

Company number 7693715

Settlebeck School Academy Trust
(A company limited by guarantee)
Annual report and financial statements
for the year ended 31 August 2013

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Settlebeck School Academy Trust
(A company limited by guarantee)

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Settlebeck School Academy Trust
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Legal and administrative information

Company registration number 7693715

**Business address
and Registered Office** Settlebeck School
Long Lane
Sedbergh
LA10 5AL

Trustees and members Michael Anthony Atkinson
David William Hunt
Eileen Helen Wilberforce

**Secretary and
Clerk to the governors** Michael Edward Morrison

Directors and governors Michael Anthony Atkinson
Julie Calvert (staff)*
Karen Michelle Grant (Deputy head)*
Judith Greene (Principal and Accounting Officer)*
Derek John Hollaway
Rebecca Hubbard (Cumbria LA)
David William Hunt*
Miles Johnson
Myles Philip Ripley*
Katharine Tilney Thexton (parent)
Eileen Helen Wilberforce (Chair)*
* denotes member of Finance and Buildings Committee

Senior Management Team Judith Greene (Principal)
Karen Grant (Deputy)

Independent Auditor Stables Thompson & Briscoe
Lowther House, Lowther Street
Kendal, LA9 4DX

Bankers Barclays Bank plc

Solicitors Schofield Sweeney
Leeds

Settlebeck School Academy Trust **(A company limited by guarantee)**

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The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ending 31st August 2013. The governors, who are also directors of Settlebeck School Academy Trust for the purposes of company law and who have served during the period and up to the date of this report are set out in page 1.

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 full governing body is responsible to the Secretary of State and to the school, its staff, students and parents for the successful leadership and management of the school. The governors also act as the trustees for the charitable activities of Settlebeck School Academy Trust Limited. A smaller group of 3 governors are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Settlebeck School Academy.

Details of the governors who served throughout the year except as noted are included in the Legal and administrative information page.

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.

Governors' Indemnities

Trustees indemnity insurance is purchased by the academy school to protect the governors in carrying out their work with due diligence.

Principal Activities

The principal activity of the Charitable Company is to advance, for the public benefit, education in Sedbergh and the surrounding area by establishing, maintaining and operating a school offering a broad curriculum.

Method of Recruitment and Appointment or Election of Governors

The governors are appointed under the terms of the Academy's articles of association as follows:

- The members may appoint up to 10 governors
- A minimum of 2 local parent governors
- Up to 1 LA governor
- Number of staff governors does not exceed one third of the total number of governors
- Any governors elected by the Secretary of State for Education
- Up to 3 co-opted governors

The term of office for all trustees, except the Headteacher is four years. The Principal's term of office runs parallel with her contract of employment. The governors who were in office at 31st August 2013 who served throughout the period, except where shown, are listed on page 1.

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Policies and Procedures Adopted for the Induction and Training of Governors

During the period under review the governors held 13 meetings. The training and induction provided for new governors will depend on the existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and directors of the Charitable Company. As there is normally expected to be only a small number of new governors each year, induction tends to be done informally and is tailored specifically to the individual.

Organisation Structure

As specified in the Memorandum of Association, the governors are responsible for setting general policy, adapting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments. The governors are responsible for the monitoring and performance of the Headteacher and Senior Team on a regular basis.

The Senior Team members for the Academy are the Headteacher, the Deputy Headteacher and two Progress Leaders. These managers control the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the Senior Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Team always contain a governor. Some spending control is devolved to members of the Senior Team, with limits above which a Senior Manager must countersign.

The South Lakes Federation

The South Lakes Federation is made up of eight secondary schools, Kendal College and a special school within the South Lakes area. There is close collaboration between all the schools within the Federation and providing an opportunity for curriculum enrichment, access for students to vocational courses and support for gifted and talented students.

Risk Management

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

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of the Academy to provide education for students of different abilities between the ages of 11 and 16.

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

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Objectives, Strategies and Activities

The main objective of the Academy during the year ended 31st August 2013 are summarised below

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- To raise the standard of educational achievement of all students,
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- To provide value for money for the funds expended,
- To comply with all appropriate statutory and curriculum requirements,
- To maintain close links with industry and commerce, and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Settlebeck School Academy Trust aims to develop individuals to achieve their full potential. As an Academy, it provides education of the highest quality in a well-resourced school. Relationships are constructive, with individuals being valued, nurtured and supported.

This is achieved through developing

- A trusting open, caring, inclusive friendly and structured atmosphere with comfortable relationships, clear expectations and with every individual valued
- A focus on learning, guidance and monitoring for all students and staff, both inside and outside the classroom
- Showing commitment in our work, desire to learn, hard work, a spirit of enquiry and creativity, initiative, high expectations, self-motivation, the desire to achieve

The curriculum offered is distinctive and personalised

In Years 7 & 8 we have major focus on ensuring that all students develop core English, Mathematics, Science and ICT skills and the personal, learning and thinking skills to equip them with the competence and confidence to pursue both academic and vocational pathways in the future

We focus on the development of vocational and work related education

All students, at any age, are able to access the most appropriate provision offered in the Academy to suit their particular interests and needs

The Academy enables a common approach to be taken to values and principles, standards, utilisation of management expertise, use of resources, and to the creation of a broad and rich opportunity for young people to achieve their maximum potential

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The Academy also provides enriched provision and integrated services for children and young people in the area, and enables a wide range of services and facilities to be made available to the community which supports and complements the local authority's children's service vision

Public Benefit

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

The objective of the Academy is to advance for the public benefit education in Sedbergh and the surrounding area, offering a broad curriculum

Achievements and Performance

Settlebeck School Academy is in its second full year of operation, changing to Academy status on 1st August 2011. Total student numbers stand at 165. Settlebeck School was judged to be outstanding by Ofsted in March 2011. 67% of students achieve 5+ A* - C GCSE results (including English and Maths) this year, with 85% expected progress or better in English, and 88% expected progress or better in Maths, compared with the national averages of 72% in each subject

Financial Review

Settlebeck School Academy Trust has produced financial statements for the period from 1st September 2012 – 31st August 2013

The majority of the Academy's income is obtained from EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from EFA during the year ended 31st August 2013 and the related expenditure are shown as restricted funds in the statement of financial activities

The Academy received a transfer of fixed assets from the Cumbria County Council on conversion to an Academy. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such assets are shown in the Statement of Financial Activities as restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned

Under Financial Reporting Standard 17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover. The current percentages used to calculate contributions will not change before 2014

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it adopts the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements

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Reserve Policy

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

Plans for Future Periods

To continue running the school for the educational benefit of local children

Statement as to disclosure of information to auditors

In so far as the governors are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The governors 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

Approved by order of the members of the Governing Body on 3 December 2013 and signed on its behalf by



Helen Wilberforce (Chair)

Settlebeck School Academy Trust **(A company limited by guarantee)**

Governance Statement **for the year ended 31 August 2013**

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Settlebeck School Academy 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 governing body has delegated the day-to-day responsibility to the Principal, 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 Settlebeck School Academy Trust and the Secretary of State for Education. She is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance framework

The Academy Trust currently has 11 governors who are the directors of the Trust and constitute its main Board. The Board usually meets at the end of each term, but with an additional meeting at the beginning of the Autumn Term to deal with the formalities required each year (e.g. appointments to committees). The Board has established three committees. These are Pay and Personnel Committee, Finance and Buildings Committee and Curriculum, Teaching and Learning Committee. Each committee normally meets once a term and consists of six governors appointed by the Board. Each committee has delegated authority to deal with matters within its Terms of Reference, but the Board has the opportunity to review and comment on those decisions.

The board meets on a regular basis to support the life and work of the school, taking information from the subcommittees who have clearly defined delegated powers, and reviewing the work undertaken by them on the board's behalf. As well as complying with their defined role, governors have acted effectively both corporately and individually to monitor, challenge and support the school.

The reducing number on roll, due to a reduction in population, continues to present a particular challenge to the school.

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 Settlebeck School Academy Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body 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 governing body 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 year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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Governance statement
for the year ended 31 August 2013

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Derek Hollaway, a Governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. The following is a brief account from the Responsible Officer

As Responsible Officer, I have visited the school on one occasion each term to carry out various tests to the systems and reported my findings to the full Governors meeting each term in line with the revised regulatory guidance

I can advise that a sample of payments, receipts and employees were selected on each visit and these were then checked back to various source documentation to prove their validity and accuracy. I can report that all of the samples selected were found to be supported by the correct documents and were accurately analysed and authorised

On each visit, I also inspected the bank reconciliations, payroll summaries and other main control accounts. I can state that the bank reconciliations and payroll summaries had been examined and authorised by the Headteacher and that the bank, payroll and control accounts all reconciled

The above indicates that the accounting records are being managed in an accurate manner and that the monthly accounts (issued for the majority of months) represent the financial position of the Academy

Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

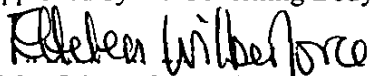
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework


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Governance statement
for the year ended 31 August 2013

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by the Governing Body on 3 December 2013 and signed on its behalf by


Helen Wilberforce (Chair)


Judith Greene (Accounting officer)

Settlebeck School Academy Trust
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Statement on regularity, propriety and compliance
for the year ended 31 August 2013

As accounting officer of Settlebeck School Academy Trust I have considered my responsibility to notify the Academy Trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Approved on 3 December 2013 and signed by

A handwritten signature in black ink, appearing to read 'J. K. Greene'.

Judith Greene
Accounting officer

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Statement of governors's responsibilities
for the year ended 31 August 2013

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

Company law requires the governors 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 Academy and of the incoming resources and application of resources, including the income and expenditure, of the Academy for the year. In preparing these financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and 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 and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

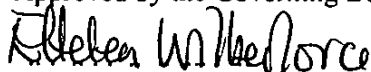
The governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the governors are aware

- there is no relevant audit information of which the Academy's auditor is unaware, and
- the governors 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 governors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Governing Body on 3 December 2013 and signed on its behalf by


Helen Wilberforce (Chair)

Settlebeck School Academy Trust
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Independent auditor's report to the members of Settlebeck School Academy Trust

We have audited the financial statements of Settlebeck School Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an auditor's 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.

Respective responsibilities of the governors and auditors

As explained more fully in the Statement of Governors' Responsibilities, the governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Matters on which we are required to report by exception

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

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



Helen Holmes BSc FCA
Senior Statutory Auditor
For and on behalf of Stables Thompson & Briscoe
Statutory Auditor
Lowther House
Lowther Street
Kendal
LA9 4DX

Date 23/12/13

Settlebeck School Academy Trust
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Independent Reporting Accountant's Assurance Report on Regularity to
Settlebeck School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 26 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Settlebeck School Academy Trust during the year 1 September 2012 to 31 August 2013 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 Settlebeck School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Settlebeck School Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Settlebeck School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Settlebeck School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Settlebeck School Academy Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. 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 period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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We obtained information on the Academy's control environment and activities and considered whether these complied with the Academies Accounts Direction 2013 and whether the activities conformed to the Academy Trust's framework of authorities

When testing expenditure the authorisation was checked and the nature of the activity was confirmed as permissible within the Academy Trust's framework of authorities

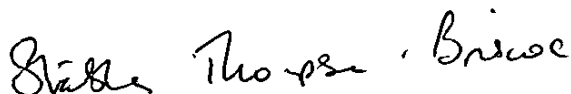
A review was made of related parties and the register of business interests. This was used to identify any related party transactions

Consideration of the accounting officer's statement on regularity, propriety and compliance including a review of the most recent Financial Management and Governance Evaluation was made together with walkthrough tests of the systems described. The general control environment of the academy trust was also considered

Formal representations were obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence was not available

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Stables Thompson & Briscoe
Lowther House
Lowther Street
Kendal
LA9 4DX

Date 23/12/13

Settlebeck School Academy Trust
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Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 August 2013

		Unrestricted	Restricted	Restricted	Year	Period
	Notes	funds	funds	fixed asset	ended	ended
		£	£	funds	31/08/13	31/08/12
				£	Total	Total
					£	£
Incoming resources						
Incoming resources from generating funds						
Voluntary income	2	495	170	-	665	401
Assets introduced from predecessor school	2	-	-	-	-	4,105,039
Activities for generating funds	3	16,492	53,231	-	69,723	69,126
Incoming resources from charitable activities	4	-	1,412,846	7,349	1,420,195	1,565,928
Other incoming resources	5	1,500	27,119	-	28,619	34,667
Total incoming resources		<u>18,487</u>	<u>1,493,366</u>	<u>7,349</u>	<u>1,519,202</u>	<u>5,775,161</u>
Resources expended						
Charitable activities						
Academy's educational operations	7	16,965	1,458,580	161,846	1,637,391	1,666,806
Governance costs	8	-	42,515	-	42,515	51,173
Total resources expended		<u>16,965</u>	<u>1,501,095</u>	<u>161,846</u>	<u>1,679,906</u>	<u>1,717,979</u>
Net income/(expenditure) for the period before transfers		1,522	(7,729)	(154,497)	(160,704)	4,057,182
Gross transfers between funds		-	-	-	-	-
Net income/(expenditure for year)		1,522	(7,729)	(154,497)	(160,704)	4,057,182
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	25	-	12,000	-	12,000	(29,000)
Net movement in funds		<u>1,522</u>	<u>4,271</u>	<u>(154,497)</u>	<u>(148,704)</u>	<u>4,028,182</u>
Total funds brought forward		13,571	(222,250)	4,236,861	4,028,182	-
Total funds carried forward		<u>15,093</u>	<u>(217,979)</u>	<u>4,082,364</u>	<u>3,879,479</u>	<u>4,028,182</u>

The statement of financial activities includes all gains and losses in the period and therefore a separate statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities during the above two financial periods

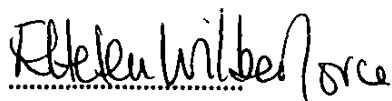
The notes on pages 19 to 35 form an integral part of these financial statements.

Settlebeck School Academy Trust
(A company limited by guarantee)

Balance sheet
as at 31 August 2013

	Notes	31/08/13 £	31/08/12 £
Fixed assets			
Tangible assets	15	4,082,364	4,236,861
Current assets			
Stocks		342	525
Debtors	16	49,869	50,008
Cash at bank and in hand		321,513	310,826
		<u>371,724</u>	<u>361,359</u>
Creditors: amounts falling due within one year	17	<u>(168,609)</u>	<u>(174,038)</u>
Net current assets		<u>203,115</u>	<u>187,321</u>
Total assets less current liabilities		<u>4,285,479</u>	<u>4,424,182</u>
Net assets excluding pension liability		<u>4,285,479</u>	<u>4,424,182</u>
Pension scheme liability		<u>(406,000)</u>	<u>(396,000)</u>
Net assets including pension liability		<u><u>3,879,479</u></u>	<u><u>4,028,182</u></u>
Funds of the academy	18		
Restricted funds:			
Fixed asset funds		4,082,364	4,236,861
Restricted income funds		188,022	173,750
Pension reserve		<u>(406,000)</u>	<u>(396,000)</u>
Total restricted funds		<u>3,864,386</u>	<u>4,014,611</u>
Unrestricted income funds		<u>15,093</u>	<u>13,571</u>
Total funds		<u><u>3,879,479</u></u>	<u><u>4,028,182</u></u>

Approved by the Governing Body on 3 December 2013 and signed on its behalf by



Helen Wilberforce
Director

Company Limited by Guarantee
Registration Number 7693715

The notes on pages 19 to 35 form an integral part of these financial statements.

Settlebeck School Academy Trust
(A company limited by guarantee)

Cash flow statement
for the year ended 31 August 2013

		Year ended 31/08/13 £	Period ended 31/08/12 £
	Notes		
Net incoming resources for the year		(160,703)	4,057,182
Depreciation and impairment		161,846	190,964
Transfer of pension deficit	25	-	348,000
FRS 17 pension finance (income)/costs	25	22,000	19,000
Decrease in stocks		183	(525)
Decrease in debtors		139	(50,008)
Decrease in creditors		(5,429)	174,038
Net cash inflow from operating activities		18,036	4,738,651
Capital expenditure	24	(7,349)	(4,427,825)
Decrease in cash in the period		10,687	310,826
Reconciliation of net cash flow to movement in net debt	23		
Increase in cash in the period		10,687	310,826
Net funds at 1 September 2012		310,826	-
Net debt at 31 August 2013		321,513	310,826

The notes on pages 19 to 35 form an integral part of these financial statements.

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006.

1.2. Going concern

The governors 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 governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.3. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Grants receivable

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

Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

Donated services and gifts in kind

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

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

1.4. Resources expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5. Tangible fixed assets and depreciation

Assets costing £1,000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	- Straight line over the remaining expected life of 20 to 50 years
ICT equipment	- 33% straight line
Fixtures, fittings and equipment	- 10% straight line
Motor vehicles	- 20% straight line

Where assets, other than land and buildings, were acquired from the predecessor school, the original cost to the predecessor school has been estimated. The cost to the Academy has been deemed to be half of that original cost on the basis that on average these assets will be halfway through their original expected life. The depreciation charge to the Academy each year is calculated on the basis of the original 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.

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

1.6. Stock

Stock is valued at the lower of cost and net realisable value

1.7. Defined benefit pension schemes

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy trust

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.8. Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education or other funder.

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

2. Voluntary income

	Unrestricted	Restricted	Fixed Asset	Year ended	Period ended
	£	£	£	31/08/13	31/08/12
	£	£	£	£	£
Donations	495	170	-	665	401
	<u>495</u>	<u>170</u>	<u>-</u>	<u>665</u>	<u>401</u>
Assets from predecessor school	-	-	-	-	4,105,039
	<u>495</u>	<u>170</u>	<u>-</u>	<u>665</u>	<u>4,105,440</u>
				Year ended	Period ended
	Unrestricted	Restricted	Fixed Asset	31/08/13	31/08/12
	£	£	£	£	£
Assets from predecessor school					
Cumbria County Council – assets transferred at valuation	-	-	-	-	4,427,825
Funding received from predecessor school	-	-	-	-	25,214
Pension scheme deficit on conversion	-	-	-	-	(348,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,105,039</u>

3. Activities for generating funds

	Unrestricted	Restricted	Year ended	Period ended
	funds	funds	31/08/13	31/08/12
	£	£	Total	Total
	£	£	£	£
Lettings and utility recharges	16,492	-	16,492	12,236
Other activities for generating funds income	-	-	-	457
Catering	-	53,231	53,231	56,433
	<u>16,492</u>	<u>53,231</u>	<u>69,723</u>	<u>69,126</u>

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

4. Funding for academy's educational operations

	Unrestricted funds	Restricted funds	Year ended 31/08/13 Total	Period ended 31/08/12 Total
	£	£	£	£
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	1,079,540	1,079,540	1,236,967
Start up grants	-	-	-	25,000
Other DfE/EFA grants	-	330,603	330,603	258,499
	<u>-</u>	<u>1,410,143</u>	<u>1,410,143</u>	<u>1,520,466</u>
Other government grants				
Local authority grants	-	-	-	5,638
Special educational projects	-	10,052	10,052	39,824
	<u>-</u>	<u>10,052</u>	<u>10,052</u>	<u>45,462</u>
	<u>-</u>	<u>1,420,195</u>	<u>1,420,195</u>	<u>1,565,928</u>

5. Other incoming resources

	Unrestricted funds	Restricted funds	Year Ended 31/08/13 Total	Period ended 31/08/12 Total
	£	£	£	£
Other income	1,500	5,895	7,395	3,750
Federation contribution to transport costs	-	1,740	1,740	3,950
Educational activities and visits	-	19,484	19,484	26,967
	<u>1,500</u>	<u>27,119</u>	<u>28,619</u>	<u>34,667</u>

6. Resources expended

	Staff costs	Premises costs	Other costs	Year ended 31/08/13 Total	Period ended 31/08/12 Total
	£	£	£	£	£
Direct costs	983,920	-	135,510	1,119,430	1,137,072
Allocated support costs	144,868	78,903	294,190	517,961	529,734
	<u>1,128,788</u>	<u>78,903</u>	<u>429,700</u>	<u>1,637,391</u>	<u>1,666,806</u>
Governance costs including allocated support costs	-	-	42,515	42,515	51,173
	<u>1,128,788</u>	<u>78,903</u>	<u>472,215</u>	<u>1,679,906</u>	<u>1,717,979</u>

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

7. Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	Year ended 31/08/13 Total £	Period ended 31/08/12 Total £
Direct costs				
Teaching and educational support staff costs	-	973,325	973,325	1,016,157
Staff development	-	9,307	9,307	9,081
Other direct costs	-	1,288	1,288	1,117
Educational supplies	1,124	32,480	33,604	19,249
Professional fees	-	18,063	18,063	19,488
Other	495	7,884	8,379	15,149
Printing, postage and stationery	-	14,265	14,265	11,455
Trips	-	24,046	24,046	25,794
Transport	-	17,480	17,480	-
Examination fees	-	19,673	19,673	19,582
	<u>1,619</u>	<u>1,117,811</u>	<u>1,119,430</u>	<u>1,137,072</u>
Allocated support costs				
Support staff costs	-	144,868	144,868	167,809
Rates & water	-	12,868	12,868	12,825
Light & heat	15,346	30,362	45,708	24,482
Repairs & maintenance	-	20,327	20,327	24,767
Insurance	-	15,266	15,266	17,967
Other	-	2,359	2,359	251
Catering	-	20,050	20,050	21,848
Motor & travel expenses	-	2,892	2,892	6,647
Professional fees	-	49,350	49,350	21,020
Telephone	-	2,143	2,143	2,629
Office expenses	-	5,462	5,462	8,750
Technology costs	-	12,822	12,822	10,775
Pension finance (income)/costs	-	22,000	22,000	19,000
	<u>15,346</u>	<u>340,769</u>	<u>356,115</u>	<u>338,770</u>
	<u>16,965</u>	<u>1,458,580</u>	<u>1,475,545</u>	<u>1,475,842</u>
Depreciation & impairment	-	161,846	161,846	190,964
	<u>-</u>	<u>161,846</u>	<u>161,846</u>	<u>190,964</u>
	<u>16,965</u>	<u>1,620,426</u>	<u>1,637,391</u>	<u>1,666,806</u>

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

8. Governance costs

	Restricted funds £	Year ended 31/08/13 Total £	Period ended 31/08/12 Total £
Accountancy fees	36,520	36,520	31,230
Auditor remuneration	3,155	3,155	3,000
Legal fees	240	240	13,124
Professional fees	2,600	2,600	3,819
	<u>42,515</u>	<u>42,515</u>	<u>51,173</u>

9. Net incoming resources for the period

	Year ended 31/08/13 £	Period ended 31/08/12 £
Net incoming resources is stated after charging		
Depreciation and other amounts written off tangible fixed assets	161,846	190,964
Operating leases	5,156	5,931
Auditors' remuneration (Note 10)	3,155	3,000

10. Auditors' remuneration

	Year ended 31/08/13 £	Period ended 31/08/12 £
Auditors' remuneration - audit of the financial statements	3,155	3,000
Auditors' remuneration - other fees		
- Bookkeeping and administration services	29,853	25,213
- Payroll and HR services	5,512	3,517
- Accounts and annual report preparation	1,155	2,500
	<u>36,520</u>	<u>31,230</u>

Settlebeck School Academy Trust
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Notes to the financial statements
for the year ended 31 August 2013

11. Staff costs

Employment costs	Year ended 31/08/13 £	Period ended 31/08/12 £
Wages and salaries	919,270	988,503
Social security costs	59,626	59,329
Pension costs	129,135	136,134
Other costs	11,450	10,198
	<u>1,119,481</u>	<u>1,194,164</u>

Other pension costs above represents the total operating charge included in resources expended in the statement of financial activities and does not include amounts included in other finance income and other recognised gains and losses

Number of employees

The number of employees (including the governors) who earned more than £60,000 during the year was as follows

	Year ended 31/08/13 Number	Period ended 31/08/12 Number
£60,001 to £70,000	<u>1</u>	<u>1</u>

The number of higher paid employees accruing pension benefit was

	Year ended 31/08/13 Number	Period ended 31/08/12 Number
Teachers Pension Scheme	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme During the year ended 31 August 2013, pension contributions for this staff member amounted to £9,076 (2012 £9,576)

The average monthly numbers of employees (including the governors) during the period, calculated on the basis of full time equivalents, was as follows

	Year ended 31/08/13 Number	Period ended 31/08/12 Number
Teachers	15	14
Teaching assistants	9	9
Administration and support	10	9
	<u>34</u>	<u>32</u>

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Notes to the financial statements
for the year ended 31 August 2013

12. Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors.

J Greene (principal and trustee)	£70,000 - £75,000 (2012 £75,000 - £80,000)
K Grant (deputy principal and trustee)	£55,000 - £60,000 (2012 £60,000 - £65,000)
J Calvert (staff trustee)	£30,000 - £35,000 (2012 £35,000 - £40,000)

Remuneration as shown above includes on costs such as pension contributions

During the period ended 31 August 2013 £1,416 (2012 £2,032) in travel and other expenses were reimbursed to 3 governors (2012 3 governors)

13. Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £810 (2012 £878)

14. Taxation

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

15. Tangible fixed assets	Land and buildings freehold	ICT equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2012	4,302,142	43,590	74,593	7,500	4,427,825
Additions	-	7,349	-	-	7,349
	<u>4,302,142</u>	<u>50,939</u>	<u>74,593</u>	<u>7,500</u>	<u>4,435,174</u>
At 31 August 2013	4,302,142	50,939	74,593	7,500	4,435,174
Depreciation					
At 1 September 2012	140,099	31,463	16,152	3,250	190,964
Charge for the year	129,324	14,582	14,940	3,000	161,846
At 31 August 2013	<u>269,423</u>	<u>46,045</u>	<u>31,092</u>	<u>6,250</u>	<u>352,810</u>
Net book value					
At 31 August 2013	<u>4,032,719</u>	<u>4,894</u>	<u>43,501</u>	<u>1,250</u>	<u>4,082,364</u>
At 31 August 2012	<u>4,162,043</u>	<u>12,127</u>	<u>58,441</u>	<u>4,250</u>	<u>4,236,861</u>

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Notes to the financial statements
for the year ended 31 August 2013

16. Debtors

	Year ended 31/08/13	Period ended 31/08/12
	£	£
Trade debtors	15,831	22,514
Other debtors	5,892	3,380
Prepayments and accrued income	28,146	24,114
	<u>49,869</u>	<u>50,008</u>

**17. Creditors: amounts falling due
within one year**

	Year ended 31/08/13	Period ended 31/08/12
	£	£
Trade creditors	36,762	27,748
Other creditors	-	1,136
Accruals and deferred income	131,847	145,154
	<u>168,609</u>	<u>174,038</u>

Deferred income

Accruals and deferred income includes

Deferred income at 1 September 2012

Resources deferred in the year

Amounts released from previous years

Deferred income at 31 August 2013

£
131,149
104,514
(131,149)
<u>104,514</u>

Deferred Income as at 31 August 2013 relates to SEN funding received in the period which relates to the period from 1 September 2013 to 31 March 2014

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Notes to the financial statements
for the year ended 31 August 2013

18. Funds

	Balance at 1 Sept 2012 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2013 £
Restricted general funds					
General Annual Grant (GAG)	124,551	1,079,540	(1,048,547)	-	155,544
Other DfE/YPLA grants	6,919	323,255	(321,620)	-	8,554
Other restricted general funds	42,280	90,572	(108,928)	-	23,924
	<u>173,750</u>	<u>1,493,367</u>	<u>(1,479,095)</u>	<u>-</u>	<u>188,022</u>
Restricted fixed asset funds					
Fixed assets transferred from Predecessor school	4,236,861	7,349	(161,846)	-	4,082,364
	<u>4,236,861</u>	<u>7,349</u>	<u>(161,846)</u>	<u>-</u>	<u>4,082,364</u>
Restricted pension reserve funds					
Pension reserve	(396,000)	-	(22,000)	12,000	(406,000)
Total restricted funds	<u>4,014,611</u>	<u>1,500,716</u>	<u>(1,662,941)</u>	<u>12,000</u>	<u>3,864,386</u>
Unrestricted funds					
Unrestricted funds	13,571	18,487	(16,965)	-	15,093
Total unrestricted funds	<u>13,571</u>	<u>18,487</u>	<u>(16,965)</u>	<u>-</u>	<u>15,093</u>
Total funds	<u>4,028,182</u>	<u>1,519,203</u>	<u>(1,679,906)</u>	<u>12,000</u>	<u>3,879,479</u>

Other restricted general funds include funds held by the predecessor school already restricted for particular projects such as Science and Engineering grants, Impact and Enthuse Awards and School Sports Co-ordinator funding. It also includes funds for trips running after the year end.

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 2013.

19. Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	4,082,364	4,082,364
Current assets	15,093	356,631	-	371,724
Current liabilities	-	(168,609)	-	(168,609)
Pension scheme liability	-	(406,000)	-	(406,000)
	<u>15,093</u>	<u>(217,978)</u>	<u>4,082,364</u>	<u>3,879,479</u>

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Notes to the financial statements
for the year ended 31 August 2013

20. Financial commitments

	Year ended 31/08/13 £	Period ended 31/08/12 £
Operating leases		
At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows		
Expiring within one year	-	-
Expiring within two and five years inclusive	2,470	5,475
Expiring in over five years	-	-
	<u>2,470</u>	<u>5,475</u>

21. Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have 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.

22. Gross cash flows

	Year ended 31/08/13 £	Period ended 31/08/12 £
Capital expenditure		
Payments to acquire tangible assets	(7,349)	(4,427,825)
	<u>(7,349)</u>	<u>(4,427,825)</u>

23. Analysis of changes in net funds

	At 1 Sept 2012 £	Cash flows £	At 31 Aug 2013 £
Cash at bank and in hand	310,826	10,687	321,513
Net funds	<u>310,826</u>	<u>10,687</u>	<u>321,513</u>

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Notes to the financial statements
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24. Pension costs

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Your Pension Service (YPS) for Cumbria County Council Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31st March 2004 and of the LGPS 31st March 2010

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

Teachers pension scheme

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets

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(estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out below. Scheme valuations are, therefore, currently suspended. The Public Services Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, and accrual rate of $1/57^{\text{th}}$, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would just fall outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government Announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and 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.

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25. Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2013 was £66,000, of which employer's contributions totalled £50,000 and employees' contributions totalled £16,000. The agreed contribution rates for future years are 19% for employers and 5.5% to 7.5% for employees.

Principal actuarial assumptions

	31/08/13	31/08/12
	%	%
Rate of increase in salaries	4.15	4.05
Rate of increase in pensions in payment	2.40	2.30
Discount rate	4.60	4.50
Inflation assumption	2.40	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	31/08/13	31/08/12
Retiring today		
Males	22.2	22.2
Females	24.9	24.8
Retiring in 20 years		
Males	24.1	24.0
Females	26.9	26.8

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are:

	Expected rate of return expected	31/08/13 Assets	Expected rate of return expected	31/08/12 Assets
	%	£	%	£
Equities	57.7	119,000	50.1	61,000
Government bonds	14.9	31,000	16.4	20,000
Other bonds	15.4	32,000	16.8	20,000
Property	6.1	13,000	6.4	8,000
Cash/liquidity	0.8	2,000	1.6	2,000
Other	5.1	11,000	8.7	11,000
Total market value of assets		<u>208,000</u>		<u>122,000</u>
Present value of scheme liabilities		<u>(614,000)</u>		<u>(518,000)</u>
Surplus/(Deficit) in the scheme		<u><u>(406,000)</u></u>		<u><u>(396,000)</u></u>

The actual return on scheme assets was £20,000

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Amounts recognised in the statement of financial activities

	Year ended 31/08/13 £	Period ended 31/08/12 £
Current service cost (net of employee contributions)	(55,000)	(54,000)
Past service cost	-	-
Transfer of LGPS deficit upon conversion	-	(348,000)
Total operating charge	(55,000)	(402,000)

	Year ended 31/08/13 £	Period ended 31/08/12 £
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	8,000	5,000
Interest on pension liabilities	(25,000)	(24,000)
Pension finance income / (costs)	(17,000)	(19,000)

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £17,000 loss

Movement in the present value of defined benefit
Obligations were as follows:

	Year Ended 31/08/13 £	Period ended 31/08/12 £
At 1 September 2012	518,000	-
Current service cost	55,000	54,000
Interest on pension liabilities	25,000	24,000
Member contributions	16,000	17,000
Actuarial (gain)/loss	-	29,000
Benefits paid	-	-
Past Service cost	-	-
Business combinations	-	394,000
Benefit obligation at 31 August 2013	614,000	518,000

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Movement in the fair value of Academy's share of scheme assets:

	Year ended 31/08/13 £	Period ended 31/08/12 £
At 1 September 2012	122,000	-
Expected return on assets	8,000	5,000
Actuarial gain/(loss)	12,000	-
Business combinations	-	46,000
Employer contributions	50,000	54,000
Member contributions	16,000	17,000
Benefits paid	-	-
At 31 August 2013	208,000	122,000
Deficit in the scheme as at 31st August 2013	406,000	396,000

The estimated value of employer contributions for the period ended 31st August 2014 is £50,000

There are no experience adjustments

26. Company limited by guarantee

Settlebeck School Academy Trust is a company limited by guarantee and accordingly does not have a share capital

Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.