably measured.

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

**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.

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**1. Accounting policies (continued)**

**1.4 Expenditure (continued)**

• **Expenditure on raising funds**

This includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

• **Charitable activities**

These 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.

**1.5 Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long term leasehold property	- 125 years
Improvements to leasehold premises	- 10 - 30 years
Plant and machinery	- 5 - 10 years
Computer equipment	- 2 years

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

**1.6 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.

**1.7 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.

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.8 Liabilities**

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

**1.9 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.10 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.

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**1. Accounting policies (continued)**

**1.11 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 funders where the asset acquired or created is held for a specific purpose.

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

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

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

**3. Income from donations and capital grants**

	Unrestricted funds 2019 £	Restricted funds - class ii 2019 £	Total funds 2019 £
Donations	29,458	14,054	43,512
Capital Grants	-	20,798	20,798
	<u>29,458</u>	<u>34,852</u>	<u>64,310</u>



**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds - class ii 2018 £</i>	<i>Total funds 2018 £</i>
Donations	32,695	2,500	35,195
Capital Grants	-	7,645	7,645
	<u>32,695</u>	<u>10,145</u>	<u>42,840</u>

**4. Funding for the academy's educational activities**

	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>	<i>Total funds 2018 £</i>
DfE/ESFA grants			
GAG	1,034,501	1,034,501	1,091,581
Other ESFA funding	156,596	156,596	144,625
LA and other government grants	3,132	3,132	10,892
	<u>1,194,229</u>	<u>1,194,229</u>	<u>1,247,098</u>

**5. Income from other trading activities**

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Other income	4,715	6	4,721
Insurance claims	-	4,800	4,800
Lettings	18,247	-	18,247
	<u>22,962</u>	<u>4,806</u>	<u>27,768</u>

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**6. Expenditure**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising voluntary income:				
Direct costs	1,075	-	20,487	21,562
Expenditure on fundraising trading activities:				
Direct costs	155	-	-	155
Educational activities:				
Direct costs	774,019	-	51,651	825,670
Allocated support costs	187,088	123,029	157,769	467,886
Teaching school	35,600	3,572	28,032	67,204
	<u>997,937</u>	<u>126,601</u>	<u>257,939</u>	<u>1,382,477</u>

**7. Analysis of expenditure on charitable activities**

**Summary by fund type**

	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Educational activities	1,286,556	-	1,286,556
Pension cost	7,000	-	7,000

	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Educational activities	1,303,698	-	1,303,698
Pension cost	8,000	-	8,000

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**8. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational activities	825,670	467,886	1,293,556

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational activities	858,147	453,551	1,311,698

**Analysis of direct costs**

	Educational activities 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	745,634	745,634	755,991
Educational supplies & services	17,424	17,424	16,687
Staff development	10,196	10,196	16,276
Other direct costs	24,031	24,031	24,418
Agency supply teaching costs	28,385	28,385	44,775
	825,670	825,670	858,147

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Educational activities 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	7,000	7,000	8,000
Staff costs	187,088	187,088	169,818
Depreciation	47,903	47,903	47,036
Maintenance of premises & equipment	26,579	26,579	20,111
Cleaning	31,418	31,418	33,087
Rent and rates	6,381	6,381	6,220
Water and energy costs	14,540	14,540	14,269
Insurance	5,920	5,920	6,360
Other support costs	16,624	16,624	15,737
Universal infant free school meal costs	109,731	109,731	115,722
Governance costs	14,702	14,702	17,191
	<u>467,886</u>	<u>467,886</u>	<u>453,551</u>

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	51,474	50,607
Fees paid to auditors for:		
- audit	6,525	6,750
- other services	1,980	1,950
	<u>8,505</u>	<u>8,700</u>

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	716,825	726,344
Social security costs	56,089	53,634
Pension costs	188,327	181,991
	<u>961,241</u>	<u>961,969</u>
Agency staff costs	36,696	44,775
Staff restructuring costs	-	3,076
	<u>997,937</u>	<u>1,009,820</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	-	3,076
	<u>-</u>	<u>3,076</u>

**b. Staff numbers**

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

	2019 No.	2018 No.
Teachers	12	16
Administration and support	25	29
Management	3	2
	<u>40</u>	<u>47</u>

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**10. Staff costs (continued)**

**b. Staff numbers (continued)**

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	9	12
Administration and support	13	14
Management	3	2
	25	28

**c. Higher paid staff**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	-

**d. Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £179,656 (2018: £126,184).

**11. Trustees' remuneration and expenses**

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

		2019 £	2018 £
Mrs C Cavallo	Remuneration	60,000 - 65,000	55,000 - 60,000
	Pension contributions paid	10,000 - 15,000	5,000 - 10,000
		40,000 - 45,000	45,000 - 50,000
Mrs V Dilling	Remuneration	40,000 - 45,000	45,000 - 50,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
		10,000 - 15,000	10,000 - 15,000
Mr G Mortley	Remuneration	10,000 - 15,000	10,000 - 15,000
	Pension contributions paid	0 - 5,000	0 - 5,000

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**11. Trustees' remuneration and expenses (continued)**

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

**12. Trustees' and Officers' insurance**

The academy has opted into the Department of 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 membership.

**13. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2018	2,760,384	73,910	49,562	2,883,856
Additions	-	24,317	12,644	36,961
At 31 August 2019	2,760,384	98,227	62,206	2,920,817
<b>Depreciation</b>				
At 1 September 2018	207,231	54,693	27,523	289,447
Charge for the year	41,363	3,708	6,403	51,474
At 31 August 2019	248,594	58,401	33,926	340,921
<b>Net book value</b>				
At 31 August 2019	2,511,790	39,826	28,280	2,579,896
At 31 August 2018	2,553,153	19,217	22,039	2,594,409

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**14. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	4,965	9,937
Other debtors	17,178	13,026
Prepayments and accrued income	27,016	25,992
	<u>49,159</u>	<u>48,955</u>

**15. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Other loans	1,875	939
Trade creditors	14,960	17,522
Other taxation and social security	13,682	14,149
Other creditors	14,916	14,629
Accruals and deferred income	113,014	121,313
	<u>158,447</u>	<u>168,552</u>

	2019 £	2018 £
Deferred income at 1 September 2018	101,036	116,659
Resources deferred during the year	96,151	101,036
Amounts released from previous periods	(101,036)	(116,659)
	<u>96,151</u>	<u>101,036</u>



**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**16. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Other loans	10,313	13,124

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019 £	2018 £
Payable or repayable by instalments	1,875	3,747
	<u>1,875</u>	<u>3,747</u>

**17. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through income and expenditure	601,064	568,210
Financial assets that are debt instruments measured at amortised cost	4,965	9,937
	<u>606,029</u>	<u>578,147</u>
	2019 £	2018 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(58,927)	(66,489)

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise debtors and accrued income.

Financial liabilities measured at amortised cost comprise loans, creditors accrued expenditure.

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**18. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
Unrestricted general fund	211,830	29,961	(3,354)	-	-	238,437
The Charity Fund	36,360	22,459	(18,363)	-	-	40,456
	<u>248,190</u>	<u>52,420</u>	<u>(21,717)</u>	<u>-</u>	<u>-</u>	<u>278,893</u>
<b>Restricted general funds</b>						
GAG	192,580	1,034,501	(1,017,120)	(3,983)	-	205,978
Pupil premium	-	25,973	(25,973)	-	-	-
Other ESFA funding	-	130,623	(130,623)	-	-	-
LA and other government funding	-	3,132	(3,132)	-	-	-
General	-	68,438	(68,438)	-	-	-
Pension reserve	(226,000)	-	(64,000)	-	(104,000)	(394,000)
	<u>(33,420)</u>	<u>1,262,667</u>	<u>(1,309,286)</u>	<u>(3,983)</u>	<u>(104,000)</u>	<u>(188,022)</u>
<b>Restricted fixed asset funds</b>						
Class II Restricted Fund 1	2,589,127	34,852	(51,474)	3,983	-	2,576,488
<b>Total Restricted funds</b>	<u>2,555,707</u>	<u>1,297,519</u>	<u>(1,360,760)</u>	<u>-</u>	<u>(104,000)</u>	<u>2,388,466</u>
<b>Total funds</b>	<u>2,803,897</u>	<u>1,349,939</u>	<u>(1,382,477)</u>	<u>-</u>	<u>(104,000)</u>	<u>2,667,359</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.

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**18. Statement of funds (continued)**

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 by 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 it could carry forward at 31 August 2019.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
The Southwater Infant Academy	484,871	440,770
Restricted fixed asset fund	2,576,488	2,589,127
Pension reserve	(394,000)	(226,000)
<b>Total</b>	<b>2,667,359</b>	<b>2,803,897</b>

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
The Southwater Infant Academy	810,849	187,088	104,422	232,895	1,335,254

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**18. Statement of funds (continued)**

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>						
Unrestricted general fund	186,645	26,281	(1,096)	-	-	211,830
The Charity Fund	35,630	32,695	(31,965)	-	-	36,360
	<u>222,275</u>	<u>58,976</u>	<u>(33,061)</u>	<u>-</u>	<u>-</u>	<u>248,190</u>
<b>Restricted general funds</b>						
GAG	161,689	1,091,581	(1,033,631)	(27,059)	-	192,580
Pupil premium	-	24,826	(24,826)	-	-	-
Other ESFA funding	-	119,799	(119,799)	-	-	-
LA and other government funding	-	10,892	(10,892)	-	-	-
General	-	88,321	(88,321)	-	-	-
Pension reserve	(283,000)	-	(62,000)	-	119,000	(226,000)
	<u>(121,311)</u>	<u>1,335,419</u>	<u>(1,339,469)</u>	<u>(27,059)</u>	<u>119,000</u>	<u>(33,420)</u>
<b>Restricted fixed asset funds</b>						
Class II Restricted Funds - all funds	2,602,530	10,145	(50,607)	-	-	2,589,127
<b>Total Restricted funds</b>	<u>2,481,219</u>	<u>1,345,564</u>	<u>(1,390,076)</u>	<u>(27,059)</u>	<u>119,000</u>	<u>2,555,707</u>
<b>Total funds</b>	<u>2,703,494</u>	<u>1,404,540</u>	<u>(1,423,137)</u>	<u>(27,059)</u>	<u>119,000</u>	<u>2,803,897</u>

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	2,579,896	2,579,896
Current assets	278,893	362,550	8,780	650,223
Creditors due within one year	-	(156,572)	(1,875)	(158,447)
Creditors due in more than one year	-	-	(10,313)	(10,313)
Provisions for liabilities and charges	-	(394,000)	-	(394,000)
<b>Total</b>	<b>278,893</b>	<b>(188,022)</b>	<b>2,576,488</b>	<b>2,667,359</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	2,594,409	2,594,409
Current assets	248,190	360,195	8,780	617,165
Creditors due within one year	-	(167,614)	(938)	(168,552)
Creditors due in more than one year	-	-	(13,124)	(13,124)
Provisions for liabilities and charges	-	(226,000)	-	(226,000)
<b>Total</b>	<b>248,190</b>	<b>(33,419)</b>	<b>2,589,127</b>	<b>2,803,898</b>

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**20. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(32,538)	(18,597)
<b>Adjustments for:</b>		
Depreciation	51,474	50,607
Capital grants from DfE and other capital income	(34,852)	(10,145)
Defined benefit pension scheme cost less contributions payable	57,000	54,000
Defined benefit pension scheme finance cost	7,000	8,000
(Increase)/decrease in debtors	(203)	4,066
(Decrease)/increase in creditors	(11,042)	5,126
<b>Net cash provided by operating activities</b>	<b>36,839</b>	<b>93,057</b>

**21. Cash flows from financing activities**

	2019 £	2018 £
Repayments of borrowing	(1,875)	(938)
<b>Net cash used in financing activities</b>	<b>(1,875)</b>	<b>(938)</b>

**22. Cash flows from investing activities**

	2019 £	2018 £
Purchase of tangible fixed assets	(36,961)	(35,567)
Capital grants from DfE Group	20,798	7,645
Capital funding received from sponsors and others	14,054	2,500
<b>Net cash used in investing activities</b>	<b>(2,109)</b>	<b>(25,422)</b>

**23. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash in hand	601,064	568,209
<b>Total cash and cash equivalents</b>	<b>601,064</b>	<b>568,209</b>

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**24. Pension commitments**

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

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

Contributions amounting to £14,916 were payable to the schemes at 31 August 2019 (2018 - £14,629) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

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

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website- <https://www.teacherspensions.co.uk/public/login.aspx>.

**Scheme Changes**

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

**THE SOUTHWATER INFANT ACADEMY**  
**(A Company Limited by Guarantee)**

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

**24. Pension commitments (continued)**

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

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

The employer's pension costs paid to TPS in the year amounted to £73,400 (2018 - £72,722).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £72,000 (2018 - £69,000), of which employer's contributions totalled £57,000 (2018 - £55,000) and employees' contributions totalled £ 15,000 (2018 - £14,000). The agreed contribution rates for future years are 20.1 per cent for employers and between 5.5 and 6.5 per cent for employees.

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

The academy made additional payments totalling £6,000 to the LGPS to further reduce the deficit during the year. A commitment has been made to make an additional payment of £6,000 in 2019/20.

**Principal actuarial assumptions**

	2019	2018
	%	%
Rate of increase in salaries	3.0	3.1
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8

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



**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**24. Pension commitments (continued)**

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.8	23.6
Females	23.6	25.0
<i>Retiring in 20 years</i>		
Males	23.0	26.0
Females	25.5	27.8

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate -0.1%	36	28
CPI rate +0.1%	30	23

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	531,000	497,000
Corporate bonds	393,000	322,000
Property	85,000	74,000
Cash and other liquid assets	54,000	28,000
<b>Total market value of assets</b>	<b>1,063,000</b>	<b>921,000</b>

The actual return on scheme assets was £53,000 (2018 - £35,000).

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

	2019 £	2018 £
Current service cost	(101,000)	(109,000)
Past service cost	(13,000)	-
Interest income	27,000	21,000
Interest cost	(34,000)	(29,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(121,000)</b>	<b>(117,000)</b>

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**24. Pension commitments (continued)**

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

	2019 £	2018 £
<b>At 1 September</b>	<b>1,147,000</b>	<b>1,085,000</b>
Current service cost	101,000	109,000
Interest cost	34,000	29,000
Employee contributions	15,000	14,000
Actuarial losses/(gains)	157,000	(84,000)
Benefits paid	(10,000)	(6,000)
Past service costs	13,000	-
<b>At 31 August</b>	<b>1,457,000</b>	<b>1,147,000</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>921,000</b>	<b>802,000</b>
Interest income	27,000	21,000
Actuarial gains	53,000	35,000
Employer contributions	57,000	55,000
Employee contributions	15,000	14,000
Benefits paid	(10,000)	(6,000)
<b>At 31 August</b>	<b>1,063,000</b>	<b>921,000</b>

**25. 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.

**THE SOUTHWATER INFANT ACADEMY**  
(A Company Limited by Guarantee)

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

**26. 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 a trustee 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, a Member, 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 £1,138 (2018 - £1,602) in the period of account. There were no amounts outstanding at 31 August 2019 or 31 August 2018.

The academy made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the ESFA's Academies Financial Handbook (2018).

**27. Teaching school trading account**

	2019 £	2019 £	2018 £	2018 £
<b>Income</b>				
<b>Direct income</b>				
Teaching Schools Core grant	40,000		40,000	
<b>Other income</b>				
Course fees	23,632		33,979	
<b>Total income</b>		63,632		73,979
<b>Expenditure</b>				
<b>Direct expenditure</b>				
Direct staff costs	27,289		31,320	
Direct depreciation	3,571		3,571	
Other teaching school supplies and services	28,033		43,487	
Teaching school agency staff	8,311		-	
<b>Total direct expenditure</b>	67,204		78,378	
<b>Total expenditure</b>		67,204		78,378
<b>Deficit from all sources</b>		(3,572)		(4,399)
<b>Teaching school balances at 1 September 2018</b>		31,049		35,448
<b>Teaching school balances at 31 August 2019</b>		27,477		31,049