

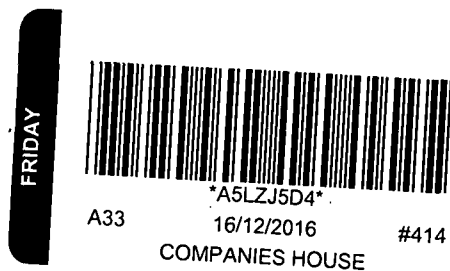
Registration number: 7693715

Settlebeck School Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



Stables Thompson & Briscoe
Chartered Accountants & Statutory Auditors
Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

Settlebeck School Academy Trust

Contents

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 8
Governance Statement	9 to 12
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15 to 16
Independent Reporting Accountant's Report on Regularity	17 to 18
Statement of Financial Activities incorporating Income and Expenditure Account	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 to 41

Settlebeck School Academy Trust

Reference and Administrative Details

Members	Michael Atkinson David Hunt Myles Ripley
Governors	Michael Atkinson David Hunt Myles Ripley Julie Calvert Anthony Ashfield Rebecca Hubbard Miles Johnson (resigned 30 October 2015) Helen Wilberforce Sally Ingham Patricia Tunna (resigned 5 April 2016) Dianna Whitfield (resigned 13 September 2016) Paul Whitfield (resigned 13 September 2016) Elizabeth Morgan (appointed 16 June 2016) Patricia Tunna (appointed 13 September 2016) Catherine Hartley (appointed 13 September 2016)
Company Secretary	Karen Little
Principal	Karen Grant
Senior Management Team	Judith Greene, Principal, resigned 31 August 2016 Karen Grant, Deputy Principal, resigned 31 August 2016 Karen Grant, Principal, appointed 1 September 2016 Paul Beach, Deputy Principal, appointed 1 September 2016
Principal and Registered Office	Long Lane Sedbergh Cumbria LA10 5AL
Company Registration Number	7693715
Auditors	Stables Thompson & Briscoe Chartered Accountants & Statutory Auditors Lowther House Lowther Street Kendal Cumbria LA9 4DX

Settlebeck School Academy Trust

Reference and Administrative Details (continued)

Bankers	Barclays Bank PLC Kendal, Highgate Branch 9 Highgate Kendal Cumbria LA9 4DF
Solicitors	Burnetts 6 Victoria Place Carlisle Cumbria CA1 1ES

Settlebeck School Academy Trust

Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 7693715.

The governors act as the trustees for the charitable activities of Settlebeck School Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Settlebeck School Academy Trust.

Details of the trustees who served throughout the year except as noted 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 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.

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

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 Head Teacher is four years. The Principals term of office runs parallel with her contract of employment. The governors who were in office at 31st August 2016 who served throughout the period, except where shown, are listed on page 1.

Policies and procedures adopted for the induction and training of Trustees

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.

Settlebeck School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Organisational 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 Head Teacher and Senior Team on a regular basis.

The Senior Team members for the Academy are the Head Teacher, the Deputy Head Teacher and the 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.

Arrangements for setting pay and remuneration of key management personnel

Setting the pay and remuneration of the academy's key management personnel is carried out by the Pay and Personnel subcommittee with input from relevant sources eg South Lakes Federation, the Academy's accountants for budget information and union and government guidelines. Trustees are unpaid.

Connected organisations, including related party relationships

The South Lakes Federation is made up of nine secondary schools, Kendal College, University of Cumbria 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.

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.

Settlebeck School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives, strategies and activities

The main objectives of the Academy during the year ended 31st August 2016 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.

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

The Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Settlebeck School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

Settlebeck School is in its fifth year of operation, changing to Academy status in August 2011. Total student numbers stand at 169. Settlebeck School was judged to be good, with outstanding features, by Ofsted in November 2013.

56% of students gained 5 A*-C in English and Maths at GCSE. The school's FFTD target was 66%. 47% achieved 4 levels of progress or better in English, and 44% achieved 4 levels of progress or better in Maths. The progress 8 measure was +0.11.

Key financial performance indicators

	Unit	2016	2015
To produce a GAG surplus of at least	1	10,000.00	10,000.00

Key non-financial performance indicators

GCSE results in 2016 show 79% 3+ levels of progress in both English and Maths, and a 45% 4+ levels of progress.

Recruitment for year 7 for September 2016 is above 30 pupils (33 in September 2016 achieved).

Going concern

After making appropriate enquiries, the Governing Body 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

Settlebeck School Academy Trust has produced financial statements for the period from 1st September 2015 – 31st August 2016.

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 2016 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 2015), 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 FRS102, 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 changed in 2014 and include past deficit contributions.

Settlebeck School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Financial and risk management objectives and policies

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.

Reserves policy

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

Investment policy

The financial position is constantly reviewed and monitored by the RO and the Finance & Buildings Committee together with the Head Teacher. The main source of funding is from the GAG provided by the EFA and the majority of the expenditure has been on supporting the pupils of Settlebeck School through providing good teachers and equipment to help them in their studies. Settlebeck School aims to keep reserves as high as possible to secure the future of the academy and ensure pupils receive a good education in a small and friendly school. The academy does not have any spare funds to invest, but may look further in the future if surplus funds are available.

Principal risks and uncertainties

Financial risks and uncertainties are magnified by the size of our small Academy where a change in roll of only a few pupils can make a large change to the balance sheet especially if those pupils carry extra costs or grants. Government grants and policies often change at quite short notice, and this can affect budgeting considerably eg the GAG and pupil premium. Currently changes in the funding formula have been proposed but the outcome is not yet clear and may influence rural schools adversely. The new formula has been postponed to 2018. In general a falling population within the Academy's catchment also requires a significant input to marketing to maintain our school roll.

Plans for future periods

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

Settlebeck School Academy Trust

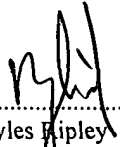
Trustees' Report for the Year Ended 31 August 2016 (continued)

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 8 December 2016 and signed on its behalf by:

X 
.....
Myles Ripley
Member

Settlebeck School Academy Trust

Governance Statement

Scope of responsibility

As trustees, 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 Karen Grant, 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. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
David Hunt	3	4
Michael Atkinson	3	4
Myles Ripley	4	4
Julie Calvert	2	4
Judith Greene	4	4
Anthony Ashfield	1	4
Rebecca Hubbard	3	4
Miles Johnson	1	1
Sally Ingham	4	4
Patricia Tunna	2	3
Helen Wilberforce	4	4
Paul Whitfield	3	4
Dianna Whitfield	2	4
Elizabeth Morgan	1	1

Governance reviews

Significant changes in the membership of the board of trustees has occurred over the year and once all changes are finalised a self-evaluation of roles of those members will be carried out. The last full review of those roles was in 2010 but a partial review was carried out in 2015/16.

Settlebeck School Academy Trust

Governance Statement (continued)

The academy trust currently has 12 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 committees. These are Pay and Personnel Committee, Policies Committee and Finance and Buildings 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 potential reducing number on roll, due to a reduction in population, continues to present a particular challenge to the school.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to monitor the finances of the academy and deal with general site issues. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Judith Greene	2	3
Julie Calvert	1	3
Myles Ripley	2	3
David Hunt	3	3
Rebecca Hubbard	2	3
Patricia Tunna	2	2
Dianna Whitfield	1	3

Review of value for money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of 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:

- Regularly reviewing the staffing structure
- Collaboration with the South Lakes Federation and the Cumbrian Association of System Leaders
- Using a number of approved suppliers in order to obtain the best prices
- Obtaining several quotations for utility contracts and comparing contract lengths in order to secure the best deals.

Settlebeck School Academy Trust

Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Settlebeck School Academy Trust for the year ended 31 August 2016 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Trustees have appointed Anthony Ashfield as Responsible Officer

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

- Payments and receipts
- Bank reconciliations and payroll
- Human resource files, control accounts and petty cash.

On a quarterly basis, the Responsible Officer reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of effectiveness

As Accounting Officer, Karen Grant 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;

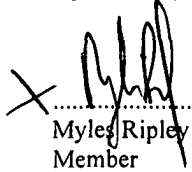
Settlebeck School Academy Trust


Governance Statement (continued)

- 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.

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 order of the members of the Governing Body on 8 December 2016 and signed on its behalf by:

X 
.....
Myles Ripley
Member

X 
.....
Karen Grant
Accounting officer
Principal

Settlebeck School Academy Trust

Statement on Regularity, Propriety and Compliance

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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 Governing Body and EFA.


.....
Karen Grant
Accounting officer

8 December 2016

Settlebeck School Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who are 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 Annual Accounts Direction published by the Education 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:

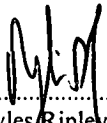
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] 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 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 the EFA/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 on 8 December 2016 and signed on its behalf by:

X 
.....
Myles Ripley
Member

Settlebeck School Academy Trust

Independent Auditor's Report on the Financial Statements 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 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 14), the trustees (who are also the directors of the charitable company 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

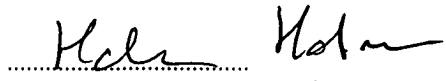
Matters on which we are required to report by exception

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:

Settlebeck School Academy Trust

**Independent Auditor's Report on the Financial Statements to the Members of
Settlebeck School Academy Trust (continued)**

- 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.


.....
Helen Holmes BSc FCA (Senior Statutory Auditor)
For and on behalf of Stables Thompson & Briscoe, Statutory Auditor

Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

8 December 2016

Settlebeck School Academy Trust

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

In accordance with the terms of our engagement letter dated 2 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2016, 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 period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body 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 the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook extant from 1 September 2015, 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 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

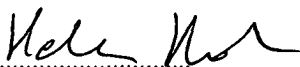
- We obtained information on the Academy's control environment and activities and considered whether these have been complied with the Academies Accounts Direction 2015 to 2016 and whether the activities conformed to the Academy Trust's framework of authorities.
- When testing expenditure the authorisation 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.
- 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.

Settlebeck School Academy Trust

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

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 year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Helen Holmes BSc FCA

For and on behalf of Stables Thompson & Briscoe, Chartered Accountants

Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

8 December 2016

Settlebeck School Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total (As restated) 2015 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	850	-	850	585
Other trading activities	4	22,401	-	-	22,401	31,065
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy trust's educational operations	3	136,726	1,461,413	-	1,598,139	1,490,470
Total incoming resources		159,127	1,462,263	-	1,621,390	1,522,120
Resources expended						
<i>Cost of generating funds:</i>						
		-	431	-	431	579
<i>Charitable activities:</i>						
Academy trust educational operations		17,876	1,580,077	145,530	1,743,483	1,647,476
Total resources expended	5	17,876	1,580,508	145,530	1,743,914	1,648,055
Net incoming/(outgoing) resources before transfers		141,251	(118,245)	(145,530)	(122,524)	(125,935)
Gross transfers between funds		(106,214)	100,872	5,342	-	-
Net income/(expenditure) for the year		35,037	(17,373)	(140,188)	(122,524)	(125,935)
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	21	-	(349,000)	-	(349,000)	(19,000)
Net movement in funds/(deficit)		35,037	(366,373)	(140,188)	(471,524)	(144,935)
Reconciliation of funds						
Total Funds/(deficit) brought forward at 1 September 2015		30,747	(307,135)	3,790,433	3,514,045	3,658,981
Total Funds/(deficit) carried forward at 31 August 2016		65,784	(673,508)	3,650,245	3,042,521	3,514,046

Settlebeck School Academy Trust

(Registration number: 7693715)
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	3,650,244	3,790,433
Current assets			
Stocks	11	417	279
Debtors	12	77,209	50,493
Cash at bank and in hand		253,946	340,358
		331,572	391,130
Creditors: Amounts falling due within one year	13	(115,295)	(221,517)
Net current assets		216,277	169,613
Total assets less current liabilities		3,866,521	3,960,046
Net assets excluding pension liability		3,866,521	3,960,046
Pension scheme liability	21	(824,000)	(446,000)
Net assets including pension liability		3,042,521	3,514,046
Funds of the Academy:			
Restricted funds			
Restricted general fund		150,494	138,867
Restricted fixed asset fund		3,650,244	3,790,433
Restricted pension fund		(824,000)	(446,000)
		2,976,738	3,483,300
Unrestricted funds			
Unrestricted general fund		65,783	30,746
Total funds		3,042,521	3,514,046

The financial statements on pages 19 to 41 were approved by the Trustees, and authorised for issue on 8 December 2016 and signed on their behalf by:

X 
.....
Myles Ripley
Member

Settlebeck School Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	2015 £
Net cash (outflow)/inflow from operating activities	17	(81,071)	124,020
Capital expenditure and financial investment	18	<u>(5,341)</u>	<u>(2,399)</u>
(Decrease)/increase in cash in the year	19	<u>(86,412)</u>	<u>121,621</u>

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Settlebeck School Academy Trust meets the definition of a public benefit entity under FRS 102.

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 company 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Academy Trust 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Academy Trust 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 the 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 Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Tangible fixed assets

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. 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 each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Assets

Asset class	Depreciation method and rate
Freehold land and buildings	Straight line over the remaining useful life of 20 to 50 years
ICT equipment	33% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	20% straight line

Liabilities

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

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Catering stocks are valued at the lower of cost or net realisable value.

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.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Pension benefits

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. 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 quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 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 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.

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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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 Education Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

Estimates and judgements 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.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. 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.

2 Donations and capital grants

	Restricted funds £	Total 2016 £	Total (As restated) 2015 £
Other donations	850	850	585

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total (As restated) 2015 £
DfE/EFA revenue grants				
General Annual Grant	-	1,150,456	1,150,456	1,115,757
Special educational projects	-	-	-	4,782
	-	1,150,456	1,150,456	1,120,539
Other government grants				
Other DfE	-	257,958	257,958	255,212
Non-government grants and other income				
Non Government	136,726	52,999	189,725	114,719

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Funding for the Academy Trust's educational operations (continued)

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total (As restated) 2015 £
Total grants and non-government income	<u>136,726</u>	<u>1,461,413</u>	<u>1,598,139</u>	<u>1,490,470</u>

4 Other trading activities

	Unrestricted funds £	Total 2016 £	Total (As restated) 2015 £
Hire of facilities and utility recharges	15,652	15,652	14,397
Recharges and reimbursements	2,249	2,249	1,168
Head Teacher Support	<u>4,500</u>	<u>4,500</u>	<u>15,500</u>
	<u>22,401</u>	<u>22,401</u>	<u>31,065</u>

5 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2016 £	Total (As restated) 2015 £
Costs of generating voluntary income	-	-	431	431	579
Academy's educational operations					
Direct costs	1,015,941	-	150,974	1,166,915	1,090,183
Allocated support costs	<u>188,792</u>	<u>263,997</u>	<u>123,779</u>	<u>576,568</u>	<u>557,293</u>
	<u>1,204,733</u>	<u>263,997</u>	<u>274,753</u>	<u>1,743,483</u>	<u>1,647,476</u>
	<u>1,204,733</u>	<u>263,997</u>	<u>275,184</u>	<u>1,743,914</u>	<u>1,648,055</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Operating leases - plant and machinery	3,664	1,765
Fees payable to auditor - audit	4,200	4,000
- other audit services	43,914	35,423
Depreciation	<u>145,530</u>	<u>147,125</u>

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Charitable activities

	Total 2016 £	Total (As restated) 2015 £
Direct costs - educational operations		
Teaching and educational support staff costs	1,015,941	958,278
Educational supplies	48,635	46,158
Examination fees	13,615	11,318
Staff development	8,417	8,893
Educational consultancy	1,185	1,931
Other direct costs	79,122	63,605
	<u>1,166,915</u>	<u>1,090,183</u>
Support costs - educational operations		
Support staff costs	159,792	161,432
Defined benefit pension scheme obligation inherited	29,000	24,000
Depreciation	145,530	147,125
Technology costs	20,785	17,067
Maintenance of premises and equipment	59,894	36,631
Rent, rates and utilities	53,845	53,863
Insurance	4,728	13,103
Recruitment and support	337	3,044
Security and transport	6,077	6,315
Catering	25,749	26,492
Bank interest and charges	1,456	1,295
Professional fees	53,365	47,732
Other support costs	16,010	19,194
	<u>576,568</u>	<u>557,293</u>
Total direct and support costs	<u><u>1,743,483</u></u>	<u><u>1,647,476</u></u>

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Charitable activities (continued)

	Educational operations £	Total 2016 £	Total (As restated) 2015 £
Analysis of support costs			
Support staff costs	188,792	188,792	185,432
Depreciation	145,530	145,530	147,125
Technology costs	20,785	20,785	17,067
Premises costs	118,467	118,467	103,597
Other support costs	102,994	102,994	104,072
Total support costs	576,568	576,568	557,293

7 Staff

Staff costs

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	936,540	913,796
Social security costs	61,943	56,407
Pension costs	188,626	153,021
	1,187,109	1,123,224
Supply teacher costs	17,624	20,486
	1,204,733	1,143,710

Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2016 No	2015 No
Charitable Activities		
Teachers	11	12
Administration and support	22	21
Management	2	2
	35	35

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No	2015 No
£60,001 - £70,000	<u>1</u>	<u>1</u>

8 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Judith Greene (Principal):

Remuneration: £65,000 - £70,000 (2015 - £65,000 - £70,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £5,000 - £10,000)

Julie Calvert (Staff Governor):

Remuneration: £20,000 - £25,000 (2015 - £20,000 - £25,000)

Employer's pension contributions: £0 - £5,000 (2015 - £0 - £5,000)

Sally Ingham (Staff Governor):

Remuneration: £45,000 - £50,000 (2015 - £45,000 - £50,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £212,492 (2015: £211,206).

During the year ended 31 August 2016, travel and subsistence expenses totalling £1,129 (2015 - £2,032) were reimbursed or paid directly to 3 trustees (2015 - 3).

Other related party transactions involving the trustees are set out in note 22.

9 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.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2015	4,302,142	74,593	7,500	51,888	4,436,123
Additions	-	-	-	5,341	5,341
At 31 August 2016	4,302,142	74,593	7,500	57,229	4,441,464
Depreciation					
At 1 September 2015	528,071	60,972	7,500	49,147	645,690
Charge for the year	129,324	13,621	-	2,585	145,530
At 31 August 2016	657,395	74,593	7,500	51,732	791,220
Net book value					
At 31 August 2016	3,644,747	-	-	5,497	3,650,244
At 31 August 2015	3,774,071	13,621	-	2,741	3,790,433

11 Stock

	2016 £	2015 £
Catering	417	279

12 Debtors

	2016 £	2015 £
Trade debtors	28,926	29,124
VAT recoverable	5,285	4,026
Other debtors	1,939	5,315
Prepayments	10,499	10,855
Accrued grant and other income	30,560	1,173
	77,209	50,493

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	29,421	22,096
Other taxation and social security	20,321	17,177
Other creditors	1,715	8,215
Accruals	16,549	16,388
Deferred income	27,872	140,633
Pension scheme creditor	19,417	17,008
	<u>115,295</u>	<u>221,517</u>
		2016 £

Deferred income

Deferred income at 1 September 2015	140,633
Resources deferred in the period	27,872
Amounts released from previous periods	<u>(140,633)</u>
Deferred income at 31 August 2016	<u>27,872</u>

Deferred income relates to funding for Special Educational Needs, Pupil Premium and Universal Infant Free School Meals for the period commencing 1st September 2016.

14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	112,092	1,150,455	(1,228,267)	90,505	124,785
Other DfE grants	5,009	257,958	(257,625)	(5,341)	1
Other restricted general funds	<u>21,766</u>	<u>53,850</u>	<u>(65,617)</u>	<u>15,709</u>	<u>25,708</u>
	138,867	1,462,263	(1,551,509)	100,873	150,494
Restricted fixed asset funds					
Restricted fixed asset fund	3,790,433	-	(145,530)	5,341	3,650,244
Restricted pension funds					
Pension reserve	<u>(446,000)</u>	<u>-</u>	<u>(29,000)</u>	<u>(349,000)</u>	<u>(824,000)</u>
Total restricted funds	3,483,300	1,462,263	(1,726,039)	(242,786)	2,976,738
Unrestricted funds					
Unrestricted general funds	<u>30,746</u>	<u>159,127</u>	<u>(17,876)</u>	<u>(106,214)</u>	<u>65,783</u>

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Funds (continued)

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Total funds	<u>3,514,046</u>	<u>1,621,390</u>	<u>(1,743,915)</u>	<u>(349,000)</u>	<u>3,042,521</u>

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,650,244	3,650,244
Current assets	65,784	265,788	-	331,572
Current liabilities	-	(115,295)	-	(115,295)
Pension scheme liability	-	(824,000)	-	(824,000)
Total net assets	<u>65,784</u>	<u>(673,507)</u>	<u>3,650,244</u>	<u>3,042,521</u>

16 Financial commitments

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Within one year	9,327	412
In two and five years	<u>29,444</u>	<u>-</u>
	<u>38,771</u>	<u>412</u>

17 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2016 £	2015 £
Net expenditure	(122,524)	(125,935)
Depreciation	145,530	147,125
Defined benefit pension scheme obligation inherited	29,000	24,000
(Increase)/decrease in stocks	(138)	204
Increase in debtors	(26,716)	(2,164)
(Decrease)/increase in creditors	<u>(106,222)</u>	<u>80,788</u>
Net cash (used in)/provided by Operating Activities	<u>(81,070)</u>	<u>124,018</u>

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18 Capital expenditure and financial investment

	2016 £	2015 £
Dividends, interest and rents from investments	22,401	31,065
Purchase of tangible fixed assets	(5,341)	(2,399)
Net cash provided by investing activities	<u>17,060</u>	<u>28,666</u>

19 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	<u>253,946</u>	<u>340,358</u>
Total cash and cash equivalents	<u>253,946</u>	<u>340,358</u>

20 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.

21 Pension and similar obligations

The Academy Trust'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 . 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 2013.

Contributions amounting to £(19,417) (2015 - £(17,008)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £138,492 (2015: £117,049).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £91,000 (2015 - £77,000), of which employer's contributions totalled £71,000 (2015 - £60,000) and employees' contributions totalled £20,000 (2015 - £17,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

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

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

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.40	3.80
Rate of increase for pensions in payment/inflation	1.90	2.30
Discount rate for scheme liabilities	2.20	4.00
Inflation assumptions (CPI)	1.90	2.30
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1%	0.0%	- 0.1%
Adjustment to discount rate	£	£	£
Present value of total obligation	790,000	824,000	-
Projected service cost	<u>117,000</u>	<u>121,000</u>	<u>-</u>
	+ 0.1%	0.0%	- 0.1%
Adjustment to rate of inflation	£	£	£
Present value of total obligation	858,000	824,000	-
Projected service cost	<u>124,000</u>	<u>121,000</u>	<u>-</u>
	+ 0.1%	0.0%	- 0.1%
Adjustment to rate of salary growth	£	£	£
Present value of total obligation	838,000	824,000	-
Projected service cost	<u>121,000</u>	<u>121,000</u>	<u>-</u>
	+ 1 Year	None	- 1 Year
Adjustment to mortality age rating assumption	£	£	£
Present value of total obligation	847,000	824,000	-
Projected service cost	<u>123,000</u>	<u>121,000</u>	<u>-</u>

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	23.10	23.00
Females retiring today	25.70	25.60
Retiring in 20 years		
Males retiring in 20 years	25.90	25.80
Females retiring in 20 years	<u>28.90</u>	<u>28.80</u>

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	286,000	206,000
Government bonds	112,000	72,000
Other bonds	42,000	28,000
Property	60,000	44,000
Cash	17,000	11,000
Other	52,000	31,000
Total market value of assets	569,000	392,000
Present value of scheme liabilities - funded	(1,393,000)	(838,000)
Deficit in the scheme	(824,000)	(446,000)

The actual return on scheme assets was £88,000 (2015 - £15,000).

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost	(81,000)	(68,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	<u>(19,000)</u>	<u>(16,000)</u>
Total operating charge	<u><u>(100,000)</u></u>	<u><u>(84,000)</u></u>

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

	2016 £	2015 £
At 1 September	838,000	704,000
Current service cost	81,000	67,000
Interest cost	34,000	30,000
Employee contributions	20,000	17,000
Actuarial losses	<u>420,000</u>	<u>20,000</u>
At 31 August	<u><u>1,393,000</u></u>	<u><u>838,000</u></u>

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

	2016 £	2015 £
At 1 September	392,000	301,000
Expected return on assets	17,000	17,000
Actuarial gains/(losses)	71,000	(3,000)
Employer contributions	71,000	60,000
Employee contributions	20,000	17,000
Plan introductions, benefit changes, curtailments and settlements	<u>(2,000)</u>	<u>-</u>
At 31 August	<u><u>569,000</u></u>	<u><u>392,000</u></u>

22 Related party transactions

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

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 8.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Settlebeck School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Settlebeck School Academy Trust for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds

	1 September 2014	31 August 2015
Note	£	£
Total funds under previous UK GAAP	3,879,479	3,514,046
Total funds reported under FRS 102	<u>3,879,479</u>	<u>3,514,046</u>

Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		(121,935)
Change in recognition of LGPS interest cost		<u>(4,000)</u>
Net movement in funds reported under FRS 102		<u>(125,935)</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £4,000 and increase the credit/debit in other recognised gains and losses in the SOFA by an equivalent amount.

Settlebeck School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Transition to FRS 102 (continued)

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £Nil was recognised at 1 September 2014, and £Nil at 31 August 2015. The movement on this provision of £Nil has been charged to the SOFA in the year ended 31 August 2015.