

Registered number: 08021855

SOUTHMOOR ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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SOUTHMOOR ACADEMY
(A company limited by guarantee)

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SOUTHMOOR ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members

Dr J W Brown
H Catcherside (appointed 6 November 2015)
Dr P Ingram (resigned 11 November 2015)
A M Lawson

Directors

Dr J W Brown, Chair¹
A M Lawson, Vice Chair¹
J Y Alder
J Armstrong, Staff Governor (resigned 14 October 2015)
P Arrowsmith, Staff Governor (resigned 31 August 2015)
S Beattie
A F Carlin (resigned 30 September 2015)¹
H Catcherside¹
P Davison, Staff Governor (resigned 30 September 2015)
R A Edmonds
S F Garrett (appointed 30 September 2015)
Dr P Ingram, Chief Executive Officer¹
J Purdy
H Shields
H Tsentas¹
G Wharton (resigned 28 January 2015)

¹ member of Finance and Audit Committee

Southmoor Academy Local Governing Body

Dr J W Brown
H Catcherside
R A Edmonds
S F Garrett, Principal
Dr P Ingram, Chief Executive Officer
A M Lawson
H Tsentas
E Young

Sandhill View Academy Local Governing Body

Cllr D Allan
A Blakelock
R Carr, Head of School
L Casey
Dr P Ingram, Chief Executive Officer
A Johnson
E J Lyall
L Watson
E Young

Company registered number

08021855

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Principal and registered office

Ryhope Road
Sunderland
SR2 7TF

Company secretary

Muckle Secretary Limited

Accounting officer

Dr P Ingram

Senior Leadership Team

Dr P Ingram, Chief Executive Officer
S Garrett, Deputy Executive Officer, Principal - Southmoor Academy
R Carr, Head of School - Sandhill View Academy
P Davison, Director of Finance and Administration

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
Kepier House
Belmont Business Park
Durham
DH1 1TW

Bankers

National Westminster Bank plc
52 Fawcett Street
Sunderland
SR1 1SB

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle Upon Tyne
NE1 4BF

SOUTHMOOR ACADEMY
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Directors present their annual report together with the audited financial statements of Southmoor Academy (the academy trust) for the year ended 31 August 2015. The Directors confirm that the Annual report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The trust operates two academies. Southmoor Academy serves pupils aged 11-18. It has a pupil capacity of 1,180 and had a roll of 1,062 in the school census on 2nd October 2014.

Sandhill View Academy joined the trust on 1st July 2015. It serves pupils aged 11-16 with a capacity of 900 and 808 pupils on roll as at 1st July 2015.

Both academies serve catchment areas in Sunderland.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Southmoor Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Southmoor Academy.

Details of the Directors who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' indemnities

The academy trust has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim. Further details are provided in note 13.

Method of recruitment and appointment or election of Directors

The term of office for any Director shall be 4 years, save that this time limit shall not apply to the Chief Executive Officer or any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors are given a tour of the academy and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only one or two new Directors a year, induction tends to be done informally and is tailored specifically to the individual.

SOUTHMOOR ACADEMY
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Organisational structure

During the year the academy trust continued to operate a unified management structure. The structure consists of 3 levels: the Director Members, The Director Trustees and the Senior Leadership Team. The Director Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of the budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. Much of the detailed work is done by the sub committees, each served by a member of the Senior Management Team.

Other sub committees are:

- Finance and Audit, served by the Chief Executive Officer, the Deputy Executive Officer and Director of Finance and Administration
- Personnel, served by the Chief Executive Officer, the Deputy Executive Officer and Director of Finance and Administration;
- Standards, served by the Chief Executive Officer and the Deputy Executive Officer;
- Premises, served by the Director of Finance and Administration.

Connected organisations, including related party relationships

Further information can be found in note 30.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of Southmoor Academy and Sandhill View Academy to provide education for students of different abilities between the ages of 11 and 18.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy trust during the period ended 31 August 2015 are summarised below:

- Ensure the sixth form establishes a reputation for high academic standards in A2 performance;
- Increase roll numbers across the academies, with a focus on recruitment to both Y7 and Y12;
- Review and streamline the administration, IT and business management systems in the interests of greater efficiency;
- Continue the programme of curriculum reform in ensuring pupil achievement continues to strengthen;
- Establish MAT governance as effective.

Sandhill View joined the trust as a sponsored academy in July 2015. Pupil numbers were significantly below PAN and achievement is below national floor standards. Upon conversion Sandhill View has a new Senior Leadership Team in place with a clear educational vision which prioritises a rapid improvement in standards and a significant increase in pupil numbers.

The school has been re-branded including a new uniform, web site and school logo etc.

SOUTHMOOR ACADEMY
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Objectives, strategies and activities

The academy trust's main objectives are encompassed in its mission statement, which is published on its website. To this end the objectives and the strategies used to achieve them include:

- Staff appraisal systems which reflect career stage expectations and support, monitor and enhance staff performance;
- A broad and balanced curriculum including increased opportunities for pupils to broaden experiences beyond the classroom;
- Efficient deployment of resources to maximise impact on raising achievement and provision of extra curricular opportunities;
- Provision of CPD which focuses on supporting the highest standards of professional practice.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 18.

Public benefit

The academy trust's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the academy trust's charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the Directors have paid due regard to this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of activities

Southmoor Academy has been successful in managing the transition of Sandhill View from a Local Authority PFI school into a sponsored academy as part of Southmoor Multi Academy Trust. The Board of Directors has been established and senior executive MAT leadership posts have been appointed to, including the Chief Accounting Officer. Southmoor Academy's Sixth Form has continued to expand, attracting an additional cohort of 93 in Year 12 which has a greater proportion of more able pupils within it who are most suited to the rigours of A level courses.

Southmoor Academy's academic performance remained strong, despite a highly volatile environment for educational standards both nationally and regionally. Indeed Southmoor's position locally is strengthening, with the key measure of attainment (% of 5 A*-C incl. English and Maths) indicating that the school has moved from 8th to 3rd strongest within Sunderland. Pupil roll numbers have increased substantially. Year 7 is now above its Published Admission Number in an environment where thousands of surplus places remain across Sunderland and most local secondary schools continue to experience falls in pupil roll.

Improvement in science has continued, building upon an already strong performance in 2014 to achieve standards in GCSE which are significantly above those nationally. The use of Pupil Premium funding has had a significant impact in achieving not only high standards in science but across the curriculum.

SOUTHMOOR ACADEMY
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

ACHIEVEMENTS AND PERFORMANCE (continued)

Key financial performance indicators

In addition the academy also measures their performance against the above indicators with academy benchmarking data where available. The values below are for Southmoor Academy only.

Key performance indicator	Kreston Academies Benchmarking Report Secondary Average 2013/14	Actual 2014/15	Forecast 2015/16	Forecast 2016/17
Total income per pupil	£6,123	£6,043	£6,419	£5,976
Total GAG per pupil	£5,126	£5,673	£6,024	£5,605
GAG/Income ratio	83.70%	93.11%	93.84%	93.79%
Teaching staff costs/Total costs	n/a	54.13%	55.24%	55.49%
Total staff costs/Total costs	71.90%	75.32%	75.77%	75.99%
Total pupils	1,067	1,059	1,065	1,135
Total cost per pupil	£5,869	£5,946	£6,385	£6,148
Pupil teacher ratio (excluding Principal)	16.5	16.4	15.8	16.6
Level of reserves	n/a	£571,988	£608,305	£413,073
Reserves/Income	n/a	8.86%	8.89%	6.08%
Reserves/GAG	n/a	9.52%	9.48%	6.49%

Going concern

After making appropriate enquiries, the Board of Directors 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 Accounting Policies.

FINANCIAL REVIEW

Principal funding

Most of the academy trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2015, total expenditure of £8,362,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £355,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2015 the net book value of fixed assets was £20,160,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

SOUTHMOOR ACADEMY
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

FINANCIAL REVIEW (continued)

Principal funding (continued)

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,237,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2015 of £19,821,000 comprising £19,408,000 of restricted funds and £413,000 of unrestricted funds.

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held to cover ongoing costs in relation to the running of the academy including catering provisions, school trips, and uniform costs.

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £560,000.

This is considered sufficient to cover:

- a) a delay in grant receipts
- b) a sudden unforeseen increase in expenditure.

The academy trust's current level of free reserves is in surplus by £413,000 and there is also a GAG carry forward available of £437,000, therefore considered to be above the level of reserves required for the ongoing needs of the academy trust. The Directors continue to consider additional activities related to the academy trust's objectives to which the excess reserves may be applied, including expansion of 6th form facilities.

SOUTHMOOR ACADEMY
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

PRINCIPAL RISKS AND UNCERTAINTIES

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/EFA. In addition the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust balance sheet.

The Directors have assessed the major risks to which the academy trust is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academy trust, and its finances. The Directors have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

PLANS FOR FUTURE PERIODS

Future developments

Southmoor's Multi Academy Trust status provides an opportunity to accelerate the process of raising aspirations and achievement. Efficiencies of scale must translate into better value and to this end a review and restructuring of administration, IT and business management systems is crucial. Raising educational standards within Sandhill View as the sponsored academy is key. The establishment of effective systems of leadership and governance is a key priority to facilitate continued improvement. Sixth Form expansion as an agent of change within a broader community to promote social mobility remains a priority. The increased involvement of staff and pupils from Sandhill View in Sixth Form will help to achieve this goal.

Auditor

Insofar as the Directors are aware:

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

This report, incorporating the Strategic report, was approved by order of the Board of Directors, as the company directors, on 2 December 2015 and signed on the board's behalf by:

Dr J W Brown
Chair



SOUTHMOOR ACADEMY
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GOVERNANCE STATEMENT

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Southmoor 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 Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Southmoor Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Directors' responsibilities statement. The Board of Directors has formally met 7 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dr J W Brown, Chair	7	7
A M Lawson, Vice Chair	4	7
J Y Alder	7	7
J Armstrong	1	1
P Arrowsmith (resigned 31 August 2015)	2	7
S Beattie	4	7
A F Carlin	7	7
H Catcherside	4	7
P Davison, Staff Governor	5	7
R A Edmonds	5	7
Dr P Ingram, Chief Executive Officer	6	7
J Purdy	6	7
H Shields	7	7
H Tsentas	5	7
G Wharton (resigned 28 January 2015)	1	2

Sandhill View Academy joined the Multi Academy Trust on 1st July 2015 and the new Governance Structure is currently being developed. The academy trust is being provided with training and guidance from an external provider for Governance who attends regularly.

SOUTHMOOR ACADEMY
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GOVERNANCE STATEMENT (continued)

Governance reviews:

Southmoor Multi Academy Trust came into existence in July 2015. Rigorous self evaluation procedures are in place including regular contract with external advisers and trainers. A self evaluation leading to improvement priorities is conducted termly. Current findings include prioritising the development of capacity within the Local Governing Body at Sandhill View.

The Finance and Audit Committee is a sub-committee of the main Board of Directors. Its purpose is to assist in the decision making of the Directors by enabling more detailed consideration to be given to assist the Board of Directors in fulfilling their responsibility in ensuring good management of the academy trust's finances and resources including planning and monitoring. Attendance at meetings in the year was as follows:

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Dr J W Brown	4	4
A F Carlin	4	4
H Catcherside	4	4
Dr P Ingram, Principal	2	4
A M Lawson	3	4
H Tsentas	4	4

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- **Improving educational results**
Examination results 2015 show that students have made strong progress in relation to their attainment on entry.
- **Targeted improvement**
Southmoor Academy reviews its staffing structure on an annual basis. The review is aligned to the school improvement plan, which is fully costed. In 2014-15 a strategic decision was taken to increase staffing expertise across sixth form and particularly to continue building expertise in science. The result was a continued increase in achievement, with KS4 science results exceeding national averages and current Y13 students showing achievement in line with demanding targets.
- **Collaboration and New Initiatives**
Southmoor Academy Trust now sponsors Sandhill View. Cost savings have already been made with the provision of some existing systems and staffing across both schools.
- **Quantifying improvements**
All improvements are quantified with the Academy Self-Evaluation Form, using national benchmark data.
- **Better Purchasing**
All SLA's are reviewed annually by Directors and Finance, this year we renegotiated our energy costings saving £26,643 over a three year period.

SOUTHMOOR ACADEMY
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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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Southmoor Academy for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

On a termly basis, the auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

SOUTHMOOR ACADEMY
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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 Directors on 2 December 2015 and signed on its behalf, by:



Dr J W Brown
Chair



Dr P Ingram, Chief Executive Officer
Accounting Officer

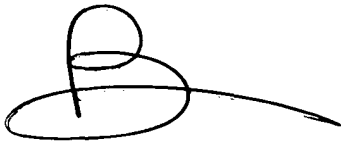
SOUTHMOOR ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Southmoor Academy I have considered my responsibility to notify the academy trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy trust Board of Directors are able to identify any material, irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook (2014).

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 Directors and EFA.

A handwritten signature in black ink, appearing to be 'P Ingram', with a long horizontal stroke extending to the right.

**Dr P Ingram, Chief Executive
Officer
Accounting Officer**

2 December 2015

SOUTHMOOR ACADEMY
(A company limited by guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Directors (who act as Governors of Southmoor Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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.

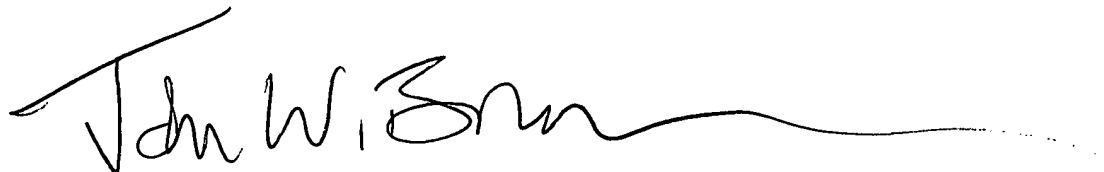
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 Directors 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 DfE/EFA have been applied for the purposes intended.

The Directors 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 Directors on 2 December 2015 and signed on its behalf by:

Dr J W Brown
Chair

A handwritten signature in black ink, appearing to read 'John W. Brown', with a long, sweeping horizontal line extending to the right.

SOUTHMOOR ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHMOOR ACADEMY

We have audited the financial statements of Southmoor Academy for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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 opinion we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

SOUTHMOOR ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHMOOR ACADEMY

Matters on which we are required to report by exception

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

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



Gary Ellis FCA
Clive Owen LLP

Chartered Accountants
Statutory Auditors

Kepier House
Belmont Business Park
Durham
DH1 1TW
2 December 2015

SOUTHMOOR ACADEMY
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Southmoor Academy during the year 1 September 2014 to 31 August 2015 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 Southmoor Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Southmoor Academy and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Southmoor Academy and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Southmoor Academy's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Southmoor Academy's funding agreement with the Secretary of State for Education dated 1 May 2012, and the Academies Financial Handbook extant from 1 September 2012, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SOUTHMOOR ACADEMY
(A company limited by guarantee)

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

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Gary Ellis FCA

Clive Owen LLP

Reporting Accountants

Kepier House
Belmont Business Park
Durham
DH1 1TW

2 December 2015

SOUTHMOOR ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income - transfer from Local Authority on conversion	2	-	(617)	11,021	10,404	-
Activities for generating funds	3	854	-	-	854	417
Investment income	4	12	37	-	49	20
Incoming resources from charitable activities	5	-	7,248	388	7,636	6,085
TOTAL INCOMING RESOURCES		866	6,668	11,409	18,943	6,522
RESOURCES EXPENDED						
Charitable activities	7	890	6,721	544	8,155	6,217
Governance costs	6	-	207	-	207	124
TOTAL RESOURCES EXPENDED	8	890	6,928	544	8,362	6,341
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(24)	(260)	10,865	10,581	181
Transfers between Funds	19	-	(71)	71	-	-
NET INCOME FOR THE YEAR		(24)	(331)	10,936	10,581	181
Actuarial gains and losses on defined benefit pension schemes		-	117	-	117	114
NET MOVEMENT IN FUNDS FOR THE YEAR		(24)	(214)	10,936	10,698	295
Total funds at 1 September 2014		437	(437)	9,123	9,123	8,828
TOTAL FUNDS AT 31 AUGUST 2015		413	(651)	20,059	19,821	9,123

All activities relate to continuing operations.

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

The notes on pages 23 to 44 form part of these financial statements.

SOUTHMOOR ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08021855

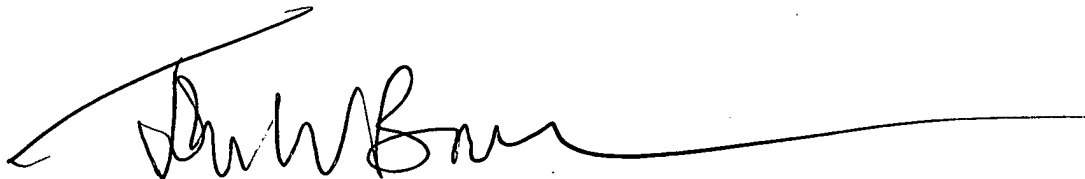
BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	14		20,160	9,094
CURRENT ASSETS				
Stocks	15	9	-	
Debtors	16	316	228	
Cash at bank and in hand		2,007	891	
		<u>2,332</u>	<u>1,119</u>	
CREDITORS: amounts falling due within one year	17	<u>(1,219)</u>	<u>(332)</u>	
NET CURRENT ASSETS			<u>1,113</u>	<u>787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,273</u>	<u>9,881</u>
CREDITORS: amounts falling due after more than one year	18		<u>(215)</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>21,058</u>	<u>9,881</u>
Defined benefit pension scheme liability	27		<u>(1,237)</u>	<u>(758)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>19,821</u></u>	<u><u>9,123</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	19	586	321	
Restricted fixed asset funds	19	20,059	9,123	
		<u>20,645</u>	<u>9,444</u>	
Restricted funds excluding pension liability				
Pension reserve		<u>(1,237)</u>	<u>(758)</u>	
Total restricted funds			19,408	8,686
Unrestricted funds	19		<u>413</u>	<u>437</u>
TOTAL FUNDS			<u><u>19,821</u></u>	<u><u>9,123</u></u>

SOUTHMOOR ACADEMY
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2015

The financial statements were approved by the Directors, and authorised for issue, on 2 December 2015 and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'Dr J W Brown', with a long horizontal flourish extending to the right.

Dr J W Brown
Chair

The notes on pages 23 to 44 form part of these financial statements.

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £000	2014 £000
Net cash flow from operating activities	21	1,098	555
Returns on investments and servicing of finance	22	12	13
Capital expenditure and financial investment	22	(236)	(364)
CASH INFLOW BEFORE FINANCING		874	204
Financing	22	242	-
INCREASE IN CASH IN THE YEAR		1,116	204

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £000	2014 £000
Increase in cash in the year	1,116	204
Cash outflow from decrease in debt and lease financing	(242)	-
	-	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	874	204
New Salix loan	242	-
MOVEMENT IN NET FUNDS IN THE YEAR	1,116	204
Net funds at 1 September 2014	891	687
NET FUNDS AT 31 AUGUST 2015	2,007	891

The notes on pages 23 to 44 form part of these financial statements.

SOUTHMOOR ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

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

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

SOUTHMOOR ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy trust's educational operations.

Governance costs include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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.

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

Leasehold land	-	over 125 years
Long term leasehold property	-	over 25 years
Fixtures and fittings	-	over 7 years
Computer equipment	-	over 3 years

1.7 OPERATING LEASES

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

SOUTHMOOR ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 TAXATION

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.11 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Sandhill View School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Southmoor Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The land and buildings and other fixtures and fittings have been included in tangible fixed assets at £10,986,000 based on a review by the Directors.

A pension deficit of £617,000 has been transferred from Sunderland City Council during the period and is included within other resources expended.

Capital funding of £35,000 has been transferred from Sunderland City Council during the period and is included within voluntary income.

Further details of the transaction are set out in note 24.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Voluntary income - transfer from Local Authority on conversion	-	10,404	10,404	-
Voluntary income	-	10,404	10,404	-

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Sundry income	31	-	31	61
Lettings	10	-	10	9
Uniform	2	-	2	3
School trips	26	-	26	11
Staff absence insurance	-	-	-	1
Catering	259	-	259	219
School fund	153	-	153	75
Maternity insurance	4	-	4	38
Income from other schools	369	-	369	-
	<u>854</u>	<u>-</u>	<u>854</u>	<u>417</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest	12	-	12	13
Net finance income on pension scheme	-	37	37	7
	<u>12</u>	<u>37</u>	<u>49</u>	<u>20</u>

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
DfE/EFA grants				
Devolved Formula Capital	-	20	20	33
Academies Capital Maintenance Fund	-	156	156	227
General Annual Grant (GAG)	-	6,509	6,509	5,349
Start Up Grant A	-	118	118	-
Start Up Grant B	-	4	4	-
Pupil Premium	-	443	443	390
Academy Conversion Grant	-	25	25	-
Post 16 Bursary	-	10	10	-
Sponsor Capacity Grant	-	125	125	68
Condition Improvement Fund	-	212	212	-
	-	7,622	7,622	6,067
Other Government grants				
SEN	-	14	14	13
Other Government grants	-	-	-	5
	-	14	14	18
	-	7,636	7,636	6,085

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Auditors' remuneration - audit	-	10	10	9
Auditors' remuneration - non audit	-	5	5	5
Professional fees	-	114	114	48
Wages and salaries	-	62	62	49
National insurance	-	7	7	5
Pension costs	-	9	9	8
	-	207	207	124

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. CHARITABLE ACTIVITIES

	Total funds 2015 £000	Total funds 2014 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,067	3,117
National insurance	314	246
Pension cost	558	413
Educational supplies	157	249
Examination fees	131	108
Staff development	22	15
Technology costs	-	6
Educational consultancy	44	6
Travel and subsistence	20	5
Other direct costs	91	125
	<hr/> 5,404	<hr/> 4,290
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	515	472
National insurance	31	27
Pension cost	116	100
Depreciation	544	369
Technology costs	79	54
Recruitment and support	32	7
Maintenance of premises and equipment	155	133
Cleaning	96	117
Rent	176	-
Rates	53	47
Energy	141	125
Insurance	83	53
Security	4	5
Transport	5	14
Catering	334	288
Occupancy costs	17	9
Bank interest and charges	4	2
Other support costs	366	105
	<hr/> 2,751	<hr/> 1,927
	<hr/> <hr/> 8,155	<hr/> <hr/> 6,217

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other costs		
	2015	2015	2015	2015	2014
	£000	£000	£000	£000	£000
Direct costs	4,939	-	465	5,404	4,290
Allocated support costs	662	1,243	846	2,751	1,927
CHARITABLE ACTIVITIES	5,601	1,243	1,311	8,155	6,217
GOVERNANCE	78	-	129	207	124
	5,679	1,243	1,440	8,362	6,341

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	544	369
Auditors' remuneration - audit	10	9
Operating lease rentals:		
- other operating leases	60	40
Auditors' remuneration - non audit	5	5

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	4,482	3,509
Social security costs	352	278
Other pension costs (Note 27)	683	521
	<hr/>	<hr/>
Supply teacher costs	5,517	4,308
Compensation payments	102	124
	60	5
	<hr/>	<hr/>
	5,679	4,437
	<hr/>	<hr/>

Included within Other pension costs is a debit of £16,000 (2014: £1,000) recognised in the Statement of Financial Activities in respect of movements in the LGPS deficit and described in note 27.

b. Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £26,310 (2014: £5,000). Two of these payments exceeded £5,000 individually and these were for £5,767 and £10,930. (2014: No payments exceed £5,000 individually).

c. Staff numbers

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

	2015 No.	2014 No.
Teachers	63	56
Administration and support	54	48
Management	8	7
	<hr/>	<hr/>
	125	111
	<hr/>	<hr/>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	2	1
In the band £80,001 - £90,000	0	1
In the band £110,001 - £120,000	1	1
In the band £140,001 - £150,000	1	0
	<hr/>	<hr/>

The employees above participated in the Teachers' Pension Scheme.

SOUTHMOOR ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. CENTRAL SERVICES

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

- Finance staff
- Legal services
- Audit
- HR SLA
- Governance SLA
- Finance SLA
- School Improvement

The academy charges for these services on the following basis:

Pre-16 pupil numbers

The actual amounts charged during the year were as follows:

	2015 £000
Southmoor Academy	42
Sandhill View Academy	35
	<hr/>
Total	77
	<hr/>

12. DIRECTORS' REMUNERATION AND EXPENSES

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

Dr P Ingram (Principal and Director)

Remuneration £145,000 - £150,000 (2014: £115,000 - £120,000)

Employer's pension contributions £15,000 - £20,000 (2014: £15,000 - £20,000)

J Armstrong (Staff Director)

Remuneration £50,000 - £55,000 (2014: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

P Arrowsmith (Staff Director)

Remuneration £45,000 - £50,000 (2014: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

P Davison (Staff Director)

Remuneration £45,000 - £50,000 (2014: £35,000 - £40,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

During the year, no Directors received any benefits in kind (2014 - £nil).

During the year, no Directors received any reimbursement of expenses (2014 - £nil).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

13. DIRECTORS' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST				
At 1 September 2014	9,819	49	52	9,920
Additions	554	10	60	624
Assets transferred on conversion	10,956	16	14	10,986
At 31 August 2015	21,329	75	126	21,530
DEPRECIATION				
At 1 September 2014	804	10	12	826
Charge for the year	510	7	27	544
At 31 August 2015	1,314	17	39	1,370
NET BOOK VALUE				
At 31 August 2015	20,015	58	87	20,160
At 31 August 2014	9,015	39	40	9,094

15. STOCKS

	2015 £000	2014 £000
Finished goods and goods for resale	9	-

16. DEBTORS

	2015 £000	2014 £000
Trade debtors	8	9
VAT recoverable	126	60
Other debtors	1	-
Prepayments and accrued income	181	159
	316	228

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**17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £000	2014 £000
Trade creditors	719	27
Other creditors	27	4
Accruals and deferred income	473	301
	<u>1,219</u>	<u>332</u>

DEFERRED INCOME

	£000
Deferred income at 1 September 2014	11
Resources deferred during the year	11
Amounts released from previous years	(11)
Deferred income at 31 August 2015	<u>11</u>

At the balance sheet date the academy was holding monies relating to the period September 2015 to March 2016 for EFA rates relief received in advance.

**18. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2015 £000	2014 £000
Other creditors	215	-
	<u>215</u>	<u>-</u>

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

	2015 £000	2014 £000
Repayable by instalments	108	-
	<u>108</u>	<u>-</u>

Included within other creditors is a loan of £242,000 from Salix which is provided on the following terms: Interest free loan repayable through GAG in 6-monthly instalments of £26,850 from March 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

19. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted funds	437	866	(890)	-	-	413
RESTRICTED FUNDS						
General Annual Grant (GAG)	204	6,509	(6,205)	(71)	-	437
Pupil Premium	49	443	(443)	-	-	49
Start Up Grants Academy	-	122	(122)	-	-	-
Conversion grant	-	25	(25)	-	-	-
Sponsor Capacity Fund	68	125	(98)	-	-	95
Other DfE/EFA grants	-	10	(5)	-	-	5
Other Government grants	-	14	(14)	-	-	-
Pension reserve	(758)	(580)	(16)	-	117	(1,237)
	(437)	6,668	(6,928)	(71)	117	(651)
RESTRICTED FIXED ASSET FUNDS						
Devolved Formula Capital	40	20	(1)	-	-	59
Academies Capital Maintenance Fund	393	156	(21)	1	-	529
Condition Improvement Fund	-	212	-	-	-	212
General Annual Grant (GAG)	336	-	(43)	70	-	363
Legacy Assets - Southmoor	8,354	-	(339)	-	-	8,015
Legacy Assets - Sandhill View	-	11,021	(140)	-	-	10,881
	9,123	11,409	(544)	71	-	20,059
Total restricted funds	8,686	18,077	(7,472)	-	117	19,408
Total of funds	9,123	18,943	(8,362)	-	117	19,821

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance and insurance. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Pupil Premium is additional funding to be spent as the academy trust sees fit to support deprived students.

Start Up Grants cover the initial costs of Sandhill View Academy's implementation and are to cover expenditure of acquiring basic stock of teaching and learning materials, transitional costs and recruitment and induction costs.

The Academy Conversion grant is funding received towards the legal and professional fees of conversion.

The Sponsor Capacity Fund grant is money received to assist the academy trust with the creation of a Multi-Academy Trust and the sponsorship of another academy

Other Government grants are received to cover Special Education Needs and salaries.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 27.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation charged against each fund over the useful life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Transfers between funds represent fixed assets purchased out of GAG.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Southmoor Academy	996
Sandhill View Academy	3
	<hr/>
Total before fixed asset fund and pension reserve	999
Restricted fixed asset fund	20,059
Pension reserve	(1,237)
	<hr/>
Total	19,821
	<hr/> <hr/>

SOUTHMOOR ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Southmoor Academy	4,365	624	410	1,337	6,736
Sandhill View Academy	593	31	38	343	1,005
Central services	31	35	-	11	77
	<u>4,989</u>	<u>690</u>	<u>448</u>	<u>1,691</u>	<u>7,818</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	20,160	20,160	9,094
Current assets	413	1,778	141	2,332	1,119
Creditors due within one year	-	(1,192)	(27)	(1,219)	(332)
Creditors due in more than one year	-	-	(215)	(215)	-
Provisions for liabilities and charges	-	(1,237)	-	(1,237)	(758)
	<u>413</u>	<u>(651)</u>	<u>20,059</u>	<u>19,821</u>	<u>9,123</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	10,581	181
Returns on investments and servicing of finance	(12)	(13)
Depreciation of tangible fixed assets	544	369
Capital grants from DfE	(388)	(212)
Increase in stocks	(9)	-
Increase in debtors	(88)	(36)
Increase in creditors	860	274
Assets inherited on conversion	(10,986)	-
Pension deficit inherited on conversion	617	-
FRS 17 adjustments	(21)	(8)
NET CASH INFLOW FROM OPERATIONS	<u>1,098</u>	<u>555</u>

SOUTHMOOR ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000	2014 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	12	13
	<u>12</u>	<u>13</u>
	2015 £000	2014 £000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(624)	(576)
Capital grants from DfE	388	212
	<u>(236)</u>	<u>(364)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		
	2015 £000	2014 £000
FINANCING		
New Salix loan	242	-
	<u>242</u>	<u>-</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	891	1,116	-	2,007
NET FUNDS	<u>891</u>	<u>1,116</u>	<u>-</u>	<u>2,007</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. CONVERSION TO AN ACADEMY TRUST

On 1 July 2015 Sandhill View School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Southmoor Academy from The Council of the City of Sunderland for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	10,956	10,956
- Other tangible fixed assets	-	-	30	30
Budget surplus on LA funds	-	-	35	35
LGPS pension deficit	-	(617)	-	(617)
Net assets/(liabilities)	-	(617)	11,021	10,404

25. NET FINANCE INCOME ON PENSION SCHEME

	2015 £000	2014 £000
Expected return on pension scheme assets	160	133
Interest on pension scheme liabilities	(123)	(126)
	37	7

26. CAPITAL COMMITMENTS

At 31 August 2015 the academy had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	134	156

SOUTHMOOR ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

27. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tyne & Wear Pension Scheme. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £823,000 (2014: £605,000) of which employer's contributions totalled £444,000 (2014: £360,000) and employees' contributions totalled £379,000 (2014: £245,000)

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**NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £282,000, of which employer's contributions totalled £223,000 and employees' contributions totalled £59,000. The agreed contribution rates for future years are 25.6% for employers and 5.5% - 12.5% for employees.

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

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2015 £000	Fair value at 31 August 2014 £000
Equities	2,493	1,445
Property	350	196
Government bonds	136	77
Corporate bonds	437	247
Cash	121	56
Other	230	129
Total market value of assets	<u>3,767</u>	<u>2,150</u>
Present value of scheme liabilities	<u>(5,004)</u>	<u>(2,908)</u>
(Deficit)/surplus in the scheme	<u><u>(1,237)</u></u>	<u><u>(758)</u></u>

The amounts recognised in the Balance Sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(5,004)	(2,908)
Fair value of scheme assets	<u>3,767</u>	<u>2,150</u>
Net liability	<u><u>(1,237)</u></u>	<u><u>(758)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

27. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Current service cost	(239)	(161)
Interest on obligation	(123)	(126)
Expected return on scheme assets	160	133
Total	(202)	(154)
 Actual return on scheme assets	 43	 139

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

	2015 £000	2014 £000
Opening defined benefit obligation	2,908	2,690
Current service cost	239	161
Interest cost	123	126
Contributions by scheme participants	59	41
Actuarial gains	(234)	(108)
Benefits paid	(103)	(2)
Transfer on conversion	2,012	-
Closing defined benefit obligation	5,004	2,908

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

	2015 £000	2014 £000
Opening fair value of scheme assets	2,150	1,810
Expected return on assets	160	133
Actuarial (losses) and gains	(117)	6
Contributions by employer	223	162
Contributions by employees	59	41
Benefits paid	(103)	(2)
Transfer on conversion	1,395	-
	3,767	2,150

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £30,000 gain (2014 - £87,000 loss).

The academy trust expects to contribute £402,000 to its defined benefit pension scheme in 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment	2.00 %	2.10 %
Rate of revaluation of pension accounts	2.00 %	2.10 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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

	2015	2014
Retiring today		
Males	23.1	23.0
Females	24.7	24.6
Retiring in 20 years		
Males	25.1	25.0
Females	27.0	26.9

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000
Defined benefit obligation	(5,004)	(2,908)	(2,690)
Scheme assets	3,767	2,150	1,810
Deficit	(1,237)	(758)	(880)
Experience adjustments on scheme liabilities	234	108	(268)
Experience adjustments on scheme assets	(117)	6	67

28. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
EXPIRY DATE:				
Within 1 year	-	-	19	13
Between 2 and 5 years	-	-	41	28

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

29. OTHER FINANCIAL COMMITMENTS

Under the PFI arrangement, the academy trust has a financial liability to make payments to the PFI contractor for the life of the contract, which began in September 2002 and will run for 25 years. The cost is based on pupil numbers and in the period since conversion was £176,000. Funding was received from the EFA to cover this cost.

30. RELATED PARTY TRANSACTIONS

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

There were no related party transactions during the period.