

Settlebeck School Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number: 07693715 (England & Wales)

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SETTLEBECK SCHOOL ACADEMY TRUST

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SETTLEBECK SCHOOL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2018

Registered Charity Name Settlebeck School Academy Trust

Company Registration Number 07693715 (England & Wales)

Principal and Registered Office Long Lane
Sedbergh
Cumbria
LA10 5AL

**Appointment
Date**

**Resignation
Date**

Members

- * Myles Ripley
- Michael Atkinson
- David Hunt

Trustees / Directors

- | | | |
|-------------------|------------|------------|
| * Sarah Campbell | 01/09/2017 | |
| Julie Calvert | | 23/04/2018 |
| Sally Ingham | | 07/02/2018 |
| Elizabeth Morgan | | 29/03/2018 |
| * Patricia Tunna | | |
| Catherine Hartley | | 22/11/2017 |
| Jessica Oxley | | |
| Jane Storey | | 22/11/2017 |
| * Steve Wetton | | |
| Caroline Taylor | 07/02/2018 | |
| Sarah Evans | 12/06/2018 | |
| Matt Towe | 22/11/2017 | |
| Catharine Driver | 22/11/2017 | |

- * Current members of the Finance, Property & Audit Committee

SETTLEBECK SCHOOL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2018

Company Secretary

Karen Little

Senior Leadership Team:

Headteacher

Sarah Campbell

Deputy Headteacher

Paul Beach

Independent Auditor

Saint & Co Chartered Accountants
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

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

YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Settlebeck school is a mixed, converter academy school for pupils aged 11 to 16, serving a catchment area in Sedbergh and the surrounding area. It has a pupil capacity of 250 and had a roll of 197 in the school census on 06 October 2018.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Settlebeck School Academy Trust 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 during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustee's Indemnities

The academy trust has purchased indemnity insurance to protect trustees and officers from claims arising in connection with academy business.

Method of Recruitment and Appointment or Election of Trustees

The trustees are appointed under the terms of the academy trust's articles of association as follows:

- The members may appoint up to 6 trustees
- A minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Article 101A.
- Up to 1 LA trustee
- The total number of Trustees including the Accounting Officer if they so choose to act as Trustee under Article 57 who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.
- Providing that the Accounting Officer agrees so to act, the Members may by ordinary resolution appoint the Accounting Officer as a Trustee.
- Any trustee elected by the Secretary of State for Education.
- The Trustees may appoint up to 3 Co-opted Trustees.

Method of Recruitment and Appointment or Election of Trustees (continued)

New trustees are recruited on the basis of the skills and competencies required to address gaps highlighted in regular skills audits of the existing board of trustees.

The term of office for all trustees, except the Accounting Officer, is four years. The Accounting Officer's term of office runs parallel with his contract of employment. The trustees who were in office at 31st August 2018 who served throughout the period, except where shown, are listed on page 1.

SETTLEBECK SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2018

Policies and Procedures Adopted for the Induction and Training of Trustees.

The training and induction provided for new Trustees is specifically tailored to the needs of the individual and their existing experience. Settlebeck School Academy Trust recognises that new trustees do not necessarily have a background in education and/or a thorough understanding of the school. To ensure they receive the necessary support to undertake their duties, the induction process is tailored to the needs of the individual and includes;

- A preliminary informal meeting with the Chair of Governors to ensure they understand their general responsibilities and time commitment.
- An induction meeting with the Chair of Governors which includes a tour of the school.
- Regular training on developments in Governance issues.
- Annual training related to each of the trustee's specific needs.

Organisational Structure

The trustees are responsible for the general control and management of the administration of the trust in accordance with the provisions set out in the Memorandum and Articles of Association. The trustees are accountable for the performance of Settlebeck School Academy Trust and as such must;

- Ensure clarity of vision, ethos and strategic direction.
- Hold the Academy Headteacher to account for the educational performance of its pupils, and the performance management of staff.
- Oversee the financial performance of the academy and ensure that monies are well spent and within agreed spending levels.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust board holds responsibility for setting the pay and remuneration of the academy's key management personnel in accordance with the Pay Policy for Teachers based on the format of the DFE's model policy and the NJC terms and conditions for support staff. Pay progression is based on an annual cycle running from the 1st September to 31st August and is determined by the achievement of pre-determined performance objectives. Responsibility for the appraisal process has been delegated to the Headteacher's Pay Review Committee, supported by an officer from South Lakes Federation, and the Pay and Personnel Committee (both sub committees of the Trust Board).

SETTLEBECK SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	1
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£750
Total pay bill	£1,311,608
% of total pay bill spent on facility time	0.057%

Paid trade union activities

There was no paid union activity during the period

Related Parties and other Connected Charities and Organisations

Settlebeck School supports the rationale that there is strength in partnerships and is a member of the South Lakes Federation to bring rigour, challenge and a greater capacity for improvement. The collaborative federation is made up of nine secondary schools, Kendal College and a special school within the South Lakes area, providing an opportunity for curriculum enrichment, access for students to vocational courses and support for gifted and talented students. A series of 'thresholds for performance' or benchmarks for attainment and progress of students are set within the federation and support for improvement provided where necessary.

Objectives and Activities

Objects and Aims

The main objects of the academy trust are:

- to advance for the public benefit education in the United Kingdom, by establishing, maintaining, managing and developing schools offering a broad and balanced curriculum
- to promote for the benefit of the inhabitants of the areas in which the academies are situated the provision of facilities for recreation or other leisure time occupation with the object of improving the condition of life.

Objectives, Strategies and Activities

Settlebeck School is a friendly, vibrant and fiercely ambitious school, where every student is treated as an individual. We are committed to making the difference for all our young people. We aim to ensure all our students are fully equipped with the skills and values to enable them to lead fulfilling adult lives and careers. We do this by focussing on their entitlement to the highest quality education which develops a love of learning.

Academic standards are our priority and we believe that exceptional results are a product of not only high quality teaching, but also of the excellent care and support we offer all our students.

SETTLEBECK SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2018

Objectives, Strategies and Activities (continued)

The 'family feel' of our small academy offers security and a supportive environment where learning can be tailored to the individual needs of our inclusive intake. This is achieved through:

- An authentic relationship between staff and students which is friendly, structured and shows each individual they are valued.
- Having a relentless focus on learning across the school.
- Offering a curriculum suitable to the needs of our students.

The main objectives for the academy during the year ending 31st August 2018 are summarised below:

- To continue our relentless focus on improving standards and outcomes for all our young people.
- To ensure every student receives high quality teaching.
- To develop data systems across the school to improve the tracking of student progress, intervening quickly when learning has stalled.
- To develop assessment practices in KS3.
- To improve attendance of students attending the school.
- Evaluate and review the KS3 and KS4 curriculum to ensure it meets the needs of all our learners and enables them to develop a deep knowledge base.
- To have a structured monitoring, evaluation and review process to monitor and challenge effectiveness of all aspects of academy life.
- Continue to seek ways of reducing demand on the school budget by careful analysis of the potential for all cost centres to make savings and implementing best value and value for money strategies.
- To continue to develop close working relationships with the local community, industry and commerce.
- Continue to develop our practice through collaboration with other schools within the South Lakes Federation.

Public Benefit

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

Strategic Report

Achievements and Performance

Settlebeck School is in its seventh year in operation, changing to academy status in 2011. Based on the January Census the total number of students on roll was 184. Student numbers has rising to 196 in September 2018.

In January 2018, Settlebeck school was judged to be a good school by Ofsted.

At GCSE levels grades represent broadly in line with similar outcomes to the previous year in terms of local and national data. However, our Progress 8 score of +0.5 places the school in the top 14% nationally and the 3rd best school in the county. Attainment 8 score for the cohort was above expectation at 48.28. 76% of students achieved grade 9-4 in English and Maths, with 47.37% achieving grade 9-5. Students across the ability range achieved a positive Progress 8 score.

SETTLEBECK SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2018

Key Financial Performance Indicators

Settlebeck School

Staffing costs as a % of total income (excluding capital income)

	2018	2017
Teaching staff	65.1%	65.8%
Support staff	16.9%	14.4%
Total	82.0%	80.2%

Teaching Staff

	2018	2017
Pupils on roll	185	171
Full time equivalents teachers	16	16
Pupil teacher ratio	11.6	10.7

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it 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.

Financial Review

Settlebeck School Academy Trust's financial statements are for the year ended 31 August 2018.

The majority of the academy's income is obtained from the Educational and Skills Funding Agency (ESFA) in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the related expenditure are shown as restricted funds in the statement of financial activities.

Under Financial Reporting Standard 102, 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.

During the period ended 31 August 2018, total general expenditure of £1,671,618 was covered by recurrent grant funding from the DfE together with other incoming resources. The general income was £77,739 less than expenditure for the year.

At 31 August 2018 the net book value of fixed assets was £1,571,067 and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

SETTLEBECK SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2018

Financial Review (Continued)

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, and the nature of the reserves. The trustees will keep the level of reserves under review.

The general unrestricted fund balance at the year end was £29,661 (2017: £37,001). The trustees believe that this level of reserves is required to support the running of the school during the demographic dip.

The GAG fund balance at the year end was £51,838 (2017: £69,987).

Funds in Deficit

The trustees note that certain restricted funds are in deficit which have been disclosed in the funds note supporting the financial statements.

Principal Funding Sources

The main sources of income for the year were: The ESFA and the local authority.

Investment Policy

The financial position is constantly reviewed and monitored by 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.

Financial and Risk Management Objectives and Policies

A budget for the period was agreed prior to the beginning of the accounting period. Management accounts were presented at each quarterly Finance, Property & Audit Committee trustee meeting and income and expenditure monitored against budget. All the academy's financial policies, systems and controls are disclosed in the academy's Financial Regulations Manual.

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.

SETTLEBECK SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2018

Fundraising

The academy does not engage with professional fundraisers to undertake any fundraising activities on its behalf. The academy from time to time carries out minor level fundraising activities to raise funds for the academy whereby students seek voluntary donations from parents and the local community.

Plans for Future Periods

- Continue to develop quality first teaching at both key stages with a strong focus on differentiation, stretch and challenge.
- Continue our focus on improving attendance, particularly for girls and those with SEND (target 97%). Develop and implement new attendance strategy.
- Develop leadership capacity in the school through engagement with nationally recognised qualifications to enhance training, responsibility and accountability.
- To continue to address areas of weakness identified in the Ofsted reports and by the South Lakes Federation Peer review process including the performance of students in receipt of Pupil Premium and those with SEND, assessment procedures at KS3.
- Improve data tracking throughout the school.
- Ensure that those students with SEND have access to appropriate nationally recognised qualifications.
- Review and evaluate the effectiveness of the KS3 curriculum.
- Continue to develop pedagogy through the sharing of good practice and staff CPD.
- Further develop behaviour and rewards systems within the school and ensure all staff are suitable trained in positive behaviour management techniques.
- Develop strategies to engage parents and ensure that the school reporting systems are fit for purpose.
- Develop careers education in the school with a focus on the Gatsby Benchmarks.
- Evaluate PSHE provision, ensuring it meets the requirements of statutory frameworks.

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.

Saint & Co Chartered Accountants were formally reappointed at the Multi Academy Trust's AGM held on 12th December 2018.

The Trustees' report, incorporating a strategic report, was approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Myles Ripley
Chair of Trustees

SETTLEBECK SCHOOL ACADEMY TRUST

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

Scope of Responsibility

As trustees, we acknowledge that 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 board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Settlebeck School Academy Trust and the Secretary of State for Education.

The Accounting Officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Myles Ripley	5	5
Michael Atkinson	4	5
Sarah Campbell	5	5
Julie Calvert	2	4
Sally Ingham	3	3
Elizabeth Morgan	4	4
Patricia Tunna	4	5
Catherine Hartley	1	1
Jessica Oxley	5	5
Jane Storey	1	1
Steve Wetton	4	5
Caroline Taylor	2	2
Sarah Evans	1	1
Catharine Driver	3	4
Matt Towe	2	4

Governance Review

Significant changes in the membership of the board of trustees occurred during 2016/17 financial year. Now all changes are finalised a self-evaluation of roles of those members will be carried out during the next financial year. The last full review of those roles was in 2016/17.

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.

SETTLEBECK SCHOOL ACADEMY TRUST

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

The Finance and Buildings 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
Myles Ripley	3	3
Julie Calvert	0	2
Sarah Campbell	3	3
Patricia Tunna	3	3
Catherine Hartley	0	0
Steve Wetton	3	3

Review of Value for Money

As accounting officer the Headteacher 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 appropriate. 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 price
- Obtaining several quotations for utility contracts and comparing contract lengths in order to secure the best deals.

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 period 01 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 01 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

SETTLEBECK SCHOOL ACADEMY TRUST

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the Finance, Property and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Saint and Co the external auditor, to perform additional checks.

The external auditor'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:

- testing of payroll systems;
- testing of purchases systems;
- testing of bank reconciliations

Once a year, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The board of trustees confirm that the external auditor has delivered their schedule of works as planned and any recommendations have been considered.

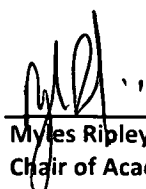
Review of Effectiveness

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

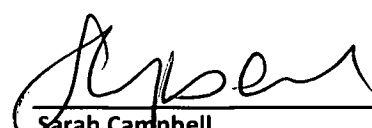
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Myles Ripley
Chair of Academy Trustees



Sarah Campbell
Accounting Officer

SETTLEBECK SCHOOL ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2018

As accounting officer of Settlebeck School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all 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 2017.

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

Signed: _____

Sarah Campbell
(Accounting Officer)

12.12.18 Date

SETTLEBECK SCHOOL ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Myles Ripley
Chair of Academy Trustees

SETTLEBECK SCHOOL ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SETTLEBECK SCHOOL ACADEMY TRUST

YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Settlebeck School Academy Trust for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2018 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

SETTLEBECK SCHOOL ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SETTLEBECK SCHOOL ACADEMY TRUST *(continued)*

YEAR ENDED 31 AUGUST 2018

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

SETTLEBECK SCHOOL ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SETTLEBECK SCHOOL ACADEMY TRUST (continued)

YEAR ENDED 31 AUGUST 2018

Use of our report

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



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

12 December 2018 Date

SETTLEBECK SCHOOL ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SETTLEBECK SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 21/06/2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 01 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective Responsibilities of the Settlebeck School Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirement of the 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 2017, 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 2017 to 2018. 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 01 September 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

SETTLEBECK SCHOOL ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SETTLEBECK SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

YEAR ENDED 31 AUGUST 2018

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:

- the Financial Management & Governance Evaluation (FMGE) was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors declaration of interests;
- where present obtaining the accounting officer's file.

Use of our report

This report is made solely to Settlebeck School Academy Trust and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Settlebeck School Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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 01 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

12 December 2018 Date

SETTLEBECK SCHOOL ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Income and endowments from:						
Donations and capital grants	2	-	15,364	(1,698,706)	(1,683,342)	24,905
<i>Charitable activities :</i>						
- Funding for the academy trust's educational operations	3	42,846	1,490,440	-	1,533,286	1,526,763
Other trading activities	4	45,229	-	-	45,229	48,090
Investment income	5	-	-	-	-	-
Total		88,075	1,505,804	(1,698,706)	(104,827)	1,599,758
Expenditure on:						
Raising funds	7	43,948	-	-	43,948	420
<i>Charitable activities :</i>						
- Academy trust educational operations	8	41,277	1,586,393	181,525	1,809,195	1,869,266
Total	6	85,225	1,586,393	181,525	1,853,143	1,869,686
Net income / (expenditure) before transfers						
		2,850	(80,589)	(1,880,231)	(1,957,970)	(269,928)
Transfers between funds	10	(10,190)	1,190	9,000	-	-
Net Income/(expenditure) for the year		(7,340)	(79,399)	(1,871,231)	(1,957,970)	(269,928)
Other recognised gains / (losses)						
Actuarial (losses) gains on defined benefit pension scheme	16/20	-	164,000	-	164,000	186,000
Net movement in funds		(7,340)	84,601	(1,871,231)	(1,793,970)	(83,928)
Reconciliation of funds						
Total funds brought forward at 01 September 17		37,001	(600,894)	3,522,486	2,958,593	3,042,521
Total funds carried forward at 31 August 2018		29,661	(516,293)	1,651,255	1,164,623	2,958,593

All of the academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all the gains and losses are included in the Statement of Financial Activities.


SETTLEBECK SCHOOL ACADEMY TRUST

BALANCE SHEET

31 AUGUST 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	1,571,067	3,522,486
Current assets			
Stock	12	215	215
Debtors	13	75,913	36,210
Cash at bank and in hand		<u>266,109</u>	<u>189,708</u>
		342,237	226,133
Liabilities			
Creditors: amount falling due within one year	14	<u>(146,806)</u>	<u>(89,026)</u>
Net current assets		<u>195,431</u>	<u>137,107</u>
Total Assets less current liabilities		<u>1,766,498</u>	<u>3,659,593</u>
Creditors: amount falling due after more than one year	15	(7,875)	-
Net assets excluding pension liability		<u>1,758,623</u>	<u>3,659,593</u>
Defined benefit pension scheme liability	20	<u>(594,000)</u>	<u>(701,000)</u>
Total Net Assets		<u>1,164,623</u>	<u>2,958,593</u>
Funds of the academy trust :			
Restricted funds			
Fixed asset funds	16	1,651,255	3,522,486
General funds	16	77,707	100,106
Pension reserve	16	<u>(594,000)</u>	<u>(701,000)</u>
Total restricted funds	16	1,134,962	2,921,592
Unrestricted income funds			
General funds	16	<u>29,661</u>	<u>37,001</u>
Total unrestricted funds		<u>29,661</u>	<u>37,001</u>
Total funds		<u>1,164,623</u>	<u>2,958,593</u>

The financial statements were approved by the governors, and authorised for issue on 12 December 2018 and signed on their behalf by:


Myles Ripley (Chair of Trustees)


Sarah Campbell (Accounting Officer)

Company Registration Number: 07693715

SETTLEBECK SCHOOL ACADEMY TRUST

STATEMENT OF CASHFLOWS

YEAR ENDED 31 AUGUST 2018

	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £	
Reconciliation of net income / (expenditure) to net cashflow from operating activities			
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(1,957,970)	(269,928)	
<i>Adjusted for:</i>			
Assets transferred from predecessor school - Adjustment (Note 11)	1,881,015	-	
Interest receivable	-	-	
Loss on disposal of fixed assets	-	-	
Depreciation	70,404	133,358	
Capital grants from DfE/ESFA	(182,309)	-	
Other capital funding received	(15,364)	-	
Decrease/(increase) in stocks	-	202	
Decrease/(increase) in debtors	(39,703)	40,999	
Increase/(decrease) in creditors	57,780	(26,269)	
Increase/(decrease) in creditors over one year	7,875	-	
Defined benefit pension scheme costs less contributions payable.	39,000	44,000	
Defined benefit pension scheme net finance costs	18,000	19,000	
Net cash provided by / (used in) operating activities	(121,272)	(58,638)	
Cashflows from investing activities			
Receipts from sale of tangible fixed assets	-	-	
Payments to acquire tangible fixed assets	-	(5,600)	
Other capital funding received	15,364	-	
Capital grants from DfE/ESFA	182,309	-	
Interest received	-	-	
Net cash provided by / (used in) investing activities	197,673	(5,600)	
Increase / (Decrease) in cash in the year	76,401	(64,238)	
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period	76,401	(64,238)	
Cash and cash equivalents at 1 September 2017	189,708	253,946	
Cash and cash equivalents at 31 August 2018	266,109	189,708	
Analysis of cash and cash equivalents			
	1 Sep 2017 £	Cash flows £	31 Aug 2018 £
Cash in hand and at bank	189,708	76,401	266,109
Total cash and cash equivalents	189,708	76,401	266,109

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

1. 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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.

Incoming resources

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 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

1. Statement of Accounting Policies (*Continued*)

Donated goods, facilities and 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'.

Donated fixed assets

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.

Deferred income

Grants and other funding received for the Academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

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.

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.

All resources expended are exclusive of irrecoverable VAT.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

1. Statement of Accounting Policies (*Continued*)

Tangible fixed assets

Tangible fixed assets transferred on conversion to Academy status have been included in the accounts at valuation.

Tangible fixed assets since the Academy was established are included in the accounts at cost, net of depreciation and any provision for impairment.

Single assets costing less than £1,000 or similar groups of assets purchased or ordered together of less than £1,000 are written off in the year of purchase.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	- straight line over the estimated economic life (23 to 50 years)
Plant and machinery	- straight line over the estimated economic life (15 years)
Furniture and equipment	- 10% straight line
ICT equipment	- 33% straight line
Motor vehicles	- 20% straight line

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

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.

No depreciation is provided on freehold land.

The total depreciation charge is allocated to direct costs and support costs pro-rata to the number of employees.

A full years depreciation is charged in the year of purchase and no charge is made in the year of disposal.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

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.

Public Benefit Entity Concessionary Loans

Public benefit entity concessionary loans shall initially be measured at the amount received and recognised in the statement of financial position. In subsequent years, the carrying amount of concessionary loans in the financial statements shall be adjusted to reflect any accrued interest payable.

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 applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 taxation 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

YEAR ENDED 31 AUGUST 2018

1. Statement of Accounting Policies (*Continued*)

Pensions 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, 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 quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 funds reflect those resources which may be used towards meeting any of the objects of the Academy at the discretion of the trustees.

Restricted fixed asset funds reflect the fixed assets and capital grants for the purchase of fixed assets to be used for charitable purposes.

Restricted general funds comprise grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes.

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with ESFA guidance.

Details of restricted and unrestricted funds are shown in the notes to the financial statements.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

1. Statement of Accounting Policies (*Continued*)

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.

Critical accounting estimates, assumptions and judgements

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 30, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.
- The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

2. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
EFA Capital grants	-	182,309	182,309	6,818
Assets transferred from predecessor school (note 11)		(1,881,015)	(1,881,015)	-
Other donations	-	15,364	15,364	18,087
	-	(1,683,342)	(1,683,342)	24,905
2017 total	1,939	22,966	24,905	

During the year a correction has been made to the valuation of land and buildings which were originally transferred from local authority. The figure noted above refers to the change in the net book value of the assets at 01/09/2017 and is described in more detail in Note 11.

3. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	1,132,633	1,132,633	1,110,165
Pupil Premium	-	43,834	43,834	33,870
Other DfE / ESFA grants	-	12,334	12,334	7,298
Other Government grants				
Local Authority Funded Statements	-	248,327	248,327	274,763
Other Local Authority Grants	-	2,367	2,367	3,702
School Fund Income	-	1,841	1,841	-
Catering	41,931	-	41,931	39,873
Other Educational Operations				
Educational Activities and Visits	-	26,440	26,440	33,943
Other	915	22,664	23,579	23,149
	42,846	1,490,440	1,533,286	1,526,763
2017 total	45,022	1,481,741	1,526,763	

4. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Fundraising	1,726	-	1,726	-
Hire of facilities and utility recharges	8,773	-	8,773	13,072
Service Provision	34,730	-	34,730	35,018
	45,229	-	45,229	48,090
2017 total	48,090	-	48,090	

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Bank Interest Receivable	-	-	-	-
	-	-	-	-
2017 total	-	-	-	

Comparative Figures

The comparative figures for all the income and expenditure notes have been restated to disclose the balances as the current year to make the previous years comparable to the disclosures in the current year. The overall income and expenditure had not altered just the allocations.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

6. Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Expenditure on raising funds	22,738	8,773	12,437	43,948	420
Academy's educational operations					
Direct costs	1,035,085	25,345	58,959	1,119,389	1,188,416
Allocated support costs	253,785	173,253	236,547	663,585	645,600
Educational activities and school fund costs	-	-	26,221	26,221	35,250
	1,288,870	198,598	321,727	1,809,195	1,869,266
	1,311,608	207,371	334,164	1,853,143	1,869,686

Comparative Figures

The comparative figures for all the income and expenditure notes have been restated to disclose the balances as the current year to make the previous years comparable to the disclosures in the current year. The overall income and expenditure had not altered just the allocations.

Incoming/outgoing resources for the period

	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
This is stated after charging:		
Depreciation	70,404	133,358
Loss on disposal of fixed assets	-	-
Operating leases	9,141	14,524
Fees payable to auditor	8,000	4,550
- audit of the financial statements		
- other assurance services	1,380	-
- other services	-	42,650
	88,925	195,082

7. Expenditure on raising funds

	Unrestricted Funds £	Restricted Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Teaching and educational support staff	3,171	-	3,171	-
Support staff costs	19,567	-	19,567	-
Maintenance of premises and equipment	-	-	-	-
Rent and rates	-	-	-	-
Heat and light	8,773	-	8,773	-
Catering	11,992	-	11,992	-
Printing, postage, stationery & photocopying	-	-	-	-
Advertising	-	-	-	-
Fund Raising Expenses	445	-	445	420
Other support costs	-	-	-	-
	43,948	-	43,948	420
2017 total	-	420	420	

The allocation of costs in the previous year did not split for costs relating to the other trading activities which are still included in charitable activities.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

8. Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Direct costs - educational operations				
Teaching and educational support staff	-	1,035,085	1,035,085	1,048,529
Depreciation	-	25,345	25,345	50,460
Loss on disposal of fixed assets	-	-	-	-
Books, apparatus and stationery	-	31,036	31,036	46,504
Staff development	-	9,212	9,212	7,602
Examination fees	-	18,667	18,667	12,880
Educational consultancy	-	-	-	2,370
Other direct costs	-	44	44	20,071
	-	1,119,389	1,119,389	1,188,416
Allocated support costs - educational operations				
Support staff costs	25,297	225,108	250,405	229,346
Depreciation	-	45,059	45,059	82,898
Loss on disposal of fixed assets	-	-	-	-
Recruitment and support	-	2,430	2,430	3,648
Maintenance of premises and equipment	-	47,163	47,163	75,167
Condition Improvement fund expenditure	-	104,202	104,202	-
Legal and Professional	-	34,109	34,109	12,760
Cleaning	-	3,603	3,603	3,189
Rent and rates	-	10,747	10,747	17,502
Heat and light	-	28,305	28,305	34,187
Insurance	-	4,267	4,267	5,011
Transport	-	30,828	30,828	32,310
Catering	15,443	1,716	17,159	25,496
Printing, postage, stationery & photocopying	-	1,000	1,000	1,000
Advertising	-	6,072	6,072	4,107
Telephone	-	2,724	2,724	2,768
Bank charges	-	1,593	1,593	1,259
Technology and licence fee costs	-	34,414	34,414	33,426
Other support costs	537	5,188	5,725	1,813
	41,277	588,528	629,805	565,887
Educational activities and school fund costs				
Educational activities	-	23,982	23,982	35,250
Educational activities staff costs	-	-	-	-
School Fund expenditure	-	2,239	2,239	-
	-	26,221	26,221	35,250
Support costs - governance				
Legal and professional fees	-	3,020	3,020	22,013
Support staff costs	-	3,380	3,380	-
Net finance costs in respect of defined benefit pension schemes	-	18,000	18,000	19,000
Previous auditors remuneration				
Audit of the financial statements - previous	-	-	-	4,550
Other costs	-	-	-	34,150
Auditors remuneration				
Audit of the financial statements	-	8,000	8,000	-
Other costs	-	1,380	1,380	-
	-	33,780	33,780	79,713
Total direct and support costs	41,277	1,767,918	1,809,195	1,869,266
2017 total	13,572	1,855,694	1,869,266	

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

9. Staff costs

	Year Ended 31 Aug 18 £	Year Ended 31 Aug 17 £
Staff costs during the period were:		
Wages and salaries	992,852	950,623
Social security costs	81,817	75,261
Operating costs of defined benefit pension schemes	216,005	225,795
Apprentership levy	-	-
	<u>1,290,674</u>	<u>1,251,679</u>
Supply staff costs	20,934	45,196
Staff restructuring costs	-	-
	<u>1,311,608</u>	<u>1,296,875</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £0 (2017: £0).

Staff numbers

The average number of persons employed by the Academy during the period was as follows:

	2018 No	2017 No
Teachers	15	15
Administration and support	32	31
Management	3	3
	<u>50</u>	<u>49</u>

Higher paid staff

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

	2018 No	2017 No
£60,001 - £70,000	0	0
	<u>0</u>	<u>0</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £196,369 (2017 Revised: £184,431).

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

10. Fund Transfers

During the period the following transfers were made between funds:

£1,190 was transferred from unrestricted catering fund to the General Annual Grant restricted general fund to cover the overhead costs that could not be directly allocated on a consistent basis.

£9,000 was transferred from unrestricted general funds to ESFA condition improvement restricted fixed asset funds as the schools contribution towards the project.

£727 was transferred from General Annual Grant restricted general fund to restricted trips funds to cover overspends on the trips during the year.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

11. Tangible Fixed Assets

	Freehold Land & Buildings	Plant & Machinery	Furniture & Equipment	Motor Vehicles	ICT Equipment	Total
Cost	£	£	£	£	£	£
As at 01 September 2017	4,302,142	-	74,593	7,500	62,829	4,447,064
Reclassification	-	-	-	-	-	-
Adjustments	(2,674,678)	408,597	-	-	-	(2,266,081)
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at 31 August 2018	<u>1,627,464</u>	<u>408,597</u>	<u>74,593</u>	<u>7,500</u>	<u>62,829</u>	<u>2,180,983</u>
Depreciation						
As at 01 September 2017	786,719	-	74,593	7,500	55,766	924,578
Adjustments	(550,771)	165,705	-	-	-	(385,066)
Charge in year	38,785	27,239	-	-	4,380	70,404
Disposals	-	-	-	-	-	-
As at 31 August 2018	<u>274,733</u>	<u>192,944</u>	<u>74,593</u>	<u>7,500</u>	<u>60,146</u>	<u>609,916</u>
Net book value						
As at 31 August 2018	<u>1,352,731</u>	<u>215,653</u>	<u>-</u>	<u>-</u>	<u>2,683</u>	<u>1,571,067</u>
As at 31 August 2017	<u>3,515,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,063</u>	<u>3,522,486</u>

Adjustments

The adjustments noted below reduced the cost of tangible fixed assets by £2,266,081 and reduced the depreciation by £385,066.

- Transfer of Assets on Conversion - The valuation report by Gary A Bushell for the assets on conversion included integral features along with plant and machinery which were previously included as part of the overall building cost. In the current year these have been adjusted to reflect the true nature of the assets and have been reclassified as plant and machinery. The depreciation adjustment has been made to treat these assets as if they were treated correctly when they were originally recognised.
- Transfer of Assets on Conversion - The valuation report by Gary A Bushell for the assets on conversion was based on 'build costs' but had not been adjusted to Existing Use Value using a depreciated replacement cost approach as a result the asset base was overstated. In the current year these have been adjusted to Existing Use Value, see valuation details below:
- Transfer of Assets on Conversion - There was no land valuation included in the accounts previously. This has been included in the accounts as an adjustment in the current year, see valuation details below:

Valuation Details

Included within freehold buildings and plant and machinery are the following assets which were transferred on conversion to an academy. The freehold buildings, integral features and the plant and machinery were valued at 'build costs' of £4,302,142, £653,760 and £276,629 respectively on 19 July 2011 by Gary A Bushell, FRICS, AMAE of Bushell Raven Limited who is independent of the charitable company.

The valuation by Gary A Bushell was based on the estimated rebuild costs, which the trustees have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the buildings were valued at £1,451,684 at the date of conversion and integral features and plant and machinery at a combined value of £408,597 at the date of conversion.

The freehold land was valued by the governors after obtaining the developed and undeveloped land acreage from Harrison Pitt Architects and then applying a market rate per acre each portion of the land.

Treatment of Condition Improvement Projects

During the year the academy started a windows and doors project which was funded by ESFA Condition Improvement Fund grant. The full cost of these projects has been treated as resources expended in the Statement of Financial Activities.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

12. Stock	2018 £	2017 £
Catering	215	215
Other	-	-
	<u>215</u>	<u>215</u>

13. Debtors	2018 £	2017 £
Trade debtors	12,265	5,563
VAT recoverable	26,808	6,923
Prepayments	11,214	12,890
Accrued income	25,626	4,023
Other debtors	-	6,811
	<u>75,913</u>	<u>36,210</u>

14. Creditors: amounts falling due within one year	2018 £	2017 £
Trade creditors	21,696	34,731
Taxation and social security	-	19,749
Sundry creditors	-	-
Accruals	61,908	6,413
Salix Loan	1,125	-
Deferred income	62,077	8,008
Pension scheme creditor	-	20,125
	<u>146,806</u>	<u>89,026</u>

Deferred income	2018 £	2017 £
Deferred income at 01 September 2017	8,008	27,872
Resources deferred in the year	62,077	8,008
Amounts released from previous years	(8,008)	(27,872)
Deferred income at 31 August 2018	<u>62,077</u>	<u>8,008</u>

Deferred income comprises:

School income for future trips	4,905	-
Bus Passes for the next academic year	1,385	-
LA funded statements for September to March in the next financial year	55,787	-
Pupil Premium	-	8,008
	<u>62,077</u>	<u>8,008</u>

Included within creditors is a Salix loan from the ESFA which is provided on the following terms. Repayable by installments over 8 years with payments in arrears.

15. Creditors: amounts falling due after more than one year	2018 £	2017 £
Salix Loan	7,875	-
	<u>7,875</u>	<u>-</u>

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

16. Funds	Balance at 01-Sep 2017 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2018 £
Restricted Fixed Asset Funds					
Fixed Assets used for					
Charitable purposes	3,522,486	(1,881,015)	(70,404)		1,571,067
ESFA formula capital fund	-	6,919	(6,919)	-	-
ESFA condition improvement fund					
Window Replacement	-	175,390	(104,202)	9,000	80,188
	-	-	-	-	-
	<u>3,522,486</u>	<u>(1,698,706)</u>	<u>(181,525)</u>	<u>9,000</u>	<u>1,651,255</u>
Restricted General Funds					
DfE / ESFA Revenue Grants					
General Annual Grant (GAG)	69,987	1,132,633	(1,151,245)	463	51,838
Pupil Premium	-	43,834	(43,834)	-	-
Other DfE/ESFA Grants	-	12,334	(12,334)	-	-
Other Government Grants					
Local Authority Funded Statements	-	248,327	(248,327)	-	-
Other Local Authority Grants	-	2,367	(2,367)	-	-
School Funds	33,304	1,841	(9,276)	-	25,869
Other Educational Operations					
Educational Activities and Visits	(3,185)	26,440	(23,982)	727	-
Other	-	38,028	(38,028)	-	-
	<u>100,106</u>	<u>1,505,804</u>	<u>(1,529,393)</u>	<u>1,190</u>	<u>77,707</u>
Restricted Pension Reserve Funds					
Pension reserve	(701,000)	-	(57,000)	164,000	(594,000)
Total Restricted Funds	<u>(600,894)</u>	<u>1,505,804</u>	<u>(1,586,393)</u>	<u>165,190</u>	<u>(516,293)</u>
Unrestricted Funds					
General Unrestricted Funds	37,001	46,144	(44,484)	(9,000)	29,661
Catering Fund	-	41,931	(40,741)	(1,190)	-
Total Unrestricted Funds	<u>37,001</u>	<u>88,075</u>	<u>(85,225)</u>	<u>(10,190)</u>	<u>29,661</u>
Total Funds	<u>2,958,593</u>	<u>(104,827)</u>	<u>(1,853,143)</u>	<u>164,000</u>	<u>1,164,623</u>

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 2018.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

16. Funds (*continued*)

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

General Annual Grant (GAG) fund

This represents the core funding for the educational activities of the school that has been provided to the academy via the Education & Skills Funding Agency (ESFA).

Pupil Premium

This represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with their less disadvantaged peers.

LA Funded Statements

This represents funding paid by Cumbria County Council to support a continuum of provision for students with special educational needs (SEN), learning difficulties and disabilities.

School Funds

This represents restricted contributions to be extended on specific projects, activities and materials for the benefit of the pupils.

Educational Activities and visits

This represents mainly parental contributions. Voluntary income and educational income to be expended on specific projects, activities and materials for the benefit of the pupils.

Catering

This represents funding relating to the provision of school meals for students and staff.

Defined benefit pension scheme fund

This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. For details of the deficit payment plan see the pensions note.

Fixed assets used for charitable purposes

This represents the value and movements on Tangible Fixed Assets note.

Funds in Deficit

Pension Reserve Fund - this fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. The academy has previously entered into an agreement effective from 01 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 01 April 2017.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

16. Funds (continued)

Comparative information in respect of the preceeding period is as follows:

Funds	Balance at 01-Sep 2017 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2018 £
Restricted Fixed Asset Funds					
Fixed Assets used for					
Charitable purposes	3,650,244	-	(133,358)	5,600	3,522,486
ESFA formula capital fund	-	6,818	-	(6,818)	-
ESFA condition improvement fund					
Window Replacement	-	-	-	-	-
	-	-	-	-	-
	<u>3,650,244</u>	<u>6,818</u>	<u>(133,358)</u>	<u>(1,218)</u>	<u>3,522,486</u>
Restricted General Funds					
DfE / ESFA Revenue Grants					
General Annual Grant (GAG)	124,786	1,110,165	(1,139,384)	(25,580)	69,987
Pupil Premium	-	33,870	(33,870)	-	-
Other DfE/ESFA Grants	-	7,298	(7,298)	-	-
Other Government Grants					
Local Authority Funded Statements	-	274,763	(296,613)	21,850	-
Other Local Authority Grants	-	3,702	(1,743)	(1,959)	-
School Funds	26,606	34,148	(34,163)	6,713	33,304
Other Educational Operations					
Educational Activities and Visits	(898)	33,943	(35,251)	(979)	(3,185)
Other	-	-	-	-	-
	<u>150,494</u>	<u>1,497,889</u>	<u>(1,548,322)</u>	<u>45</u>	<u>100,106</u>
Restricted Pension Reserve Funds					
Pension reserve	(824,000)	-	(63,000)	186,000	(701,000)
Total Restricted Funds	<u>(673,506)</u>	<u>1,497,889</u>	<u>(1,611,322)</u>	<u>186,045</u>	<u>(600,894)</u>
Unrestricted Funds					
General Unrestricted Funds	65,783	55,178	(85,133)	1,173	37,001
Catering Fund	-	39,873	(39,873)	-	-
Total Unrestricted Funds	<u>65,783</u>	<u>95,051</u>	<u>(125,006)</u>	<u>1,173</u>	<u>37,001</u>
Total Funds	<u>3,042,521</u>	<u>1,599,758</u>	<u>(1,869,686)</u>	<u>186,000</u>	<u>2,958,593</u>

SETTLEBECK SCHOOL ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

17. Analysis of Net Assets Between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	1,571,067	1,571,067
Current assets	29,661	232,388	80,188	342,237
Current liabilities	-	(146,806)	-	(146,806)
Long term creditors	-	(7,875)	-	(7,875)
Pension scheme liability	-	(594,000)	-	(594,000)
Total Net Assets	29,661	(516,293)	1,651,255	1,164,623

Comparative information in respect of the preceeding period is as follows:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	3,522,486	3,522,486
Current assets	37,001	189,132	-	226,133
Current liabilities	-	(89,026)	-	(89,026)
Long term creditors	-	-	-	-
Pension scheme liability	-	(701,000)	-	(701,000)
Total Net Assets	37,001	(600,894)	3,522,486	2,958,593

18. Commitments Under Operating Leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Assets other than land and buildings		
Amounts due within one year	9,141	9,153
Amounts due between two and five years inclusive	13,258	20,291
Amounts due after five years	-	-
	22,399	29,444

19. Capital Commitments

Contracted for, but not provided for in the financial statements

	2018 £	2017 £
	80,188	-
	80,188	-

Replacement of Windows & Doors project:

During the year the academy entered into a contract for the replacement of windows & doors. The academy was committed to a further cost of £80,188 at the year end. The capital element and repairs element is £nil and £80,188 respectively.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

20. Pension and similar obligations

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 related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2018	2017
	£	£
Teachers' Pension Scheme	-	11,446
Local Government Pension Scheme	-	8,313
	<u>-</u>	<u>19,759</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2018	2017
	£	£
Teachers' Pension Scheme	99,744	88,265
Local Government Pension Scheme	55,750	54,397
Local Government Pension Scheme deficit recovery	21,510	20,133
LGPS current service cost/contributions adjustment	39,000	44,000
	<u>216,004</u>	<u>206,795</u>

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

20. Pension and similar obligations (*Continued*)

The employer's pension costs paid to TPS in the period amounted to £99,744 (2017: £88,265).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August were as follows:

	2018 £	2017 £
Employer's contributions	55,750	54,397
Employees' contributions	18,854	19,828
Local Government Pension Scheme deficit recovery	21,510	20,133
LGPS current service cost/contributions adjustment	39,000	44,000
Total contributions	<u>135,114</u>	<u>138,358</u>

The agreed contribution rates for future years are 16.6% for employers and 5.5% to 8.5% for employees.

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

At the balance sheet date the scheme is in deficit. The Academy has previously entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £21,300 in the year ended 31 March 2018, £21,800 in 2018-19 and £22,300 in 2019-20.

Principal Actuarial Assumptions

	At 31 August 2018	At 31 August 2017
Inflation assumption (CPI)	2.10%	2.20%
Rate of increase in salaries	3.60%	3.70%
Rate of increase for pensions in payment / inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.80%	2.40%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.2	23.1
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.5	25.4
Females	28.5	28.4

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

20. Pension and similar obligations (Continued)

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

	At 31 August 2018		At 31 August 2017	
	Deficit	Change	Deficit	Change
Discount rate +0.1%	563,000	(31,000)	670,000	(31,000)
CPI rate +0.1%	626,000	32,000	733,000	32,000
Pay growth +0.1%	599,000	5,000	706,000	5,000
Mortality assumption - 1 year increase	619,000	25,000	725,000	24,000

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

	Fair value at 31 August 2018	Fair value 1t 31 August 2017
	£	£
Equities	402,000	349,000
Government bonds	145,000	130,000
Other bonds	52,000	46,000
Property	75,000	58,000
Cash / liquidity	49,000	39,000
Other	103,000	92,000
Total market value of assets	826,000	714,000
Present value of scheme liabilities		
- Funded	(1,420,000)	(1,415,000)
- Unfunded	-	-
Surplus/(deficit) in the scheme	(594,000)	(701,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The actual return on scheme assets in the period was £37,000 (2017: £50,000).

Amounts recognised in the Statement of Financial Activities are as follows:

	2018	2017
	£	£
Current service cost (net of employee contributions)	(116,000)	(118,000)
Administrative expenses	(2,000)	(2,000)
Net Interest cost	(16,000)	(17,000)
Total operating charge	(134,000)	(137,000)

Analysis of other recognised gains and (losses)

	2018	2017
	£	£
Remeasurements (liabilities)	145,000	139,000
Remeasurements (assets)	19,000	47,000
Total charge	164,000	186,000

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

20. Pension and similar obligations (Continued)

Changes in the deficit in the year:

Deficit in scheme at 1 September 2017	701,000	824,000
Current service cost	116,000	118,000
Interest cost	34,000	30,000
Employer contributions	(77,000)	(74,000)
Actuarial (gain)/loss - Remeasurements	(164,000)	(186,000)
Administration expenses	2,000	2,000
Interest income	(18,000)	(13,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Deficit at 31 August 2018	594,000	701,000

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

	2018	2017
	£	£
At 01 September 2017	1,415,000	1,393,000
Current service cost	116,000	118,000
Interest cost	34,000	30,000
Employee contribution	19,000	19,000
Actuarial (gains)/losses - remeasurements	(145,000)	(139,000)
Benefits/transfers paid	(19,000)	(6,000)
Benefit obligation at 31 August 2018	1,420,000	1,415,000

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

	2018	2017
	£	£
At 01 September 2017	714,000	569,000
Return on plan assets	18,000	13,000
Administrative expenses	(2,000)	(2,000)
Actuarial gain/(losses) - remeasurements	19,000	47,000
Employer contributions	77,000	74,000
Employee contribution	19,000	19,000
Benefits/transfers paid	(19,000)	(6,000)
Closing fair value of scheme assets at 31 August 2018	826,000	714,000

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

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.

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

Related parties

- *Sedbergh Primary School*
There were governors who acted for the academy during the year who also acted as governors for Sedbergh Primary School. The governors have no equitable interest in either entity.
- *Settlebeck High School Fund (Charity Number: 1124302)*
There were governors who acted for the academy during the year who also acted as charity trustees for Settlebeck High School Fund which is a separate charity that supports the academy. Control is present to govern the financial and operating policies of the school fund so as to obtain benefits from its activities.

Income Related Party Transactions

- *Sedbergh Primary School*
The academy received catering income of £31,559 (2017: £33,482) from Sedbergh Primary School for the provision of school meals during the year.

During the year the academy recharged Sedbergh Primary School £8,826 (2017: 11,433) for electricity, gas and water usage.

During the year the academy recharged Sedbergh Primary School £1,285 (2017: nil) for various other supplies/services.

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

22. 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.

Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees.

The value of trustees' remuneration and other benefits for the period was as follows:

Sarah Campbell (Principal from 01/09/17):		
Remuneration	£55,000 to £59,999	N/A
Employer's pension contributions	£5,000 to £9,999	N/A
Karen Grant (Principal to 31/08/17):		
Remuneration	N/A	(2017: £45,000 to £49,999)
Employer's pension contributions	N/A	(2017: £5,000 to £9,999)
Jessica Oxley (Staff governor):		
Remuneration	£15,000 to £19,999	(2017: £5,000 to £9,999)
Employer's pension contributions	£0,000 to £4,999	(2017: £0,000 to £4,999)
Julie Calvert (Staff governor) (Resigned 23/04/2018):		
Remuneration	£15,000 to £19,999	(2017: £20,000 to £24,999)
Employer's pension contributions	£0,000 to £4,999	(2017: £0,000 to £4,999)
Sally Ingham (Staff governor) (Resigned 07/02/2018):		
Remuneration	£15,000 to £19,999	(2017: £45,000 to £49,999)
Employer's pension contributions	£0,000 to £4,999	(2017: £5,000 to £9,999)
Caroline Taylor (Staff governor) (Appointed 07/02/2018)		
Remuneration	£5,000 to £9,999	N/A
Employer's pension contributions	£0,000 to £4,999	N/A
Sarah Evans (Staff governor) (Appointed 12/06/2018)		
Remuneration	£10,000 to £15,999	N/A
Employer's pension contributions	£0,000 to £4,999	N/A

During the period ended 31 August 2018, there were travel and subsistence expenses totalling £1,243 (2017: £1,599) reimbursed or paid directly to 3 trustees (2017: 4).

SETTLEBECK SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

23. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2018 provides cover up to £10,000,000 (2017: £10,000,000) on any one loss and any one membership year.

The academy's insurance is via the Department for Education's risk protection arrangement (RPA) and the cost of this insurance is included in the total insurance cost. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

24. 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.

25. Subsidiary

Settlebeck High School Fund (Charity Number: 1124302)

There were governors who acted for the academy during the year who also acted as charity trustees for Settlebeck High School Fund which is a separate charity that supports the academy. Control is present to govern the financial and operating policies of the school fund so as to obtain benefits from its activities.

Under FRS102 the charity may be considered a subsidiary but has been excluded from these accounts under section 405 Companies Act 2006 on the grounds that its inclusion is not material for the purpose of giving a true and fair view.