

~~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 2020



THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 11
Governance Statement	12 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditors' Report on the Financial Statements	18 - 20
Independent Reporting Accountant's Report on Regularity	21 - 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance Sheet	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

Members	Mr D Smith Ms M Richards Mrs D Dowling
Trustees	Mrs K Davis, Chair (to 19 March 2020) Mr A Harker, Acting Chair (from 20 March 2020; elected Chair 7 October 2020) Mrs C Cavallo, Head Teacher and Accounting Officer Mrs A Mason, Parent Mrs C Hurdle, Co-opted (appointed 2 October 2019) Mrs C Quinlisk, Parent; (Acting Vice-Chair from 20 March 2020; elected Vice-Chair 7 October 2020) Mr P Buckley, Co-opted Mr C Cotterill, Co-opted (resigned 6 March 2020) Mr J Shekleton, Co-opted (appointed 2 October 2019)
Company registered number	07540811
Company name	The Southwater Infant Academy
Principal and registered office	Worthing Road Southwater West Sussex RH13 9JH
Chief executive officer	Mrs C Cavallo
Senior management team	Mrs C Cavallo, Head Teacher Mrs V Dilling, Deputy Head Teacher Mrs A Parsons, Assistant Head Teacher
Independent auditors	Landau Baker Limited Chartered Accountants Statutory Auditors Mountcliff House 154 Brent Street London NW4 2DR
Bankers	HSBC plc 6 West Street Horsham RH12 1PE
Solicitors	West Sussex County Council County Hall Chichester PO19 1RQ
Director of Finance and Administration	Mrs G Gray
Clerk to Trustees	Mrs A Jones

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 4 years to 7 years, serving a catchment area in Southwater and the surrounding area. It has a pupil capacity of 360 and had a roll of 289 in the school census in Autumn 2019.

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 , and to the date these accounts are approved are included in the Reference and administrative details on page 11.

b. Members' liability

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

c. Trustees' indemnities

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

d. Method of recruitment and appointment or election of Trustees

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

- o The Head Teacher
- o A minimum of 2 Parent Trustees
- o 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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Structure, governance and management (continued)

e. Policies and procedures 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

f. Organisational structure

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

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

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

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

The Head Teacher assumes the accounting officer role.

g. 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. Objectives and activities

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

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

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Objectives and activities (continued)

b. Objectives, Strategies and Activities

The academy undertook self-evaluation activities to correctly identify objectives for the year 2019/2020. Our three key objectives covering our continuing development priorities are:

1. Further develop the SIA curriculum to ensure that it is creative and inspiring, with opportunities for in depth learning.

Following on from the curriculum review the previous year, INSET time was allocated at the start of September for curriculum development. Staff movement at the end of the previous year had resulted in a number of changes across year group teams. Time was spent during the September INSET ensuring new staff were clear about the academy ethos and vision, and that new ideas from these staff members were taken on board. Throughout the Autumn term, Year Group Teams took the draft overview plans created by Subject Leaders the previous year and developed them further. Opportunities for WOW activities and starters were built in, and links across curriculum subjects were used to make learning more purposeful. As we moved into the Spring Term, the Autumn schemes of work for each Year Group were completed in draft form. These will be used to plan for Teaching and Learning next year. Although work was also started on the Spring Term plans, these were not completed due to the nationwide lockdown that occurred at the end of March. As a result, this will be continued into next year to enable the curriculum revision to be completed.

2. Develop Subject Leadership across the academy, with clear progression of knowledge and skills for each area.

With a number of new staff joining the team in September, there was a significant change in Subject Leadership across the academy. With curriculum development work already taking place, this enabled new Subject Leaders to focus on, and become familiar with, the progression and content of their subject area across the academy.

To ensure that development of Subject Leadership was effective, a plan was drawn up by the SLT for the coming year. Tasks and activities were identified that would develop knowledge and understanding of subject areas, and would ensure that all Subject Leaders were confident about the intent, implementation and impact of their subject across the academy.

To support Subject Leaders, release time was provided by the Deputy Headteacher and Headteacher. Each Subject Leader was given a half day each half term to enable them to complete that activities and tasks given to them. Subject Leaders monitored and reviewed plans, carried out work scrutiny, analysed data, observed lessons and talked to class teachers as part of this process. Some Subject Leaders ran staff meetings to support class teacher development, and they identified resources that would enhance the teaching and learning of their subject area.

The academy trustees held two trustee afternoons focussed on monitoring this objective, and during these afternoons they met with subject leaders and observed the subjects being taught across the academy. Work scrutiny and data analysis was also carried out by the trustees with the support of the SLT.

Good progress was made in this target, however the start of lockdown at the end of March meant that Subject Leaders were unable to complete the work planned for them this year. The academy plan to continue this next year, and have booked Leadership training for all teaching staff in a November INSET.

3. Embed the use of Statements on Target Tracker to effectively track progress within each curriculum subject and area of learning across the academy.

Training was carried out at the start of the year during the September INSET days to remind existing staff, and to train new staff, in the use of Statements to track progress across subjects. The Assistant Head took on the role of Assessment Leader, and provided after school support every fortnight to help teachers in using the statements to track progress.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Objectives and activities (continued)

Work scrutiny and lesson observations were carried out by the SLT to check consistency in assessment in each class, and year group moderation was done to ensure consistency across classes.

At the point of lockdown, staff were confident in using the statements across all subjects in Target Tracker, and had started to use reports to analyse the data in their subject areas. Further training and support will be provided by the Assessment Leader next year to embed this fully across the academy.

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. The latter was unable to go ahead this year due to COVID.
- 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 budget for the academic year 2019/20 which showed a deficit on restricted general funds (before restricted fixed assets fund and pension reserve) of £45,157. The need for the deficit was a direct result of the requirement to adhere to infant class size rules in conjunction with an increase to pupil numbers which resulted in an extra mixed-age class having to be opened. The academy will endeavour to continue to operate so as to maintain the high standards of education offered to students.

The achievements and performance of learners

A focus on Quality of Education was continued from the previous year, with specific focus on Quality First Teaching to meet the needs of all learners. Monitoring systems were used to ensure complete evaluation of Quality of Education through observations, work scrutiny and data tracking. Issues with the Quality of Education 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 projected for 2020 showed further progress would have been made in outcomes for our children. Due to lockdown and the cancellation of all tests and assessments, there is no verified data to measure outcomes for the year 2019/2020. However, early data up to period of closure showed that - had the children continued to make the same progress for the rest of the academic year - we would have been above National in all areas.

Our focus for the coming year is to address the gaps and missed learning for children, enabling them to make rapid progress. We also aim to ensure that we are providing high quality learning opportunities for children who

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

are forced to isolate. To support this, we are embedding the revised assessment and tracking procedures to support teachers in providing targeted, Quality First Teaching for all learners.

End of EYFS Results – July 2020

The lockdown and cancellation of all tests and assessments meant that there was no verified data to measure the achievement of learners across the academy. Internal monitoring processes carried out up until the academy closure however, showed that children were on track to achieve outcomes above National in all areas.

The baseline data for 2019 / 2020 continued the trend of lower starting points compared to previous years, however by the Spring Term, children had made good progress towards meeting the targets set for them. 75% of children were on track to make a 'Good Level of Development' at the end of the year, compared to 72% in county & 72% nationally. Strengths across the EYFS were:

- Improvements in phonics through introduction of Song of Sounds programme
- Progress across all areas of learning was very good up to the academy closure

End of Key Stage 1 Results – July 2020

The lockdown and cancellation of all tests and assessments meant that there was no verified data to measure the achievement of learners across the academy. Internal monitoring processes carried out up until the academy closure however, showed that children were on track to achieve outcomes above National in all areas.

The analysis of internal monitoring has highlighted the following:

Reading

- On track to achieve Meeting end of year expectations SIA - 82%, County 75%, National 75%
- On track to achieve Greater Depth in Reading SIA – 32%, County 21%, National 25%
- Reading expectations showed that this continues to be a strength of the Academy

Writing

- On track to achieve Meeting end of year expectations SIA 76%, County 68%, National 69%
- On track to achieve Greater Depth in Writing SIA 16%, County, 11%, National, 15%
- Expectations in writing had been maintained for all learners, and improved for children on track to meet Greater Depth

Maths

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

Science

- On track to achieve Meeting end of year expectations SIA - 87%, County 83%, National 83%

Phonics Screening Check

There was no phonics screening data outcomes due to the cancellation of the Phonics Screening check in 2020. Internal monitoring and tracking indicated that outcomes across Year 1 and 2 for Phonics were likely to be above National for both year groups, and in line with previous outcomes at the academy.

To be introduced in 2020/2021:

- Phonics outcomes in 2021 for Year 1 to be at least in line with National outcomes

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

- Targeted daily phonics groups for Year 2 children in Autumn who are identified as needing extra support
- 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 Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Impact of COVID-19 on the Academy Trust

Changes to governance and control arrangements

The restrictions introduced at the start of lockdown made monitoring and meeting in person impossible. Online and virtual systems were quickly introduced to enable these systems to continue remotely. Trustee meetings regarding Finance were continued using Microsoft Teams to ensure control measures were still followed, and the Headteacher met weekly with the Chair and Vice Chair of Trustees to discuss issues facing the academy. Trustee committee meetings continued, but the meetings were widened to enable all trustees to attend. This ensured all trustees had a better overview of how the academy was meeting its obligations.

The Clerk to Trustees worked remotely throughout the full and partial lockdown period, ensuring statutory duties were met, policies were reviewed, and meetings were minuted. The Headteacher provided updates for the Board, documenting the challenges and decisions that had been made.

Managing the return for Staff and Pupils

In preparing for partial, and later full reopening, the guidance provided by the DfE was used to plan and prepare. Support from the West Sussex MAT group, which met virtually every fortnight, enabled advice to be sought regarding decisions, and staff at the Regional School Commissioners Office were available to answer questions by telephone or email. In addition, the West Horsham Headteachers locality group met weekly to discuss developments and decisions being made.

A Risk Assessment was completed both for partial and full reopening, and a template from UniCat MAT was used to support this. The Risk Assessments were completed with the support of the academy staff team to ensure that all staff were involved in the process. The SLT met virtually to discuss key decisions and to plan for reopening. When completed, the Risk Assessment were shared with all staff for their feedback and comments. Adaptations were made to the Risk Assessments as a result of staff feedback.

The Risk Assessments enabled the Reopening Plans to be completed, and again these were shared with all staff. Changes were made to these plans as Government guidance changed and as staff provided feedback. All decisions made regarding the Risk Assessments and Reopening Plans were documented through emails with the staff team, and also with the Chair and Vice Chair of Trustees. The Trustee Sharepoint enabled the Board of Trustees to see and comment on Risk Assessments and Plans as they developed. On full reopening, the Headteacher and Chair of Trustees met virtually with an advisor from West Sussex to review the Risk Assessment. The West Sussex representative confirmed their approval for the Risk Assessment and Plans that the academy had in place.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

Additional procedures were identified and put in place as the academy prepared to open more widely. Extra cleaning materials and procedures were introduced to ensure that high contact areas were cleaned regularly throughout the day, and a more thorough clean took place at the end of each week. Additional soap, paper towels and hand sanitiser was purchased, and regular orders were placed to ensure stock remained at good levels. Perspex screens were purchased by the academy to improve safety for staff in the academy office, and PPE resources were purchased for all staff members.

Good communication was kept with parents and carers of children at the academy throughout the lockdown period, and when partial and full reopening was announced, the academy communicated the plans and risk mitigation clearly and carefully to all families. The number of children returning to the academy was high, with families showing a good level of trust in the measures taken by the academy to keep children safe. For those children who did not return, remote learning continued.

a. Financial Review

During the period, ESFA revenue grants received totalled £1,205,406. Teaching School core grant funding of £40,000 was also received during the academic year. LA funding amounted to £14,570, which includes £3,942 reimbursement due from WSCC for RPA+ Contractors all risks insurance. The academy was instructed by WSCC that this was necessary additional insurance cover for the mobile construction project in early August, after the building work had started at the end of the summer term. The RPA cover is limited to £250,000. WSCC had previously informed the academy that no additional insurance was required, and that the academy would not need to contribute any funding towards the new mobiles.

Other restricted funding of £53,042 received included Teaching School course fees; NQT service provision; and, School Direct trainee placements.

The main source of unrestricted income is donations. Fundraising activities were extremely limited during the period from April 2020 due to the COVID-19 lockdown.

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12-month period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Trustees reached a hard decision in March 2020 to close the academy's Teaching School as at 31 August 2020, as they could not envisage it continuing as a viable option going forward. They understood what the Teaching School had achieved since 2016, but, having heard and seen evidence of the changing Teaching School landscape, they were unable to potentially place the academy at financial risk in such uncertain times. This closure meant that, in addition to the lack of CPD provision going forward in West Sussex, NQTs and School Direct student placements would be affected.

Redundancies occurred as a result, and redundancy payments of £10,506 were necessary.

Due to the COVID-19 lockdown at the end of March, some pre-booked and paid for Teaching School courses had to be refunded; others went virtual.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

The ESFA capital monies received were entirely deferred to the new academic year 2020-21 at 31 August 2020 as they had been earmarked to assist in the funding of replacement metal internal playground fencing, initially programmed for the summer holidays, but then delayed until October 2020 half term.

The academy's gas water boiler was condemned in the summer holidays, leaving the academy without hot water. The £6,400 boiler cost was capital expenditure that had not been foreseen, nor budgeted. A transfer from revenue to capital income was required to fund this essential purchase, to ensure that the staff and children had hot water for hand washing when they returned to the academy at the start of September 2020. The former boiler was the original one installed when Southwater Infant School originally opened, so some gas usage efficiencies are anticipated, although these may be offset by the vastly increased usage of hot water with the essential frequent hand washing routines.

The 3 new LED interactive boards plus electric sliding wall mounts required for the mobile classrooms, costing £6,075, were fully funded by a PTA donation.

The Academy participated in the Government's National Voucher scheme for children eligible for benefits-related free school meals when they were not attending the academy

The academy continued to provide lunch for children of key workers and vulnerable children, and EYFS children when they returned in June. The academy's lunch provider was deemed to be an "at risk" catering supplier under the Government's PPN 02/20 supplier relief guidelines. As the government continued to provide FSM and UIFSM funding to the academy as normal, the academy paid the catering contractor for numbers of lunches that would have been provided prior to the COVID-19 "lockdown", rather than solely for those ordered (at much reduced numbers). This started on 23 March 2020 (the start of the lockdown) and continued to the end of the summer term 2020.

The academy ensured that all suppliers' invoices during this "lockdown" period were paid promptly. The full, long- term impact of the first wave of COVID-19 will hit the academy during the new academic year 20-21. A staff member who contracted the virus shortly after lockdown is still suffering the after effects, and remains unable to return to work. Cover for her Teaching Assistant and Higher Level Teaching Assistant role is required, maybe for 2 terms, or longer.

Additionally, now all the children have returned to the academy, cleaning contract and material costs have increased considerably and have to be borne. Loss of revenue from external lettings also continues.

The Breakfast and after-school childcare club had to close in April 2020 for the remainder of the summer term, with a subsequent loss of income to the academy of £2,500. The Nursery provision remained open until 30 March, but then closed until the 1 June 2020. Lost Nursery revenue for April and May amounted to £1,850 against budget. All external lettings: Line dancing and Beavers also had to be suspended at the beginning of the lockdown.

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

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 academy in the form of additional resources and facilities both in the long term and short term in conjunction with the academy development plan and academy aims.

The Trustees through the Finance and Audit Committee and Head Teacher receive monthly financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

The LGPS Employer's pension contribution percentage increased from 20.1% to 21.9% with effect from the 1 April 2020, but no additional lump sum annual payment is required for the next three years.

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.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2020. 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.

Fundraising

The academy engages in fundraising throughout the academic year, both for specific projects and to augment the annual education budget. Due to the impact of COVID our main fundraising event, the Mini Marathon, could not take place in the summer term. The income and expenditure on all fundraising activities (including the allocation of funds) is independently reviewed by the Responsible Officer, who reports their 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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Plans for future periods

The Academy has an ongoing programme of repairs and maintenance and a prioritised improvement plan. Over the coming year priority will be given to the replacement of fencing, and completion of resourcing the replacement mobile classrooms being provided by West Sussex. Increasing numbers of children attending the academy this year have required Growth Funding to be provided by West Sussex, and we anticipate that all the mobile classrooms will be in use by the start of September 2021.

The full impact of Covid-19 is still unknown, and it continues to present many challenges for the academy. Our key targets for the academy have taken this into the consideration.

The three key targets for 2020/21 are;

1. Ensure a curriculum is in place that enables rapid progress in core subjects while still remaining broad and balanced.
2. Develop Subject Leadership across the academy, with clear progression of knowledge, skills and vocabulary for each area.
3. Prepare for the introduction of the new EYFS Framework in September 2021

Additional Leadership and Management Targets are:

- To ensure that teacher wellbeing is a high priority, and that staff feel they are well supported in this area.
- Subject Leaders to identify changes within the new EYFS Framework, and plan an appropriate progression within their subject from Early Years to Year 2.
- English Lead to lead on introducing The Power of Reading from CLPE to raise standards in English.

Funds held as custodian trustee on behalf of others

The Academy Trust and its trustees did not act as custodian trustee during the current or previous period.

Auditor

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 Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 4 December 2020 and signed on its behalf by:



Mr A Harker
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.

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 4 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 (to 19 March 2020)	3	4
Mr A Harker, Acting Chair (from 20 March 2020; elected Chair 7 October 2020)	4	4
Mrs C Cavallo, Head Teacher	4	4
Mrs A Mason, Parent	3	4
Mrs C Hurdle, Co-opted	3	4
Mrs C Quinlisk, Parent; (Acting Vice-Chair from 20 March 2020; elected Vice-Chair 7 October 2020)	3	4
Mr P Buckley, Co-opted	4	4
Mr C Cotterill, Co-opted	1	2
Mr J Shekleton, Co-opted	3	4

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Harker, Chair	6	6
Mrs K Davis	5	6
Mrs C Cavallo	6	6
Mr P Buckley	5	6
Mr Jay Shekleton	3	6
Mr C Cotterill	2	3

Governance Review

The Trustees have continued to review and evaluate the structure and working practices of the trust during 2019/2020. The Trustees 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 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 SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

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. During the year under review one Trustee resigned, leaving us with 8 trustees. This led to a recruitment drive for new Trustees, which is being undertaken in November and December 2020. Once this process is complete the make-up of the Trustees will enable a fair division of work and responsibilities so as a board it can function more efficiently.

The impact of COVID has a significant effect on governance within the academy. During the first few months of the pandemic the chair and vice-chair were in weekly communications with the headteacher ensuring all requirements were being adhered to. As there was limited activity within the academy all but vital meetings ceased. During the latter part of the summer term when one year group returned, our committee meetings resumed, albeit remotely.

A review of the Terms of Reference, Risk Register and Framework of Governance of the 3 committees was carried out in the year 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 aimed to be held each term where the focus is on monitoring the progress in the Three Key Targets.

Finally, we are pleased to report the building of our new classrooms is well under way. As Trustees we have fought extremely hard with West Sussex Council over the past few years to ensure these were delivered. With these new classrooms in place the academy has the infrastructure to continue to deliver the high standard of education for which we strive.

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, and Headteacher cover of a class in Year 2 for one day a week in the Spring Term, reduced the cost of agency or additional 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. Targeted individual support in class to ensure we achieved improvements in progress for children in receipt of Pupil Premium, and will be continued into next year.
- 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 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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Southwater Infant Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The academy'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; and
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Landau Baker as internal auditor for the 2019/20 year end, and;
- the trustees have appointed Peter Buckley, a trustee, to carry out a programme of internal checks during the year

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems, specifically on control accounts and processes.

The internal checks carried out by a trustee centred around the control procedures of the Charity fund and Teaching school, as these functions are outside of the normal day to day academy controls.

For the trustee internal checks reports were made to the Board of Trustees on a termly basis through the finance and audit committee which has delegated responsibilities for the academy's financial responsibilities. There were no material control issues identified.

The internal auditor reports and findings were again made to the finance and audit committee and subsequently to the Full Board of Trustees. There were no material control issues identified.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

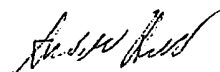
Review of effectiveness

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 internal audit and reviewer
- 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 and Audit 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 4 December 2020 and signed on their behalf by:



Mr A Harker
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 2019.

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 2019.

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: 4 December 2020

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 4 December 2020 and signed on its behalf by:



Mr A Harker
Chair of Trustees

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the academy'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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

4 December 2020

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 AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 November 2011 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Southwater Infant Academy during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Southwater Infant Academy and 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 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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)**

Conclusion

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 4 December 2020

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	24,403	-	13,281	37,684	64,310
Charitable activities		-	1,219,976	-	1,219,976	1,194,229
Teaching schools		-	91,236	-	91,236	63,632
Other trading activities		19,254	1,806	-	21,060	27,768
Total income		43,657	1,313,018	13,281	1,369,956	1,349,939
Expenditure on:						
Raising funds		21,372	-	-	21,372	21,717
Charitable activities	7	-	1,317,638	53,169	1,370,807	1,293,556
Teaching schools		-	91,231	3,571	94,802	67,204
Total expenditure		21,372	1,408,869	56,740	1,486,981	1,382,477
Net income/(expenditure)		22,285	(95,851)	(43,459)	(117,025)	(32,538)
Transfers between funds	18	-	(8,275)	8,275	-	-
Net movement in funds before other recognised gains/(losses)		22,285	(104,126)	(35,184)	(117,025)	(32,538)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	27	-	41,000	-	41,000	(104,000)
Net movement in funds		22,285	(63,126)	(35,184)	(76,025)	(136,538)
Reconciliation of funds:						
Total funds brought forward		278,893	(188,022)	2,576,488	2,667,359	2,803,897
Net movement in funds		22,285	(63,126)	(35,184)	(76,025)	(136,538)
Total funds carried forward		301,178	(251,148)	2,541,304	2,591,334	2,667,359

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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	2,535,631	2,579,896
		<u>2,535,631</u>	<u>2,579,896</u>
Current assets			
Debtors	14	43,710	49,159
Cash at bank and in hand		613,897	601,064
		<u>657,607</u>	<u>650,223</u>
Creditors: amounts falling due within one year	15	(161,466)	(158,447)
Net current assets		<u>496,141</u>	<u>491,776</u>
Total assets less current liabilities		<u>3,031,772</u>	<u>3,071,672</u>
Creditors: amounts falling due after more than one year	16	(8,438)	(10,313)
Net assets excluding pension liability		<u>3,023,334</u>	<u>3,061,359</u>
Defined benefit pension scheme liability	27	(432,000)	(394,000)
Total net assets		<u><u>2,591,334</u></u>	<u><u>2,667,359</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	18	2,541,304	2,576,488
Restricted income funds	18	180,852	205,978
		<u>2,722,156</u>	<u>2,782,466</u>
Restricted funds excluding pension asset	18	2,722,156	2,782,466
Pension reserve	18	(432,000)	(394,000)
Total restricted funds	18	<u>2,290,156</u>	<u>2,388,466</u>
Unrestricted income funds	18	<u>301,178</u>	<u>278,893</u>
Total funds		<u><u>2,591,334</u></u>	<u><u>2,667,359</u></u>

The financial statements on pages 23 to 49 were approved by the Trustees, and authorised for issue on 04 December 2020 and are signed on their behalf, by:

Mr A Harker
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 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	21	13,902	36,839
Cash flows from investing activities	23	806	(2,109)
Cash flows from financing activities	22	(1,875)	(1,875)
Change in cash and cash equivalents in the year		12,833	32,855
Cash and cash equivalents at the beginning of the year		601,064	568,209
Cash and cash equivalents at the end of the year	24, 25	<u>613,897</u>	<u>601,064</u>

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 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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.

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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income (continued)

- **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.

- **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:

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

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.

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.

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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

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.

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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

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 27, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	24,403	6,075	30,478	43,512
Capital Grants	-	7,206	7,206	20,798
	<u>24,403</u>	<u>13,281</u>	<u>37,684</u>	<u>64,310</u>
<i>Total 2019</i>	<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 2020

4. Funding for the academy's educational activities

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants			
GAG	1,008,275	1,008,275	1,034,501
Other ESFA funding	196,919	196,919	156,596
	<u>1,205,194</u>	<u>1,205,194</u>	<u>1,191,097</u>
Other government grants			
LA and other government grants	14,570	14,570	3,132
	<u>14,570</u>	<u>14,570</u>	<u>3,132</u>
Exceptional government funding			
Coronavirus exceptional support	212	212	-
	<u>1,219,976</u>	<u>1,219,976</u>	<u>1,194,229</u>
<i>Total 2019</i>	<u><u>1,194,229</u></u>	<u><u>1,194,229</u></u>	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

-The funding received for coronavirus exceptional support covers £212 of cleaning and other costs relating to ensuring a safe environment. These costs are included in direct and support costs below as appropriate.

5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Other income	5,565	6	5,571	4,721
Insurance claims	-	1,800	1,800	4,800
Lettings	13,689	-	13,689	18,247
	<u>19,254</u>	<u>1,806</u>	<u>21,060</u>	<u>27,768</u>
<i>Total 2019</i>	<u><u>22,962</u></u>	<u><u>4,806</u></u>	<u><u>27,768</u></u>	

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

6. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Expenditure on raising voluntary income:					
Direct costs	686	-	18,607	19,293	21,562
Expenditure on fundraising trading activities:					
Direct costs	79	-	2,000	2,079	155
Educational activities:					
Direct costs	834,680	-	50,293	884,973	825,670
Allocated support costs	206,709	124,029	155,096	485,834	467,886
Teaching school	45,591	-	49,211	94,802	67,204
	<u>1,087,745</u>	<u>124,029</u>	<u>275,207</u>	<u>1,486,981</u>	<u>1,382,477</u>
<i>Total 2019</i>	<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 2020 £	Total funds 2020 £	Total funds 2019 £
Educational activities	<u>1,370,807</u>	<u>1,370,807</u>	<u>1,293,556</u>
<i>Total 2019</i>	<u>1,293,556</u>	<u>1,293,556</u>	

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

7. Analysis of expenditure on charitable activities (continued)

Summary by expenditure type

	Staff costs 2020 £	Depreciation 2020 £	Other costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational activities	1,027,511	53,169	290,127	1,370,807	1,293,556
<i>Total 2019</i>	<i>932,722</i>	<i>47,903</i>	<i>312,931</i>	<i>1,293,556</i>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational activities	884,973	485,834	1,370,807	1,293,556
<i>Total 2019</i>	<i>825,670</i>	<i>467,886</i>	<i>1,293,556</i>	

Analysis of direct costs

	Educational activities 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	820,802	820,802	745,634
Educational supplies & services	25,141	25,141	17,424
Staff development	5,787	5,787	10,196
Other direct costs	19,365	19,365	24,031
Agency supply teaching costs	13,878	13,878	28,385
	<i>884,973</i>	<i>884,973</i>	<i>825,670</i>
<i>Total 2019</i>	<i>825,670</i>	<i>825,670</i>	

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational activities 2020 £	Total funds 2020 £	Total funds 2019 £
Pension finance costs	7,000	7,000	7,000
Staff costs	206,709	206,709	187,088
Depreciation	53,169	53,169	47,903
Maintenance of premises & equipment	12,986	12,986	26,579
Cleaning	38,124	38,124	31,418
Rent and rates	6,582	6,582	6,381
Water and energy costs	13,168	13,168	14,540
Insurance	9,108	9,108	5,920
Other support costs	14,389	14,389	16,624
Universal infant free school meal costs	109,014	109,014	109,731
Governance costs	15,585	15,585	14,702
	<u>485,834</u>	<u>485,834</u>	<u>467,886</u>
<i>Total 2019</i>	<u>467,886</u>	<u>467,886</u>	

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Depreciation of tangible fixed assets	56,740	51,474
Fees paid to auditors for:		
- audit	6,690	6,525
- other services	<u>2,030</u>	<u>1,980</u>

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	763,096	716,825
Social security costs	57,791	56,089
Pension costs	245,450	188,327
	<u>1,066,337</u>	<u>961,241</u>
Agency staff costs	21,408	36,696
	<u><u>1,087,745</u></u>	<u><u>997,937</u></u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	12	12
Administration and support	26	25
Management	3	3
	<u>41</u>	<u>40</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	10	9
Administration and support	13	13
Management	3	3
	<u>26</u>	<u>25</u>

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

10. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £220,264 (2019 £197,118).

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:

		2020 £	2019 £
Mrs C Cavallo	Remuneration	60,000 - 65,000	60,000 - 65,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000
Mrs V Dilling	Remuneration		40,000 - 45,000
	Pension contributions paid		5,000 - 10,000
Mr G Mortley	Remuneration		10,000 - 15,000
	Pension contributions paid		0 - 5,000

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	2,760,384	98,227	62,206	2,920,817
Additions	-	6,400	6,075	12,475
Disposals	-	(2,644)	(5,473)	(8,117)
At 31 August 2020	2,760,384	101,983	62,808	2,925,175
Depreciation				
At 1 September 2019	248,594	58,401	33,926	340,921
Charge for the year	38,759	7,034	10,947	56,740
On disposals	-	(2,644)	(5,473)	(8,117)
At 31 August 2020	287,353	62,791	39,400	389,544
Net book value				
At 31 August 2020	2,473,031	39,192	23,408	2,535,631
At 31 August 2019	2,511,790	39,826	28,280	2,579,896

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	1,011	1,062
Prepayments and accrued income	19,097	27,016
Tax recoverable	10,465	17,178
Grants receivable	13,137	3,903
	43,710	49,159

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	1,875	1,875
Trade creditors	33,498	14,960
Other taxation and social security	14,978	13,682
Other creditors	18,765	14,916
Accruals and deferred income	92,350	113,014
	<u>161,466</u>	<u>158,447</u>

Other loan accounts falling due within one year relates to £1,875 from Salix Finance Limited which is unsecured and free of interest.

	2020 £	2019 £
Deferred income at 1 September 2019	96,151	101,036
Resources deferred during the year	79,447	96,151
Amounts released from previous periods	(96,151)	(101,036)
	<u>79,447</u>	<u>96,151</u>

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

	2020 £	2019 £
Other loans	<u>8,438</u>	<u>10,313</u>

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

	2020 £	2019 £
Payable or repayable by instalments	-	1,875
	<u>-</u>	<u>1,875</u>

Amounts falling due after more than one year relates to £8,438 from Salix Finance Limited which is unsecured and free of interest.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

17. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>613,897</u>	<u>601,064</u>

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

18. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted general fund	238,437	19,254	-	-	-	257,691
The Charity Fund	40,456	24,403	(21,372)	-	-	43,487
	<u>278,893</u>	<u>43,657</u>	<u>(21,372)</u>	<u>-</u>	<u>-</u>	<u>301,178</u>
Restricted general funds						
GAG	205,978	1,008,275	(1,025,126)	(8,275)	-	180,852
Pupil premium	-	25,277	(25,277)	-	-	-
Other ESFA funding	-	171,854	(171,854)	-	-	-
LA and other government funding	-	14,570	(14,570)	-	-	-
General	-	93,042	(93,042)	-	-	-
Pension reserve	(394,000)	-	(79,000)	-	41,000	(432,000)
	<u>(188,022)</u>	<u>1,313,018</u>	<u>(1,408,869)</u>	<u>(8,275)</u>	<u>41,000</u>	<u>(251,148)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	<u>2,576,488</u>	<u>13,281</u>	<u>(56,740)</u>	<u>8,275</u>	<u>-</u>	<u>2,541,304</u>

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

18. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Total Restricted funds	2,388,466	1,326,299	(1,465,609)	-	41,000	2,290,156
Total funds	2,667,359	1,369,956	(1,486,981)	-	41,000	2,591,334

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

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

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

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

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

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

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

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
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>

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

18. Statement of funds (continued)

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Restricted general funds						
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>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	2,589,127	34,852	(51,474)	3,983	-	2,576,488
Total Restricted funds	<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>
Total funds	<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 SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

19. Summary of funds

Summary of funds - current year

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
General funds	278,893	43,657	(21,372)	-	-	301,178
Restricted funds	(188,022)	1,313,018	(1,408,869)	(8,275)	41,000	(251,148)
Restricted fixed asset funds	2,576,488	13,281	(56,740)	8,275	-	2,541,304
	<u>2,667,359</u>	<u>1,369,956</u>	<u>(1,486,981)</u>	<u>-</u>	<u>41,000</u>	<u>2,591,334</u>

Summary of funds - prior year

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
General funds	248,190	52,420	(21,717)	-	-	278,893
Restricted funds	(33,420)	1,262,667	(1,309,286)	(3,983)	(104,000)	(188,022)
Restricted fixed asset funds	2,589,127	34,852	(51,474)	3,983	-	2,576,488
	<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>

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	2,535,631	2,535,631
Current assets	301,178	340,443	15,986	657,607
Creditors due within one year	-	(159,591)	(1,875)	(161,466)
Creditors due in more than one year	-	-	(8,438)	(8,438)
Provisions for liabilities and charges	-	(432,000)	-	(432,000)
Total	<u>301,178</u>	<u>(251,148)</u>	<u>2,541,304</u>	<u>2,591,334</u>

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
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)
Total	278,893	(188,022)	2,576,488	2,667,359

21. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(117,025)	(32,538)
Adjustments for:		
Depreciation	56,740	51,474
Capital grants from DfE and other capital income	(13,281)	(34,852)
Defined benefit pension scheme cost less contributions payable	72,000	57,000
Defined benefit pension scheme finance cost	7,000	7,000
Decrease/(increase) in debtors	5,449	(203)
Increase/(decrease) in creditors	3,019	(11,042)
Net cash provided by operating activities	13,902	36,839

22. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(1,875)	(1,875)
Net cash used in financing activities	(1,875)	(1,875)

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

23. Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(12,475)	(36,961)
Capital grants from DfE Group	7,206	20,798
Capital funding received from sponsors and others	6,075	14,054
Net cash provided by/(used in) investing activities	806	(2,109)

24. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	613,897	601,064
Total cash and cash equivalents	613,897	601,064

25. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	601,064	12,833	613,897
Debt due within 1 year	(1,875)	-	(1,875)
Debt due after 1 year	(10,313)	1,875	(8,438)
	588,876	14,708	603,584

26. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	23,656	-

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

27. Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme 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 2016 and of the LGPS 31 August 2020.

Contributions amounting to £18,765 were payable to the schemes at 31 August 2020 (2019 - £14,916) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £111,500 (2019 - £73,400).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy 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.

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

27. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £76,000 (2019 - £72,000), of which employer's contributions totalled £60,000 (2019 - £57,000) and employees' contributions totalled £ 16,000 (2019 - £15,000). The agreed contribution rates for future years are 21.9 per cent for employers and between 5.5 and 6.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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 £3,500 (2019: £6,000) to the LGPS to further reduce the deficit during the year. No commitment has been made to make additional payments in the 2020/21 period.

Principal actuarial assumptions

West Sussex County Council Pension Fund

	2020	2019
	%	%
Rate of increase in salaries	2.7	3.0
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	22.2	21.8
Females	24.2	23.6
<i>Retiring in 20 years</i>		
Males	23.3	23.0
Females	25.9	25.5

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

27. Pension commitments (continued)

Sensitivity analysis

West Sussex County Council Pension Fund

	2020 £000	2019 £000
Discount rate -0.1%	40	36
CPI rate +0.1%	34	30

Share of scheme assets

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

	2020 £	2019 £
Equities	660,000	531,000
Corporate bonds	415,000	393,000
Property	86,000	85,000
Cash and other liquid assets	61,000	54,000
Total market value of assets	1,222,000	1,063,000

The actual return on scheme assets was £73,000 (2019 - £53,000).

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

	2020 £	2019 £
Current service cost	(129,000)	(101,000)
Past service cost	(3,000)	(13,000)
Interest income	20,000	27,000
Interest cost	(27,000)	(34,000)
Total amount recognised in the Statement of Financial Activities	(139,000)	(121,000)

THE SOUTHWATER INFANT ACADEMY
(A Company Limited by Guarantee)

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

27. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	1,457,000	1,147,000
Current service cost	129,000	101,000
Interest cost	27,000	34,000
Employee contributions	16,000	15,000
Actuarial losses	32,000	157,000
Benefits paid	(10,000)	(10,000)
Past service costs	3,000	13,000
At 31 August	1,654,000	1,457,000

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

	2020 £	2019 £
At 1 September	1,063,000	921,000
Interest income	20,000	27,000
Actuarial gains	73,000	53,000
Employer contributions	60,000	57,000
Employee contributions	16,000	15,000
Benefits paid	(10,000)	(10,000)
At 31 August	1,222,000	1,063,000

28. 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 2020

29. Related party transactions

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

Mr D Smith, a Member, has declared an interest in "The Little Teahouse (Southwater) Limited", a company in which he and his wife and daughter have an interest. The academy purchased supplies from this company to the value of £435 (2019: £1,138) in the period of account. There were no amounts outstanding at 31 August 2020 or 31 August 2019.

30. Teaching school trading account

	2020 £	2020 £	2019 £	2019 £
Income				
Direct income				
Teaching Schools Core grant	40,000		40,000	
Other income				
Course fees	30,158		23,632	
School Direct trainee placement income	14,000		-	
NQT service provision	5,999		-	
Other income	1,079		-	
Total other income	<u>51,236</u>		<u>23,632</u>	
Total income		91,236		63,632
Expenditure				
Direct expenditure				
Direct staff costs	38,061		27,289	
Direct depreciation	3,571		3,571	
Other teaching school supplies and services	45,640		28,033	
Teaching school agency staff	7,530		8,311	
Total direct expenditure	<u>94,802</u>		<u>67,204</u>	
Total expenditure		94,802		67,204
Deficit from all sources		(3,566)		(3,572)
Teaching school balances at 1 September 2019		(3,572)		-
Teaching school balances at 31 August 2020		<u>(7,138)</u>		<u>(3,572)</u>