

Company Registration Number: 07652902 (England & Wales)

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 19
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditors' report on the financial statements	22 - 24
Independent reporting accountant's report on regularity	25 - 26
Statement of financial activities incorporating income and expenditure account	27
Balance sheet	28
Statement of cash flows	29
Notes to the financial statements	30 - 53

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

F Bodenham
G Knights
C Lennard
L Ross
J Steventon

Trustees

A Carter, CEO and Accounting Officer
A Chester
C Handley
G Kendall
C Lennard, Vice Chair
S Patterson (appointed 1 October 2019)
J Reyersbach (resigned 27 January 2019)
L Ross, Chair
S Shoveller (appointed 4 February 2019)
D Uffindell (resigned 13 March 2019)

Company registered number

07652902

Company name

South Farnham Educational Trust

Principal and registered office

South Farnham School, Menin Way, Farnham, Surrey, GU9 8DY

Company secretary

C Booth

Chief executive officer

A Carter

Senior management team

A Carter, Chief Executive Officer
C Harnden, Deputy Chief Executive Officer & Director of ITT
C Booth, Finance & Business Director
A-M Bahaire, Director of Primary Practice
C Donnachie, Headteacher South Farnham School
G West, Headteacher Highfield South Farnham
F O'Neill, Headteacher The Raleigh School

Independent auditors

James Cowper Kreston, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers

HSBC, 33 The Borough, Farnham, Surrey, GU9 7NJ

Solicitors

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates three primary academies in the south east of England. Its academies have a combined pupils on roll of 1572 (excluding the nursery) in the school census on 3 October 2019.

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 South Farnham Educational Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Farnham Educational Trust.

Details of the trustees who served during the year 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.

Trustees' Indemnities

The Trust has joined the Department for Education's risk protection scheme that offers indemnity to cover Trustees and officers in respect of losses arising as a result of claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

Method of Recruitment and Appointment or Election of Trustees

The members may appoint up to five directors through such process as they determine. Up to 3 Academy Trustees may be appointed in accordance with any policy decided by the Trustees who shall be either the Headteacher, Head of School or Chair of Governors from a Local Governing Body. Parent and staff representatives are within the local governing body at each school.

The Board of Trustees have overall responsibility and ultimate decision making authority for all work of the Trust including the establishing and running of the academies operated by the Trust. In order to assist with the discharge of their responsibilities, the Directors have established a Local Governing Body for each academy pursuant to Articles 100 to 104 of the Articles of Association of the Trust. This arrangement will be reviewed annually.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees are appointed based on the skills that they will bring to the trust board. Trustees receive information relating to the Trust and attend a briefing and receive an induction pack on the role and responsibilities of Trustees. The trust has a service level agreement for trustee support and training for trustees and local governing members is offered through this training programme.

During the period Trustees were offered all necessary training though a mixture of in-house and external courses and webinars.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

Organisational Structure

The Trust has converted from a single academy trust to a multi-academy trust and has sponsored another academy, Highfield South Farnham. From September 2016 it took on full responsibility for the Surrey South Farnham SCITT, previously a partnership with Surrey County Council. The Raleigh School, a single converter academy joined the Trust on 1st July 2017. It is now working with a number of potential new schools to develop a multi-academy trust that seeks to develop excellence across Surrey and beyond. The Accounting Officer is the Chief Executive Officer, Sir Andrew Carter. In an exciting initiative St.Mary's, Frensham, joined SFET as an 'associate member' on 13th September 2017. This is an affirmation of the close relationship between SFET and St.Mary's and our wish to work together in the on-going development of primary pedagogical excellence. SFET will share Continual Professional Development opportunities with St.Mary's and their staff will contribute to the delivery of the professional studies programme of Surrey South Farnham SCITT. The Trust is currently developing associate member connections both locally and internationally.

The structure consists of four levels: the Trustees, Local Governing Body Members, Senior Leadership Team and Middle Leadership/Heads of Year & Curriculum faculties. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Trust Senior Leadership Team consists of the Chief Executive Officer, the Deputy Chief Executive Officer, the Director of Primary Practice, the Headteachers and the Finance & Business Director. These leaders control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

The Trust Board has seven sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, to the Chief Executive Officer (the Accounting Officer) and to the Senior Management Team. The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Board of Directors annually. The terms of reference for the Finance Sub-Committee detail the School's authorised spending limits.

The sub-committees of the Governing Body are the:

- Finance Committee (including the functions of an audit committee)
- Pay, Personnel & Performance Committee
- Admissions Committee
- South Farnham School Local Governing Body
- Highfield South Farnham Local Governing Body
- The Raleigh School Local Governing Body
- SCITT Strategic Board

Arrangements for setting pay and remuneration of key management personnel

The Pay Committee meet at least once a year to discuss the performance of senior leadership and the arrangements for setting the pay and remuneration of all key management personnel. External advice has been taken by the committee from an external consultant who reviewed the procedures used for this process. Remuneration is set at appropriate levels taken from the school leadership scales, taking into account performance review. The Pay, Personnel & Performance Committee sets the remuneration for the CEO.

Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2019, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations.

There were no employees who were relevant union officials during the relevant period.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

Related Parties and other Connected Charities and Organisations

Teaching School

On September 1st 2011 South Farnham School became one of the first 100 schools to be appointed a Teaching School. This designation follows the Government White Paper which set out the principles of a self-improving school system to be led and facilitated through Teaching Schools. The Chief Executive Officer sits on the Teaching Schools Council. Our role as a Teaching School is to:-

- Collaboratively deliver ITT, CPD, Leadership Development, School-to-School Support and Research and Development
- Designate and broker Specialist Leaders of Education (SLE)
- Develop the next generation of school leaders

We are delighted to continue with this important strategic role which places us at the heart of the national educational agenda.

As part of the Surrey Teaching Schools Network (STSN) we support the delivery of the National College's licenced programmes; NPQML, NPQSL and NPQH. This enables us to share our extensive experience with potential school leaders and we have a proven track record of successful leadership development. Each course supports participants in becoming highly effective leaders, with the skills, confidence and knowledge to drive and inspire successful team performance and improved classroom practice. The programmes are offered through a blended learning package that includes face to face events, online resources, peer learning, reflection, discussion around the latest research, and the opportunity to share and learn from the experiences of practising school leaders from a variety of backgrounds and educational contexts.

Our Developing Middle Leadership course is aimed at existing, new and aspiring middle leaders, often as a precursor to NPQML. The programme enables middle leaders to develop their leadership skills and qualities and gives them the confidence to make a difference to the quality of children's learning in schools. It is delivered through five afternoon sessions over seven months, beginning in the Autumn Term. The programme provides CPD for participants and their coaches and has a direct impact on teaching and learning through the school-based leadership project. Following the success of this programme we are delivering a Developing Senior Leadership programme to provide CPD for existing, new and aspiring senior leaders and training for their school based coaches.

The Teaching School also offers a Developing Senior Leaders course aimed at experienced middle leaders of all phases who aspire to senior leadership roles, with a particular focus on whole school leadership. It is also suitable for senior leaders who may be new to post and is an ideal pre-cursor to NPQSL. Delivered over five sessions, the programme is a wonderful opportunity for the Heads within the Trust to facilitate different elements and as a Trust portrays us working as one to share best practice and develop others. The course consists of five sessions. As part of the programme, participants will also be asked to visit another school to consider one of the course themes in another context.

South Farnham Teaching School is a registered City & Guilds Training Centre delivering the QCF Level 3 Certificate: Supporting Teaching and Learning in Schools to offer professional development for Classroom Assistants. Tutorial/workshops cover each of the eleven units required for the Certificate and are delivered at South Farnham School throughout the year. Each candidate has an Assessor who guides them through the course and meets with them for one-to-one sessions interspersed among the more formal tutorials; this also provides CPD for teachers who train to take on the role of City and Guilds Assessors. Over the past five years we have trained approximately 100 Classroom Assistants to Level 3 (ours and those from schools in our neighbourhood).

The Return to Primary Teaching course is delivered for qualified teachers looking to update their knowledge of the educational landscape and regain confidence in the classroom. The two week course involves a variety of taught sessions delivered by expert primary practitioners as well as observation and teaching experience in our outstanding infant or junior settings. Taught sessions focus on key changes that have taken place at national level, such as, the new National Curriculum and assessment procedures as well as providing practical training

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

regarding the most up to date pedagogy and methodology. The teaching placement is a bespoke element of the course allowing us to personalise training to participants' needs and experience.

South Farnham Teaching School is an Appropriate Body for the Professional Induction of Newly Qualified Teachers for primary schools and academies across Surrey. This service is built around the three main responsibilities of administration, quality assurance and supporting & monitoring. It is the responsibility of schools to ensure that they commit appropriate resources to the induction of newly qualified teachers. It is the responsibility of the Appropriate Body to ensure quality of this induction provision. The South Farnham Teaching School NQT programme is a streamlined assessment process related to the Teachers' Standards; it is focused on efficient use of time for greatest impact on the NQT's progress and attainment.

Our Appropriate Body will:

- Register and monitor the progress of NQTs and report to the NCTL
- Make decisions on the outcome of statutory induction for NQTs
- Hold half termly twilight training meetings at different venues across Surrey at no extra cost for NQTs
- Deliver a training session for Induction Tutors and mentors of NQTs who are new to the South Farnham Teaching School Appropriate Body
- Provide a handbook for all NQTs and Induction Tutors and mentors
- Quality assure schools' systems for monitoring, supporting and assessing NQTs
- Provide phone/ email support for Headteachers and NQT Induction Tutors

PSHE / Health and Relationships Education is a new course to meet the demands of the 2020 deadline of statutory PSHE provision. This CPD opportunity has been designed to bust the myths and misinformation surrounding the new statutory changes for 2020 and to provide training on the value and importance of PSHE/RSE education in school and how to further develop and enhance PSHE/RSE provision.

Professional Development

As a Teaching School we offer a range of professional development opportunities for teachers and school support staff, extending our strong learning culture to schools we work with. Continual professional development is a fundamental right and responsibility of every teacher. South Farnham Teaching School has developed a comprehensive programme of training which addresses the needs of all adults working with children, whatever their experience or stage of career development. We have training facilities for groups of all sizes, all with access to a wide range of multi-media resources, delivered by outstanding practising professionals. In addition, these programmes provide wide ranging CPD for the team of staff who plan and deliver the training.

In carrying out our Teaching School responsibilities we are able to:

- identify the best teachers and leaders from across the alliance to provide school-based professional development
- tailor development to meet the specific needs of schools
- offer coaching and mentoring
- evaluate the impact of professional development across the alliance
- offer opportunities for formal accreditation or school-based research

Specialist Leaders of Education

We have appointed various cohorts of SLEs (Specialist Leaders of Education). These are middle/senior leaders who are appointed by Teaching Schools to be a support to schools in their alliances and beyond. They work in a coaching role with other middle/senior leaders in a school which has identified a need.

Surrey Schools Learning Partnership

As part of Surrey Teaching Schools Network we have been instrumental in the development of Surrey Schools Alliance for Excellence (SAfE); a collaboration with the Surrey Phase Councils and Surrey County Council to develop and deliver a sustained approach to support outstanding teaching, learning and leadership in schools.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

Surrey South Farnham SCITT

South Farnham has an established role in the training of teachers having been a Recommending Body in its own right, part of the Surrey Designated and Accredited Recommending Body and then the Surrey Primary EBITT. In September 2012, in collaboration with Surrey LA and Babcock International, the Surrey South Farnham SCITT (SSF) opened providing much needed primary ITT provision in the county of Surrey and surrounding areas. On 1st September 2016 the SCITT was migrated to South Farnham Educational Trust.

Whilst developing a unique and distinctive school-led programme, SSF has built on the qualities of the graduate teacher methodology of the EBITT. The programme is built around a trainee having an on-going experience in one host school together with a six-week experience in a contrasting school and several subject-related short experiences. Types of programme include School Direct Tuition Fee, School Direct Salaried, Postgraduate Apprenticeships and Assessment Only.

SSF are nationally recognised for school direct recruitment, quality of provision and employment and are the largest Primary SCITT operating in Surrey. In March 2014 an OFSTED inspection team described SSF as 'Outstanding' in all categories. The 2015 Good Teacher Training Guide rated SSF in the top 10 of UK providers and in 2017 as top of the UK table for employment. NCTL further recognised SSF in 2016 with a three-year allocation of places (an honour given to top HEIs and SCITTs). In 2017 the NCTL awarded SSF with a 'multi-year allocation'.

Sir Andrew Carter, KBE (CEO of South Farnham Educational Trust) is regularly invited to speak at national conferences and educational events about the future of ITT, QTS and has chaired the Trailblazer employer group for the new Postgraduate Teacher Apprenticeship (a post recently taken up by our director of ITT, Claire Hamden). In 2015, Andrew was asked to conduct a national review of ITT and a report containing recommendations for Government was published (The Carter Review). Three significant reports followed to develop three important recommendations (training on behaviour management, a core curriculum for ITT and national mentor standards). SSF is proud to feature as a case study in the national mentor standards.

Over 162 primary schools throughout Surrey and the surrounding areas make up the SSF partnership. SSF retains the services of a panel of talented heads, consultants, deputies and senior staff very familiar with the current ITE programmes. Internal quality assurance largely comes from this body whilst the external quality assurance is provided by Andy Ogden (NASBTT Trustee and Programme Manager of the Devon Primary SCITT). For 2019-20 there are 104 trainees. This provides extensive CPD opportunities for the class teachers, mentors and Support Tutors who work with the trainees as well as the wide team of staff who plan and deliver the training.

All of these activities support our aim to play our part in the national education agenda for the benefit of the education of all children. The children are educated in an environment where learning is seen to be a lifelong activity.

National Support School

Sir Andrew Carter is a National Leader of Education and South Farnham School is designated a National Support School. This allows us to continue our well-established role in the raising of standards in other schools both in Surrey and nationally. We have visits from approx. 30-40 schools annually, to work with Leadership Teams, Governors and School Business Managers. Claire Donnachie, Headteacher at South Farnham School is also a National Leader of Education which will ensure continuity as part of our succession plan.

In a more formal role we support schools in difficulty, sometimes working in partnership with the Local Authority. As a National Support School, we have supported several schools in Special Measures/R.I. through the Deployment Fund (National College) and in conjunction with Surrey LA School Improvement programmes. We continue to support schools across Surrey, and further afield, in difficult circumstances. We play a key role in our local Maths Hub and Farnham Confederation with teachers delivering training and working on collaborative cross-phase projects.

South Farnham School is a lead school in ITT, Mathematics, AfL, Leadership and Management and School

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

Business Management and act in an advisory capacity with the DfE and other national organisations such as the National Centre for Excellence in Mathematics.

Sir Andrew Carter has been appointed as a Primary Academy Associate and is part of a small team of primary academy Headteachers (around 15 nationally) who offer advice and support to schools across the country who wish to become academies.

As the Lead Primary school in our Regional Maths Hub we are further developing Maths Mastery, curriculum development and variation and providing support for other schools in developing their mathematical teaching and pedagogy.

In addition, we are the Lead Primary school in our Regional Science Learning Partnership and we provide professional development for science curriculum leaders and teachers as well as for colleagues delivering training.

The Chief Executive Officer sits on: the Surrey Primary Council; Surrey LA Finance Forum, the South East RSC Headteacher Board and the Queen Street Group and speaks on financial and other educational issues at venues across the UK.

A distinctive aim of the trust is its enduring quest for excellence. Tangible evidence of this is the 'outstanding' (OFSTED 2011 – South Farnham School, 2017 – The Raleigh School & 2018 – Highfield South Farnham) environment which has been developed for teaching and learning.

We are committed to the widest possible provision for our pupils. Extended provision includes over 45 extracurricular clubs a week and a before and after school care facility at all school sites.

There is extensive use of the buildings by the community during the school day and in the evenings e.g. choirs, Pilates and local community groups.

Our 'Bright Futures' Programme is an initiative which introduces primary age children to the world of work and wealth creation through structured involvement of members of the local community. Children begin to develop an awareness of the relevance of their learning to future hopes and aspirations and an understanding is fostered of the responsibilities and opportunities of being a contributing adult.

Objectives and Activities

Whilst all schools in our Trust will have their distinctive features, all will show commitment to, and be accountable for, a shared drive for excellence in all aspects of educational provision.
All staff will be valued and will be provided with a safe and professional working environment.

There will be high expectation and challenge for every pupil to fully develop and achieve intellectually, physically, socially and aesthetically.

All policies, procedures and practices will be developed in conjunction with stakeholders, as appropriate, and directed, approved and monitored by the Trust.

All pupils are encouraged to:-

- develop into happy and confident individuals with a secure foundation in learning that will last throughout their lives.
- develop lively and enquiring minds through knowledge with understanding.
- establish a command of the subjects contained in the National Curriculum.
- value and understand religious and moral beliefs, develop a respect for the views of others and an understanding of British values.
- understand something of the world in which we live with regard for our mutual dependence on others as individuals, groups and nations.
- appreciate human achievements and aspirations.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

All schools in the Trust will provide:-

- a school environment in which children can enjoy learning and developing social skills with others
- a differentiated and challenging curriculum including rigorous assessment procedures which ensures that no child is overlooked and every child succeeds
- whole school and individual staff professional development which ensures the highest quality of teaching and learning
- whole-school procedures and practices which ensure consistency and clarity of approach to the education of the children representative of the principles and aims above

The Trust and all member schools will aim to:-

- play their part in raising national standards in education through sharing good practice with other school and teachers across the country
- take a leading role in national initiatives and be in the forefront of educational thinking and improvement

The Academy Trust has the responsibility and authority to ensure that all schools within the Trust fulfil the principles and aims outlined above.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

Strategic Report

Achievements and Performance

Key Stage 2 Results

We are delighted with our 2018-19 End of Key Stage 2 Results.

Achievements and Performance

Key Stage 2

		South Farnham Cohort size:138					Highfield Cohort size: 31					The Raleigh Cohort size: 60				
		Combined (W, W, M)	Reading	Writing	SPaG	Maths	Combined (W, W, M)	Reading	Writing	SPaG	Maths	Combined (W, W, M)	Reading	Writing	SPaG	Maths
2019	National	65%	73%	78%	78%	79%	65%	73%	78%	78%	79%	65%	73%	78%	78%	79%
	School	99.3%	99.3%	100%	100%	100%	87%	97%	90%	100%	97%	94%	97%	94%	98%	100%

% children achieving high standard (Greater Depth)

2019	National	11%	27%	20%	36%	27%	11%	27%	20%	36%	27%	11%	27%	20%	36%	27%
	School	38%	63%	50%	91%	81%	13%	52%	32%	74%	45%	38%	63%	45%	89%	78%

KS2 Progress Scores

		South Farnham Cohort size:138			Highfield Cohort size: 31			The Raleigh Cohort size:60		
		Reading	Writing	Maths	Reading	Writing	Maths	Reading	Writing	Maths
2019		+4.08	+2.91	+5.14	+4.63	+2.16	+3.65	+4.35	+2.06	+4.41

Provisional 2019 KS2 assessment data. (Unvalidated to be confirmed December 2019)

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

Key Stage 1 Results

Key Stage 1

		South Farnham Cohort size: 80			Highfield Cohort size: 54			The Raleigh Cohort size: 60		
		Reading	Writing	Maths	Reading	Writing	Maths	Reading	Writing	Maths
2019	National	75%	69%	76%	75%	69%	76%	75%	69%	76%
	School	97% (100% those that took the test)	96%	98% (100% those that took the test)	83%	81%	87%	80%	75%	87%
% children achieving high standard (Greater Depth)										
2019	National	25%	15%	22%	25%	15%	22%	25%	15%	22%
	School	57%	43%	41%	45%	37%	22%	41%	30%	40%

Provisional 2019 KS1 assessment data. (Unvalidated to be confirmed December 2019)

Key Performance Indicators

South Farnham School achieved excellent SATS results at Key Stages 1 & 2, it exceeded its FFT Aspire targets and all groups of students achieved well with no major differences between girls and boys and different ethnic groups. Excellent progress was made by all vulnerable children and pupils receiving Pupil Premium. This year's phonics results were excellent with 99% of pupils achieving the expected standard.

A distinctive feature of South Farnham School has been its achievement of four Outstanding OFSTED reports (1998, 2003, 2007 and 2012) with no key issues. This demonstrates the sustained period of high performance standard attained by the school.

At Highfield South Farnham the end of Key Stage 2 results continue to be very strong with 87% of children achieving the expected standard in mathematics, reading and writing and with respective scores of 97%, 90% and 97%

The Raleigh School results continued their increasing trend with extremely impressive progress scores and attainment well above the national percentages. Notably 100% of children reached the expected standard in maths.

Attendance during the academic year 2018-19:

South Farnham School – 97% Authorised absence – 2.6% Unauthorised absence – 0.4 %

Highfield South Farnham – 94.9% Authorised absence – 3.9% Unauthorised absence – 1.2%

The Raleigh School – 97.1% Authorised absence – 2.4% Unauthorised absence – 0.5%

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.

Financial Review

Most of the Trust's income is obtained from the Education Funding Agency (ESFA) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 2019 and the associated expenditure are shown as restricted funds in the statement of Financial Activities.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

The Trust also receives devolved formula capital grant from the ESFA for each academy. In accordance with the Charities 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.

During the year ended 31 August 2019, total expenditure of £8,788,591 was met by recurrent grant funding from the ESFA together with other incoming resources. The in-year deficit was £1,042,516.

The Trust has continued to receive income from providing school to school support. The Trust applied for capital bids to the Condition Improvement Fund and was successful in four bids, roofing projects at South Farnham infant site and The Raleigh, windows replacement at South Farnham School junior site and asbestos removal at Highfield South Farnham.

At 31 August 2019 the net book value of fixed assets was £18,900,957. Movements in tangible assets is shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

At 31 August 2019 the value of the LGPS pension deficit was £2,652,000. A detailed explanation of the actuarial basis of this valuation is shown in note 24. This deficit does not exceed the unrestricted funds of the charity and the trustees do not consider this to impact their assessment of going concern.

Reserves Policy

The level of reserves held at 31 August 2019 total £17,824,036. The reserves will be allocated and spent as part of the School Development Plans, to update, improve and maintain its facilities and resources. A capital spending plan has been completed detailing the short, medium and long term needs and plans of each Academy for which reserves will be allocated and determined in order of priority to meet the need of the Academy. The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. £19,037,609 is held in a separate Fixed Asset Fund.

An appropriate level of free reserves has been reviewed in light of possible schools joining the trust. It is necessary to provide a cushion to cover financial risks facing the Trust from reductions in funding. A portion of free reserves will be used to manage projected reductions in funding and increases in costs, reduction in education services grant funding, increases in the Teachers Pension Scheme contribution rates and reductions in deprivation and high needs funding.

A portion of reserves will be used for condition improvement and to support an increase in pupil numbers from an additional class at South Farnham School and Highfield South Farnham School.

Investment Policy

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. The School does not consider the investment of funds as a primary activity, rather as a result of good stewardship as and when circumstances allow.

Principal Risks and Uncertainties

The trust has implemented a risk management policy and created a risk register and risk review process. The main risks identified include both strategic and operational risks and have been assessed under the following categories: Professional – achieving strategic aims, management structures, educational objectives, conduct, liability beyond the classroom and staff and pupil procedures, Physical – injury to staff and pupils, property, Financial, Legal, Environmental, Contractual, Technological and Disaster recovery.

The Trustees have assessed the major risks to which each Academy is exposed, in particular those relating to

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

the specific teaching, provision of facilities and other operational areas of each Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (eg in relation to teaching, health & safety and school trips) and in relation to the control of finance. The Trustees have introduced systems, including internal financial controls in order to minimise risk and are satisfied that systems are in place to mitigate any exposure to major risks. Where risks still remain 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 on pages 14-20.

A formal review of the Trust's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body
- Pecuniary interests of Governors reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for protection for the vulnerable

Fundraising

The Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. The main fundraising is undertaken by the individual PTA organisations for each school. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trustees and local governors are aware of their responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensure all activities are agreed and monitored at each academy at senior leadership team level to ensure compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure. During the year no complaints or issues have arisen as a result of any fundraising events.

The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. The trustees, local governors and staff have regard to the Charity Commission publication 'Charity Fundraising' (CC20). All personal information collected by the schools is kept confidential and not sold, given away or disclosed to any third party without consent. Nobody directly or indirectly employed by or volunteering for any of the schools within the trust shall accept commissions, bonuses or payments for fundraising activities on behalf of the organisation. Fundraising activities will not be undertaken if they may be detrimental to the good name or community standing of the trust or any of the schools within the trust. Financial contributions will only be accepted from companies, organisations and individuals the Board considers ethical. Fundraising activities will not be undertaken if they will expose the organisation to significant financial risk. All fundraising activity is reported to Local Governing Bodies and the Trust Board on a regular basis.

Plans for Future Periods

South Farnham Educational Trust will continue to maintain and improve, where possible, the existing high educational outcomes of all pupils in the Trust irrespective of ability or disadvantage. In this way all pupils will achieve everything of which they are capable intellectually, physically, emotionally and aesthetically. This plan is reflected in our stated Aims and individual school Action Plans.

We shall continue to deliver Surrey South Farnham SCITT Initial Teacher Training Programme with a projected recruitment of 120 trainees for 2020-21. We will continue to extend the scope of our ITT offer to include the new Post-Graduate Teacher Apprenticeship.

We plan to ensure that all schools in our Trust have the buildings and environments conducive to the delivery of excellent provision and to that end shall be considering the funding options available to ensure these aims are turned into reality. This aligns with our plans to meet parental wishes in respect of their choice of school.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

SFET plans to work closely with local schools, and those further afield in Surrey, in the consideration of the extension of the Trust's membership to include schools who share our aims and objectives in the development of a primary trust based on shared pedagogical principles.

Funds Held as Custodian Trustee on Behalf of Others

There were no funds held as custodian trustee on behalf of others.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the 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 auditor is aware of that information.

The Trustees' report was approved by order of the board of Trustees, as the company directors, on 5.12.19 and signed on its behalf by:



L Ross
Chair of Trustees

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees 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 South Farnham Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 5 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
L Ross, Chair	5	5
A Carter, CEO and Accounting Officer	4	5
A Chester	5	5
C Handley	3	5
G Kendall	4	5
C Lennard, Vice Chair	5	5
S Patterson	0	0
J Reyersbach	3	3
S Shoveller	2	2
D Uffindell	1	3

The trust is approved as a sponsor and converted to a multi-academy trust in January 2015. Highfield South Farnham (previously a LA maintained school) joined the Trust as a sponsored academy on 1 February 2015. The Raleigh School, a single convertor academy joined the trust on 1st July 2017.

At this time the composition of the Trust board changed and local governing bodies with experienced governors were established as sub-committees of the board.

Section 2.1.2 of the Academies Financial Handbook 2018 sets out that the board and its committees must meet regularly enough to discharge their responsibilities and ensure robust governance and effective management arrangements. The trustees held five board meetings during the year and all trustees were invited to attend the finance committee meetings. All trustees receive management accounts every month and they have received training in how to read the financial documents that are issued. The trustees consider that effective oversight of funds has been maintained with this pattern of meetings. Should additional events occur such as another school joining the Trust or significant capital projects additional meetings will be scheduled as necessary.

The Finance and General Purposes Committee is a sub-committee of the main board of Trustees. Its purpose is to assist the decision making of the trust board, by enabling more detailed consideration to be given to the best means of fulfilling the trust board's responsibility to ensure sound management of the academy finances and resources, including proper planning, monitoring and probity. This committee will make appropriate comments and recommendations on such matters to the board on a regular basis. Major issues will be referred to the full board for ratification.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C Lennard (Committee Chair)	3	3
A Carter	3	3
A Chester	3	3
S Shoveller	1	2
J Reyersbach	0	1
L Ross	3	3

For the year ended 31 August 2019 the function of the audit committee was covered under the terms of reference of the Finance committee.

Review of value for money

As accounting officer, the Chief Executive Officer 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 trust'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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Approach

The governors and school managers have applied the principles of best value when making decisions about:

- The allocation of resources to best promote the aims and values of the school
- The targeting of resources to best improve standards and the quality of provision
- The use of resources to best support the various educational needs of all pupils

Improving Educational Results

To ensure that standards are continually raised the Trust operated a programme of internal reviews of the curriculum. South Farnham School is a National Teaching School and gained 'outstanding' in all inspection areas in June 2012. This 'outstanding' award was remarkably for the fourth time in a row demonstrating the sustained period of high performance standard attained by the school.

Targeted improvement: The trust has kept its staffing structure under review and deployed staff efficiently to support an improved curriculum through quality of teaching and learning, adult-pupil ratio and curriculum management.

Focus on individual pupils: Each academy managed the differing needs of pupils through a series of focus group teaching classes that are offered in each year group

Collaboration: The academy trust engaged with other educational providers and experts to share good practice and drive up standards for the least cost. This included work as the lead school in a teaching school alliance.

Financial governance and oversight

The academy 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.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

(continued)

Purchasing, the efficient and effective use of resources

The governors and school managers deployed equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

Benchmarking: The finance committee have reviewed the latest available benchmarking reports for the trust comparing performance to other primary academies and to all academies in the same local authority to demonstrate that the trust provides good value for money.

Economies of scale: the academy trust currently operates over four sites and savings have been made by sharing administration and procurement costs, including the purchase of ICT equipment across the trust, and the renewal of energy contracts.

Purchasing: The trustees have developed procedures for assessing need, obtaining goods and services which provide 'best value' in terms of suitability, efficiency, time and cost. Measures already in place include clearly defined purchasing guidelines:

- Formal tendering procedures (for goods and services over £50,000)
- Procedures for accepting best value quotes which are not necessarily the cheapest (eg suitability for purpose and quality of workmanship)
- For purchases above £10,000 three quotes are required
- Procedures which minimise office time by the purchase of goods or services under £1,000 directly via a purchase order from known, reliable suppliers (eg stationery, small equipment)
- Time and resource is not wasted on investigating minor areas where few improvements and savings can be achieved as this is not considered cost effective and can distract management from more valuable areas
- DfE framework agreements have been used where beneficial, in particular this year for new photocopiers

Maximising income generation

The Trust explored available opportunities to generate income through the letting of facilities, provision of additional services such as training courses and school to school support.

Reviewing controls and managing risks

A formal review of the Trust's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body
- Pecuniary interests of Governors reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for protection for the vulnerable

The trust has an investment policy and has moved balances to an interest earning deposit account to maximise interest earning potential.

Insurance levels are reviewed annually and used cost-effectively to manage risks.

The trustees review the reserve levels of the Academy annually. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that an appropriate level of free reserves should be maintained to provide a cushion

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

(continued)

to deal with unexpected emergencies such as urgent maintenance and to plan for future capital works.

Maximising use of resources

Expenditure within each budget heading is reviewed on a regular basis and adjustments are made based on the strategies identified in the Academy Development Plan.

Pupils' Welfare

The quality of the school environment and the school ethos has been reviewed in order to continue to provide a supportive environment conducive to learning and recreation.

The Academy tracked attendance for all pupils and attendance was well above the national average.

Health & Safety

The governors and school managers have reviewed the quality of the school environment and equipment carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

Monitoring

Areas were monitored for best value by:

- In-house monitoring by the Headteachers and curriculum faculty leads
- Termly target setting meetings between the Headteachers and curriculum managers
- Annual performance management
- Annual budget planning
- Headteachers' monthly financial review
- Visits by internal auditor
- Analysis of school pupil performance data eg SATs results, standardised test results
- Analysis of available financial data eg benchmarking through data for all academies and similar schools
- Analysis of DfE pupil performance data
- Ofsted Inspection reports
- Local Governing member termly classroom observations
- Local Governing members termly committee meetings
- Trustees full termly meetings
- Trustees annual finance review

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 South Farnham Educational Trust for the period 1st September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 1st September 2017 to 31 August 2018 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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint James Cowper Kreston to perform a limited scope internal audit review of the academy trust to give advice on financial matters and perform a range of checks on the finance systems. Their reports have been presented to Trustees on a regular basis throughout the year on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities. There are no material control issues arising as a result of the auditors work.

In particular the checks carried out in the current period included a review of financial policies, procedures and minutes from Trustee meetings. In addition:

- testing of financial controls
- checking of declarations of business interests
- testing of control account/ bank reconciliations
- testing of payroll systems
- testing of income systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the report from James Cowper Kreston is presented to the board of trustees, through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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 internal auditor
- the work of the external auditor
- the work of the NCTL auditor
- the work of the finance committee
- The work of the local governing bodies
- the work of the senior leadership team within each 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 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 and signed on their behalf by:



L Ross
Chair of Trustees

Date: 5th December 2019



Sir Andrew Carter
Accounting Officer

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


.....
Sir Andrew Carter
Accounting Officer
Date: 5th December 2019

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

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

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

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

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

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

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

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



L Ross
Chair of Trustees

Date: 5th December 2019

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTH FARNHAM EDUCATIONAL TRUST**

Opinion

We have audited the financial statements of South Farnham Educational Trust (the 'academy') for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTH FARNHAM EDUCATIONAL TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has 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.

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.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTH FARNHAM EDUCATIONAL TRUST (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.



Alexander Peal BSc (Hons) FCA DchA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 12 December 2019

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH FARNHAM EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Farnham Educational Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South Farnham Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Farnham Educational Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Farnham Educational Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Farnham Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Farnham Educational Trust's funding agreement with the Secretary of State for Education dated 7 January 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH FARNHAM EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Approach

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the governors to assess the internal controls throughout the year.

Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Governors and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

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



James Cowper Kreston

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 12 December 2019

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and capital grants	348,174	-	322,852	671,026	1,219,085
Charitable activities	250,170	6,286,570	-	6,536,740	5,959,457
Teaching schools	60,190	1,127,723	-	1,187,913	1,087,489
Other trading activities	163,611	-	-	163,611	126,003
Investments	785	-	-	785	346
	<u>822,930</u>	<u>7,414,293</u>	<u>322,852</u>	<u>8,560,075</u>	<u>8,392,380</u>
Expenditure on:					
Charitable activities	322,584	6,495,758	782,336	7,600,678	7,313,395
Teaching schools	60,190	1,127,723	-	1,187,913	1,087,489
Other expenditure	-	-	-	-	-
	<u>382,774</u>	<u>7,623,481</u>	<u>782,336</u>	<u>8,788,591</u>	<u>8,400,884</u>
Net income/(expenditure)	<u>440,156</u>	<u>(209,188)</u>	<u>(459,484)</u>	<u>(228,516)</u>	<u>(8,504)</u>
Transfers between funds	(356,937)	(5,070)	362,007	-	-
Net movement in funds before other recognised gains/(losses)	<u>83,219</u>	<u>(214,258)</u>	<u>(97,477)</u>	<u>(228,516)</u>	<u>(8,504)</u>
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	-	(814,000)	-	(814,000)	424,000
Net movement in funds	<u>83,219</u>	<u>(1,028,258)</u>	<u>(97,477)</u>	<u>(1,042,516)</u>	<u>415,496</u>
Reconciliation of funds:					
Total funds brought forward	909,380	(1,177,914)	19,135,086	18,866,552	18,451,056
Net movement in funds	83,219	(1,028,258)	(97,477)	(1,042,516)	415,496
Total funds carried forward	<u>992,599</u>	<u>(2,206,172)</u>	<u>19,037,609</u>	<u>17,824,036</u>	<u>18,866,552</u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07652902

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	18,900,957	19,092,625
		18,900,957	19,092,625
Current assets			
Stocks	15	8,240	8,456
Debtors	16	280,352	212,422
Cash at bank and in hand		2,119,809	1,893,510
		2,408,401	2,114,388
Creditors: amounts falling due within one year	17	(833,322)	(872,461)
Net current assets		1,575,079	1,241,927
Total assets less current liabilities		20,476,036	20,334,552
Net assets excluding pension liability		20,476,036	20,334,552
Defined benefit pension scheme liability	24	(2,652,000)	(1,468,000)
Total net assets		17,824,036	18,866,552
Funds of the academy			
Restricted funds:			
Fixed asset funds	18	19,037,609	19,135,086
Restricted income funds	18	445,828	290,086
		19,483,437	19,425,172
Restricted funds excluding pension asset	18	19,483,437	19,425,172
Pension reserve	18	(2,652,000)	(1,468,000)
Total restricted funds	18	16,831,437	17,957,172
Unrestricted income funds	18	992,599	909,380
Total funds		17,824,036	18,866,552

The financial statements on pages 27 to 53 were approved by the Trustees, and authorised for issue on 5.12.19 and are signed on their behalf, by:



L Ross
Chair of Trustees

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	20	492,065	881,978
Cash flows from investing activities	21	(265,766)	(429,983)
Change in cash and cash equivalents in the year		226,299	451,995
Cash and cash equivalents at the beginning of the year		1,893,510	1,441,515
Cash and cash equivalents at the end of the year	22	<u>2,119,809</u>	<u>1,893,510</u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

South Farnham Educational Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

• **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 period is deducted from income and recognised as a liability.

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

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

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.

• **Charitable activities**

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land	- Over 125 years on cost or over remaining useful life
Leasehold buildings	- Over 50 years on cost or over remaining useful life
Furniture and equipment	- 20% - 33% on cost
Building improvements	- 10% on cost

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 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.7 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.

1.8 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.

1.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Taxation

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

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.11 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.

1.12 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.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

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.

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.

Local Government Pension Scheme

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

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	348,174	-	348,174	667,812
Capital Grants	-	322,852	322,852	551,273
	<u>348,174</u>	<u>322,852</u>	<u>671,026</u>	<u>1,219,085</u>
<i>Total 2018</i>	<u>667,812</u>	<u>551,273</u>	<u>1,219,085</u>	

In 2018, £551,273 was restricted fixed asset income.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

4. Funding for the academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,475,878	5,475,878	5,037,650
Other DfE/EFA grants	-	503,879	503,879	455,636
	-	5,979,757	5,979,757	5,493,286
Other Government grants				
Local authority grants	-	306,813	306,813	236,962
	-	306,813	306,813	236,962
Other income from the academy trust's educational operations	250,170	-	250,170	229,209
	250,170	6,286,570	6,536,740	5,959,457
<i>Total 2018</i>	229,209	5,730,248	5,959,457	

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings and other income from charitable activities	163,611	163,611	126,003

In 2018, of the total income from other trading activities, £126,003 was unrestricted income.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	785	785	346
	<u>785</u>	<u>785</u>	<u>346</u>

In 2018, total investment income of £346 was unrestricted income.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Educational operations:					
Direct costs	4,572,043	-	692,762	5,264,805	5,413,561
Allocated support costs	807,610	449,032	1,079,231	2,335,873	1,899,834
Teaching school	405,202	-	782,711	1,187,913	1,087,489
	<u>5,784,855</u>	<u>449,032</u>	<u>2,554,704</u>	<u>8,788,591</u>	<u>8,400,884</u>
<i>Total 2018</i>	<u>5,667,580</u>	<u>354,909</u>	<u>2,378,395</u>	<u>8,400,884</u>	

8. Analysis of expenditure by activities

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Charitable activities	5,264,805	2,335,873	7,600,678	7,313,395
	<u>5,264,805</u>	<u>2,335,873</u>	<u>7,600,678</u>	<u>7,313,395</u>
<i>Total 2018</i>	<u>5,413,561</u>	<u>1,899,834</u>	<u>7,313,395</u>	

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

8. Analysis of expenditure by activities (continued)

In 2018, of the Charitable activities expenditure, £6,241,511 was restricted expenditure, £376,686 was unrestricted expenditure and £695,198 was restricted fixed asset fund expenditure.

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	807,610	640,625
Recruitment and support	43,432	53,199
Depreciation	781,072	695,198
Technology costs	39,640	33,411
Premises costs	449,032	354,909
Other support costs	117,284	40,086
Governance costs	97,803	82,406
	<u><u>2,335,873</u></u>	<u><u>1,899,834</u></u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	781,072	695,199
Fees paid to auditors for:		
- audit	7,400	7,250
- other services	4,105	4,100
	<u><u>792,577</u></u>	<u><u>706,549</u></u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

10. Staff costs

Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,395,718	4,248,029
Social security costs	381,488	368,219
Pension costs	1,012,270	1,051,332
	<u>5,789,476</u>	<u>5,667,580</u>

Staff numbers

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

	2019 No.	2018 No.
Teachers	75	84
Administration and Support	116	110
Management	14	11
	<u>205</u>	<u>205</u>

Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	4	4
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	-	1
In the band £170,001 - £180,000	1	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer contributions) received by key management personnel for their services to the academy trust was £745,630 (2018: £771,079).

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

11. Central services

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

- Strategic leadership support
- Educational support
- Finance and administration services
- HR support
- ICT support service

The academy charges for these services on the following basis:

The trust funded the provision of these central services this year by charging each academy a central services fee of 5% of GAG & Early Years funding, and by making a charge to the SCITT.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
South Farnham School	138,390	156,549
Highfield South Farnham	69,281	61,777
The Raleigh School	72,379	55,809
Teaching school and SCITT	33,740	32,244
Total	313,790	306,379

12. Trustees' remuneration and expenses

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

		2019	2018
		£	£
Sir A Carter	Remuneration	170,000 - 175,000	170,000 - 175,000
	Pension contributions paid	nil	nil

During the year ended 31 August 2019, expenses totalling £1,518 (2018 - £2,291) were reimbursed to 1 Trustee (2018 - 1).

13. Trustees' and Officers' insurance

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

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

14. Tangible fixed assets

	Land & Buildings £	Furniture & equipment £	Assets under construction £	Total £
Cost or valuation				
At 1 September 2018	21,688,119	391,240	53,931	22,133,290
Additions	240,872	193,232	156,597	590,701
Disposals	-	(4,117)	-	(4,117)
Transfers between classes	53,931	-	(53,931)	-
At 31 August 2019	<u>21,982,922</u>	<u>580,355</u>	<u>156,597</u>	<u>22,719,874</u>
Depreciation				
At 1 September 2018	2,820,246	220,419	-	3,040,665
Charge for the year	665,286	115,785	-	781,071
On disposals	-	(2,819)	-	(2,819)
At 31 August 2019	<u>3,485,532</u>	<u>333,385</u>	<u>-</u>	<u>3,818,917</u>
Net book value				
At 31 August 2019	<u>18,497,390</u>	<u>246,970</u>	<u>156,597</u>	<u>18,900,957</u>
At 31 August 2018	<u>18,867,873</u>	<u>170,821</u>	<u>53,931</u>	<u>19,092,625</u>

The land and buildings occupied by the Academy Trust are held under a 125 year lease. The freehold property is owned by Surrey County Council.

15. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>8,240</u>	<u>8,456</u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

16. Debtors

	2019 £	2018 £
Trade debtors	13,992	1,352
Other debtors	108,675	64,373
Prepayments and accrued income	157,685	146,697
	280,352	212,422

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	342,977	305,007
Other taxation and social security	95,952	91,449
Other creditors	106,535	107,350
Accruals and deferred income	287,858	368,655
	833,322	872,461
	2019 £	2018 £
Deferred income at 1 September 2018	143,079	188,719
Resources deferred during the year	159,677	143,079
Amounts released from previous periods	(143,079)	(188,719)
	159,677	143,079

At 31 August 2019 South Farnham Educational Trust were holding funds received in advance for the 2018/19 financial year, including Universal Infant Free School Meals grants and Teaching School grants that relate to 2018/19.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	909,380	762,740	(322,584)	(356,937)	-	992,599
Teaching schools	-	60,190	(60,190)	-	-	-
	<u>909,380</u>	<u>822,930</u>	<u>(382,774)</u>	<u>(356,937)</u>	<u>-</u>	<u>992,599</u>
Restricted general funds						
DfE/ESFA grants	290,086	5,979,757	(5,818,945)	(5,070)	-	445,828
Local authority	-	306,813	(306,813)	-	-	-
Teaching Schools	-	1,127,723	(1,127,723)	-	-	-
Pension reserve	(1,468,000)	-	(370,000)	-	(814,000)	(2,652,000)
	<u>(1,177,914)</u>	<u>7,414,293</u>	<u>(7,623,481)</u>	<u>(5,070)</u>	<u>(814,000)</u>	<u>(2,206,172)</u>
Restricted fixed asset funds						
Assets on conversion	19,092,625	-	(782,336)	590,668	-	18,900,957
DFC	3,171	29,414	-	(23,692)	-	8,893
CIF	39,290	293,438	-	(204,969)	-	127,759
	<u>19,135,086</u>	<u>322,852</u>	<u>(782,336)</u>	<u>362,007</u>	<u>-</u>	<u>19,037,609</u>
Total Restricted funds	<u>17,957,172</u>	<u>7,737,145</u>	<u>(8,405,817)</u>	<u>356,937</u>	<u>(814,000)</u>	<u>16,831,437</u>
Total funds	<u>18,866,552</u>	<u>8,560,075</u>	<u>(8,788,591)</u>	<u>-</u>	<u>(814,000)</u>	<u>17,824,036</u>

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

Restricted General Funds - ESFA grants (including GAG), which must be used to meet the cost of running South Farnham Educational Trust. 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 2019.

Unrestricted Funds - represents income generated by the academy (such as lettings and hire of facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised. The pension liability has not crystallised and the trustees do not need to designate any of their existing funds to meet future pension commitments. Parliament, at the request of the Secretary of

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

18. Statement of funds (continued)

State for Education, has guaranteed 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.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
South Farnham School	763,399	757,413
Highfield South Farnham	427,489	263,898
The Raleigh School	247,539	178,155
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,438,427	1,199,466
Restricted fixed asset fund	19,037,609	19,135,086
Pension reserve	(2,652,000)	(1,468,000)
	<hr/>	<hr/>
Total	17,824,036	18,866,552
	<hr/> <hr/>	<hr/> <hr/>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	<i>Total 2018</i>
	£	£	£	£	£	£
South Farnham School	2,184,345	372,639	245,241	401,849	3,204,074	<i>3,049,193</i>
Highfield South Farnham	1,030,253	134,613	83,893	131,250	1,380,009	<i>1,319,724</i>
The Raleigh School	1,249,466	233,353	225,665	213,240	1,921,724	<i>1,942,901</i>
Central services	112,599	67,005	-	134,186	313,790	<i>306,379</i>
Teaching school and SCITT	350,102	55,102	-	782,709	1,187,913	<i>1,087,489</i>
	<u>4,926,765</u>	<u>862,712</u>	<u>554,799</u>	<u>1,663,234</u>	<u>8,007,510</u>	<u><i>7,705,686</i></u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
Unrestricted funds						
Unrestricted funds	985,857	1,023,370	(376,686)	(723,161)	-	909,380
Restricted general funds						
DfE/ESFA grants	164,470	5,493,283	(5,614,735)	247,068	-	290,086
Local authority	3,811	236,965	(240,776)	-	-	-
Teaching Schools	-	1,087,489	(1,087,489)	-	-	-
Pension reserve	(1,506,000)	-	(386,000)	-	424,000	(1,468,000)
	(1,337,719)	6,817,737	(7,329,000)	247,068	424,000	(1,177,914)
Restricted fixed asset funds						
Assets on conversion	18,812,825	-	(695,198)	974,998	-	19,092,625
DFC	-	28,658	-	(25,487)	-	3,171
CIF	(9,907)	522,615	-	(473,418)	-	39,290
	18,802,918	551,273	(695,198)	476,093	-	19,135,086
Total Restricted funds	17,465,199	7,369,010	(8,024,198)	723,161	424,000	17,957,172
Total funds	18,451,056	8,392,380	(8,400,884)	-	424,000	18,866,552

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	18,900,957	18,900,957
Current assets	992,599	1,279,150	136,652	2,408,401
Creditors due within one year	-	(833,322)	-	(833,322)
Provisions for liabilities and charges	-	(2,652,000)	-	(2,652,000)
Total	<u>992,599</u>	<u>(2,206,172)</u>	<u>19,037,609</u>	<u>17,824,036</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	19,092,625	19,092,625
Current assets	909,380	1,162,547	42,461	2,114,388
Creditors due within one year	-	(872,461)	-	(872,461)
Provisions for liabilities and charges	-	(1,468,000)	-	(1,468,000)
Total	<u>909,380</u>	<u>(1,177,914)</u>	<u>19,135,086</u>	<u>18,866,552</u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	<u>(228,516)</u>	<u>(8,504)</u>
Adjustments for:		
Depreciation	781,071	692,805
Capital grants from DfE and other capital income	(322,852)	(551,273)
Defined benefit pension scheme cost less contributions payable	325,000	344,000
Defined benefit pension scheme finance cost	45,000	42,000
Decrease/(increase) in stocks	216	840
Decrease/(increase) in debtors	(67,930)	216,679
(Decrease)/increase in creditors	(39,139)	145,777
Dividends, interest and rents from investments	(785)	(346)
Net cash provided by operating activities	<u><u>492,065</u></u>	<u><u>881,978</u></u>

21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	785	346
Purchase of tangible fixed assets	(590,701)	(981,602)
Profit on disposal of fixed assets	1,298	-
Capital grants from DfE	322,852	551,273
Net cash used in investing activities	<u><u>(265,766)</u></u>	<u><u>(429,983)</u></u>

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	2,119,809	1,893,510
Total cash and cash equivalents	<u><u>2,119,809</u></u>	<u><u>1,893,510</u></u>

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

23. Capital commitments

	2019	2018
	£	£
Contracted for but not provided in these financial statements	<u>883,113</u>	<u>65,538</u>

24. Pension commitments

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

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

Contributions amounting to £86,444 were payable to the schemes at 31 August 2019 (2018 - £83,903) 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 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

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)
- 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%.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

24. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £436,974 (2018 - £436,010).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £335,000 (2018 - £311,000), of which employer's contributions totalled £245,000 (2018 - £228,000) and employees' contributions totalled £ 90,000 (2018 - £83,000). The agreed contribution rates for future years are 17.2% 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.60	2.70
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.30	2.40

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.6	22.5
Females	23.6	24.1
<i>Retiring in 20 years</i>		
Males	22.5	24.6
Females	25.0	26.4

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

24. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,502,040	2,180,160
Bonds	634,320	514,760
Property	281,920	211,960
Cash	105,720	121,120
Total market value of assets	3,524,000	3,028,000

The actual return on scheme assets was £115,000 (2018 - £77,000).

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

	2019 £	2018 £
Current service cost	(549,000)	(572,000)
Past service cost	(21,000)	-
Interest income	89,000	69,000
Interest cost	(134,000)	(111,000)
Total amount recognised in the Statement of Financial Activities	(615,000)	(614,000)

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

	2019 £	2018 £
At 1 September	4,496,000	4,112,000
Current service cost	549,000	572,000
Interest cost	134,000	111,000
Employee contributions	90,000	83,000
Actuarial losses/(gains)	929,000	(347,000)
Benefits paid	(43,000)	(35,000)
Past service costs	21,000	-
At 31 August 2019	6,176,000	4,496,000

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

24. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	3,028,000	2,606,000
Expected return on assets	89,000	69,000
Actuarial gains	115,000	77,000
Employer contributions	245,000	228,000
Employee contributions	90,000	83,000
Benefits paid	(43,000)	(35,000)
At 31 August 2019	3,524,000	3,028,000

25. Operating lease commitments

The academy had no commitments under non-cancellable operating leases at 31 August 2019.

26. 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.

27. Related party transactions

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

The following related party transactions took place in the period of account:

J Steventon is a trustee of The Helen Arkell Dyslexia Trust. The Trust received payments of £1,519 (2018: £1,029) in respect of DBS checks carried out on behalf of the charity.

South Farnham School Services Limited, a company in which Sir Andrew Carter is a director, were charged £80,095 (2018: £50,314) by the academy for salary costs and consumables in respect of services performed by the academy.

Queen Street Group, a company in which Sir Andrew Carter is a director, charged South Farnham Educational Trust £950 in the year in respect of subscription fees.

South Farnham School Trust (SFST), which has three trustees in common with the South Farnham Educational Trust (SFET) donated £184,569 (2018: £490,888) to the SFET which has been used £164,569 towards the costs of school trips and £20,000 towards ICT equipment. The SFET also received £2,000 (2018: £1,000) in respect of administration services.

SOUTH FARNHAM EDUCATIONAL TRUST
(A company limited by guarantee)

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

28. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Other Income	1,187,913		1,087,489	
Total income		1,187,913		1,087,489
Expenditure				
Direct expenditure				
Direct staff costs	405,204		337,266	
Agency costs	184,263		176,833	
Technology costs	-		5,293	
Other direct costs	598,446		568,097	
Total direct expenditure	<u>1,187,913</u>		<u>1,087,489</u>	
Total expenditure		1,187,913		1,087,489

