

Company Registration Number: 08561049 (England and Wales)

STRANTON ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

WEDNESDAY



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STRANTON ACADEMY TRUST
(A company limited by guarantee)

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STRANTON ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

P Hart
P Ingham
P Andre (resigned 19 September 2017)
M Sumpter (appointed 19 September 2017)

Directors

P Hart
S Henry (resigned 19 September 2017)
E Killeen (resigned 19 September 2017)
N Nottingham
M Sumpter
J Thompson (resigned 26 February 2018)
P Gowlan
C H Greenall (resigned 19 September 2017)
P Ingham
J A Loomes (resigned 19 September 2017)
P Andre (resigned 19 September 2017)
G Danby (appointed 19 September 2017)
A Heaton (appointed 26 September 2017, resigned 31 August 2018)
V Kelly (appointed 19 September 2017, resigned 12 November 2018)
S A Paul (appointed 6 October 2017)
S Saint (appointed 1 January 2018)

Company registered number

08561049

Company name

Stranton Academy Trust

Principal and registered office

Stranton Academy, Southburn Terrace, Hartlepool, TS25 1SQ

Senior management team

N Nottingham, Executive Headteacher
E Killeen, Headteacher
P Pritchard, Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

Waltons Clark Whitehill Limited , Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX

Bankers

National Westminster Bank PLC, 135 Bishopsgate, London, EC2M 3UR

Solicitors

Tilly Bailey & Irvine LLP , 12 Evolution, Wynyard Park, Wynyard, TS22 5TB

STRANTON ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors (who are also Trustees of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and auditors' report of Stranton Academy Trust (the academy) for the year 1 September 2017 to 31 August 2018. The Directors confirm that the annual report and financial statements of the academy comply with current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2015. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Trust operates 3 primary academies in Hartlepool. It has a pupil capacity of 350 plus 52 nursery places at Stranton, 210 plus 52 nursery places at Eskdale and 341 plus 52 nursery at Jesmond Gardens. There was a number on roll of 356 (including nursery) at Stranton, 227 (including nursery) at Eskdale and 363 (including nursery) at Jesmond Gardens in the school census in autumn 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Stranton Academy Trust is a charitable company limited by guarantee and exempt charity (registration number 08561049). The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The academy is constituted under a Memorandum and Articles of Association dated 7 June 2013 and amended 29 July 2016.

The principal object of the academy is to advance for public benefit education by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced curriculum, which are principally concerned with providing full or part time education for children of compulsory school age.

Details of the Directors 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.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

The members of the Trust comprise the signatories to the Memorandum and Articles of Association and any person appointed under Article 15A provided that at any time the minimum number shall not be less than 3.

The number of Directors as set out in the Articles of Association and Funding Agreement shall not be less than 3. Subject to Articles 48-49 and 53, the Trust shall have the following Directors:

- Up to 10 directors appointed under Article 50
- The Chief Executive Officer, where one is appointed;
- A minimum of 2 Parent Directors appoint under Articles 53-56D.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trust may also have any co-opted Director appointed under Article 58.

The members may appoint by ordinary resolution up to 10 Directors.

The total number of Directors including the Chief Executive Officer if they so choose to act as a Director under Article 57 who are employees of the Trust shall not exceed one third of the total number of Directors.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

During the year 2017/18 the Directors held three meetings. Following their appointment/election new Trustees/Directors/Governors will receive an induction to their role from the Chair of Trustees and Executive Headteacher. This will include a tour of the Academy Trust and the opportunity to meet members of the Senior Leadership Team, staff and pupils.

Training and induction will be dependent on their existing experience. Stranton Academy Trust is committed to providing training opportunities so as to enable Trustees to undertake their role more effectively, and provides them with copies of policies, procedures, minutes, accounts, budgets, plans and other documentation. Training is also offered through the Governors services for all Directors and Governors. The first Trust wide Professional Development Day took place on 3rd September 2018 and this included all Trustees, Directors and Governors. A further visioning day for Directors was held on the 15th November 2018.

ORGANISATIONAL STRUCTURE

The Stranton Academy Trust is made up of a Board of Directors, with two subcommittees, one for Audit and one for Achievement. Each school within the Trust has its own separate governing body and further subcommittees for finance, each have their own delegated powers. The Headteacher of each school also has delegated powers.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Trust has adopted the local authority pay policy, on all staffing (teaching and support). All teaching and leadership posts are appointed to in accordance to the School Teachers Pay and Conditions (STPC) document. All non-teaching posts are evaluated by the local authority to ensure the grading to the posts is accurate. This also negates the chance of equal pay claims.

TRADE UNION FACILITY TIME

We did not have any trade union representatives as part of our work force during the financial year 2017-18 therefore there are no cost implications to this.

OBJECTIVES AND ACTIVITIES

Objects and Aims

1. The principal object and activity is the operation of Stranton Academy Trust to provide primary education services for children aged 2 to 11 at Stranton Primary School, Eskdale Academy and Jesmond Gardens Primary School.
2. The Stranton Academy Trust aims to improve the lives of children and young people through education. By ensuring that every child is challenged to reach their full potential, all children are equipped with the skills for life in an ever changing world, all children and their families are welcomed into our learning environments – ensuring they receive the help, support and direction they require at differing times of their lives and that we meet the needs and aspirations of the local community.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

3. In doing all of the above we do so with best value principles in mind to ensure we always receive value for money.

Objectives, Strategies and Activities

1. The Academy Trust was set up in July 2013 in order to improve the educational lives of the pupils attending the Trust.
2. The initial object was to ensure a smooth transition from Local Authority Schools to an Academy Trust.
3. As the Trust grows and additional Schools join us we want to ensure a smooth transition for all.

In doing this the Trust was determined to maintain the ethos, values, standards and achievements of both Stranton Primary School and Eskdale Academy whilst at the same time continually working to improve standards and value for money. This ethos was continued with Jesmond Gardens joining in October 2016.

Activities for achieving objectives

To ensure we meet the aims of our Trust, we ensure our children:

1. Have access to a broad, balanced and engaging curriculum.
2. Have access to a wide range of extra-curricular activities – both academic and sporting.
3. Have the opportunity to undertake visits that enrich children's learning.
4. Use our school buildings to offer programmes and opportunities for parents and wider family members and the community as a whole.
5. Provide equal opportunities for all children who attend our academies.
6. To inspire our children to achieve the best.

Public Benefit

The Directors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit published by the Commission.

Strategic report

ACHIEVEMENTS AND PERFORMANCE

Key Performance Indicators

The following KPI's have been set:

- Attainment in line or above national.
- Progress in line or above national.
- Successful Ofsted inspection.

To set a balanced budget at the start of the year and to be revised in line with requirements using surplus funds brought forward.

The review of activities below shows the schools' results and Ofsted reports which are considered to meet the first three targets.

A balanced budget was set at the beginning of the year and revised throughout the year to take into account changes in pupils' numbers and staffing. Surplus balances from previous years are used in order to ensure we can meet the needs of the pupils in school during the year.

STRANTON ACADEMY TRUST
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Review of activities

Early Years

	Stranton Primary	Eskdale Academy	Jesmond Gardens
% of Reception Children achieving GLD	65%	66%	75%

Year 1 Phonic screening

	Stranton Primary	Eskdale Academy	Jesmond Gardens
% of Y1 Children achieving standard	90%	83%	75%

Key Stage 1

	Stranton Primary	Eskdale Academy	Jesmond Gardens
% of Y2 Children ARE In reading	69%	81%	84%
% of Y2 Children ARE in writing	74%	81%	82%
% of Y2 Children ARE In maths	79%	81%	78%

Key Stage 2

	Stranton Primary	Eskdale Academy	Jesmond Gardens
% of Y6 Children ARE In reading	78%	95%	69%
% of Y6 Children ARE in writing	75%	90%	82%
% of Y6 Children ARE In maths	83%	90%	89%
% of Y6 children ARE in reading, writing and maths	65%	90%	64%

OFSTED Inspections:

Stranton Primary School
Eskdale Academy
Jesmond Gardens School

Outstanding
Good
Good

July 2012
April 2015
November 2014

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

GOING CONCERN

After making appropriate enquires, the board of Directors has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

FINANCIAL REVIEW

Principal Funding

The majority of the Trust's income is obtained from the Department of Education via the Education and Skills Funding Agency, in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received and the associated expenditure are shown in the Statement of Financial Activities.

In addition capital grants are received and these are shown as restricted income in the fixed asset fund. Total income for the year excluding capital fund was £5,346,457 and expenditure excluding fixed asset funds was £5,501,056 giving a deficit for the year of £154,599.

The Trust generates income through lettings to external providers and community groups. It also has a service level agreement with the Children's Services Department of Hartlepool Borough Council to provide services and facilities for their children's centre and under 5 year old services. It generates income through the sharing/commissioning of Trust staff to other maintained schools in the area.

All expenditure in the year was in furtherance of the Trusts objectives.

Reserves Policy

The Trust is holding reserves for future capital programmes and building contingencies for the schools in the Trust. The reserves have been kept at the level they are to assist with the future growth of the Academy Trust.

The Trust's current level of reserves, excluding the fixed asset and pension reserve is £396,053 and the free reserves are £292,464.

At 31 August 2018 the net book value of the fixed assets was £10,560,286 and the movements in the year are shown in notes 14 and 15. All assets are used exclusively for providing education and associated support services to pupils of the trust.

The provision of FRS 102 in respect of Retirement Benefits have been applied resulting in a deficit of £1,166,000. Payments to fund the deficit will be made out of future income.

At 31 August 2018 the Trust held balances of £9,867,972 being £103,589 restricted funds £10,637,919 of restricted fixed asset funds, a pension deficit of £1,166,000 and £292,464 of unrestricted funds.

INVESTMENT POLICY AND PERFORMANCE

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Our aim is to spend the public monies with which we are entrusted for the direct educational benefit of students as soon as is prudent. The school does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks facing the academy. Key to these are uncertainty about pay awards and employer pension contributions. These issues are compounded by the fact that required staffing levels are difficult to predict.

Due to the location of all schools in the Trust – within some of the most highly deprived wards in the UK; two of the schools (Stranton and Eskdale) have high levels of inward and outward pupil mobility – making staffing projections almost impossible and meaning additional in-year staffing appointments were necessary. Additional to this, some pupils taken on roll mid-year come with specific learning, social, emotional and behavioural difficulties which require 1:1 adult support. For all the Local Authority contribute towards this cost, there is still a shortfall each school has to pick up. This is impossible to predict at the start of the school/financial year. This is still relevant as we continue to take on more and more vulnerable pupils.

The risk is reduced by prudent budgets which include increasing pay costs and experience at dealing with this issue in previous years. The Trust cannot remove the risk entirely.

RISK MANAGEMENT

The Directors have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

FUNDRAISING

We used a third party company, Faithfull & Gould to write bids to the CIF programme in December 2017. Two out of the three bids were successful. We also were awarded funding from the Henry Smith Foundation again for the Year 6 London Trip, along with funds that the Governors raised by asking parents for contributions. We had no complaints during the year.

FUTURE DEVELOPMENTS

The Academy Trust will continue to look at all options of growing the Trust moving forward – be it more sponsored opportunities or the exciting development of a Free School.

All applications from schools will be looked at individually. The Board of Directors will grow in numbers as and when the Trust increases its number of schools.

End of Strategic report

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GOVERNANCE STATEMENT (continued)

the Audit Committee.

The areas to be reviewed during the audit fieldwork were:

- Compliance with Financial Procedures;
- Payroll

On an annual basis, the auditor reports to the board of Directors through the audit committee on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

The internal auditor attended each school within the Trust and issued a report in June 2018. The testing covered the financial year-1 September 2017 to 31 August 2018.

The areas reviewed included:

Compliance with financial procedures

- School/Academy Financial Procedure Rules
- Orders & requisitions for current year
- Invoices for current year
- Lease agreements
- All cheque run reports for last term
- Petty cash records of spends/receipts/reconciliations
- Procurement card record of transactions/receipts/reconciliations
- Tender/quotation documentation
- Devolved Capital report
- Bank statements (12 months)
- Cheque books (12 months)
- Paying in books (12 months)
- Income analysis sheets
- Income records for all sources of income (receipt books/ASC registers etc)
- Scale of charges
- Private & Directed lettings records
- Supplier analysis report
- FMS system reports showing income / procurement transactions (or access to FMS to test samples)

Payroll

- Copy/Access to Payroll Services Contract
- Pay Policy
- Reconciliations between payroll & revenue control accounts
- Payroll/staffing listing report for all employees
- Overtime records & Timesheets maintained within the Academy

Recruitment/Staffing

- GB minutes – approval of Staffing Structure
- Recruitment & Selection procedure note/process map
- Recruitment files (i.e. pack requests, Job Descriptions, Person Specifications, Job Advert, Shortlisting record, Interview questions, Candidate assessments, panel summary form)
- DBS record of all clearances
- Report/list of Local Governing Body Membership

The reports are finalised and have been approved by Directors. The reports gave satisfactory assurance in all schools.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

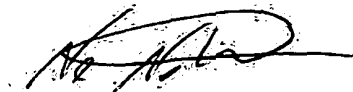
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Directors on 17/12/13 and signed on their behalf, by:



P Hart
Chair of Directors



N Nottingham
Accounting Officer

STRANTON ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Stranton Academy Trust I have considered my responsibility to notify the academy trust board of directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 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 directors and ESFA.


N Nottingham
Accounting Officer

17/12/18

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Directors on 14/12/18 and signed on its behalf by:



P Hart
Chair of Directors

STRANTON ACADEMY TRUST
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REGISTERED NUMBER: 08561049

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Intangible assets	14		4,406		10,531
Tangible assets	15		10,555,880		10,379,015
			<u>10,560,286</u>		<u>10,389,546</u>
CURRENT ASSETS					
Stocks	16	36,000		36,000	
Debtors	17	357,652		278,878	
Cash at bank and in hand		321,579		518,240	
		<u>715,231</u>		<u>833,118</u>	
CREDITORS: amounts falling due within one year	18	(231,717)		(329,726)	
NET CURRENT ASSETS			<u>483,514</u>		<u>503,392</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,043,800</u>		<u>10,892,938</u>
CREDITORS: amounts falling due after more than one year	19		(9,828)		(11,616)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>11,033,972</u>		<u>10,881,322</u>
Defined benefit pension scheme liability	25		(1,166,000)		(1,282,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,867,972</u>		<u>9,599,322</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	103,589		129,452	
Restricted fixed asset funds	20	10,637,919		10,430,235	
		<u>10,741,508</u>		<u>10,559,687</u>	
Restricted income funds excluding pension liability					
Pension reserve		(1,166,000)		(1,282,000)	
		<u>9,575,508</u>		<u>9,277,687</u>	
Total restricted income funds			9,575,508		9,277,687
Unrestricted income funds	20		292,464		321,635
TOTAL FUNDS			<u>9,867,972</u>		<u>9,599,322</u>

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BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 22 to 53 were approved by the Directors, and authorised for issue, on 14/12/18 and are signed on their behalf, by:



P Hart
Chair of Directors

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- That Director has taken all steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Waltons Clark Whitehill Limited, have indicated their willingness to continue in office. The Designated directors will propose a motion re-appointing the auditors at a meeting of the directors.

This report, incorporating the strategic report, was approved by order of the board of directors, as the company directors, on 14/12/18 and signed on the board's behalf by:


P. Hart
Chair of Directors

STRANTON ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the statement of directors' responsibilities. The board of Directors has formally met 3 times during the year. Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
P Hart	3	3
S Henry (resigned 19 September 2017)	0	0
E Killeen (resigned 19 September 2017)	0	0
N Nottingham	3	3
M Sumpter	2	3
J Thompson (resigned 26 February 2018)	1	1
C H Greenall (resigned 19 September 2017)	0	0
P Gowland	3	3
P Ingham	2	3
J A Loomes (resigned 19 September 2017)	0	0
P Andre (resigned 19 September 2017)	0	0
S A Paul (appointed 6 October 2017)	2	2
G Danby (appointed 19 September 2017)	3	3
A Heaton (appointed 26 September 2017, resigned 31 August 2018)	1	3
V Kelly (appointed 19 September 2017, resigned 12 November 2018)	1	3
S Saint (appointed 1 January 2018)	2	2

6 Directors resigned during the year and a further 5 joined the Trust.

A governance review will be carried out during 2018-19 with all schools in the Trust. The data from this exercise will be collated and taken to the board for review. Any recommendations on where the board lack skills will be rectified through training, if found to be necessary.

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GOVERNANCE STATEMENT (continued)

A Raising Achievements committee has been set up as a subcommittee of the main board.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
M Sumpter	2	3
S A Paul (appointed 6 October 2017)	3	3
S Saint (appointed 1 January 2018)	3	3
P Hart	3	3

The Board of Directors also has a separate Audit Committee, who meet three times a year. The committee oversees all aspects of internal controls and assurances and sets a programme of works in conjunction with the Executive Head for all schools in the Trust. They also oversee the Trusts governance, risk management and value for money framework.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
G Danby (appointed 19 September 2017)	3	3
A Heaton (appointed 26 September 2017, resigned 31 August 2018)	1	3
P Ingham	3	3
P Gowland	3	3

REVIEW OF VALUE FOR MONEY

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

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

1. Working in collaboration across the Trust and the wider educational community to achieve economies of scale.
2. Continuing with our focus to generate income by seconding staff to other schools, this also helps us share best practice.
3. Using the ESFA's RPA Scheme, in place of traditional insurance to ensure best value is achieved for all three schools in the Trust.
4. Seeking alternative funding where possible. The Trust was successful in a bid from the CIF this year for a whole school toilet refurbishment at Stranton Primary School and a new build to incorporate a new two-year-old unit at Jesmond Gardens Primary School. Stranton were also awarded external funding, once again towards a Year 6 residential trip to London.

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Stranton Academy Trust for the year 1 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 board of Directors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of Directors has considered the need for a specific internal audit function and has decided to appoint Hartlepool Borough Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

Given available audit resources, all aspects of the Academy Trust's systems and arrangements cannot be audited in one year. In recognition of this, a Strategic Audit Plan has been prepared using a risk model based on the model accredited by the Chartered Institute of Public Finance and Accountancy, which factors include:

- System Factors
- Managerial and Control environment
- Value of transactions
- Volume of transactions
- Opinion critical
- May incur legal penalties

The Strategic Audit Plan is produced in a way that ensures all relevant risk areas are covered. This allows the most relevant and comprehensive annual opinion on the Academy Trust's control environment to be given to

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STRANTON ACADEMY TRUST**

UNQUALIFIED OPINION

We have audited the financial statements of Stranton Academy Trust (the 'academy') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

STRANTON ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STRANTON ACADEMY TRUST**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the Strategic Report.

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

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

STRANTON ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
STRANTON ACADEMY TRUST**

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibilities, the Directors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Heather O'Driscoll FCA (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX
17 December 2018

STRANTON ACADEMY TRUST
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO STRANTON ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education & 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 Stranton Academy Trust during the year 1 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.

This report is made solely to Stranton Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stranton Academy Trust and the 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 Stranton Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF STRANTON ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Stranton Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013, 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 year 1 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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


The work undertaken to draw to our conclusion includes a review of the design and implementation of the academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

STRANTON ACADEMY TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO STRANTON
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Heather O'Driscoll FCA

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

17 December 2018

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Funds transferred from local authority on conversion	3	-	-	-	-	6,489,266
Other donations and capital grants	3	59,391	-	307,220	366,611	266,700
Charitable activities:	5					
Funding for the academy trust's educational activities		-	5,135,162	-	5,135,162	4,990,582
Teaching schools		-	-	-	-	52,216
Other trading activities	4	151,904	-	-	151,904	193,630
TOTAL INCOME		211,295	5,135,162	307,220	5,653,677	11,992,394
EXPENDITURE ON:						
Raising funds	7	46,452	-	-	46,452	70,259
Charitable activities:						
Academy trust educational operations	8	194,014	5,260,590	187,971	5,642,575	5,493,873
Teaching schools		-	-	-	-	52,216
TOTAL EXPENDITURE	6	240,466	5,260,590	187,971	5,689,027	5,616,348
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(29,171)	(125,428)	119,249	(35,350)	6,376,046
Transfers between Funds	20	-	(88,435)	88,435	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(29,171)	(213,863)	207,684	(35,350)	6,376,046
Actuarial gains on defined benefit pension schemes	25	-	304,000	-	304,000	880,000
NET MOVEMENT IN FUNDS		(29,171)	90,137	207,684	268,650	7,256,046
RECONCILIATION OF FUNDS:						
Total funds brought forward		321,635	(1,152,548)	10,430,235	9,599,322	2,343,276
TOTAL FUNDS CARRIED FORWARD		292,464	(1,062,411)	10,637,919	9,867,972	9,599,322

The notes on pages 26 to 53 form part of these financial statements.

STRANTON ACADEMY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(120,447)	174,145
Cash flows from investing activities:			
Purchase of tangible fixed assets		(258,423)	(432,132)
Capital grants from DfE Group		183,997	218,813
Capital funding received from sponsors and others		-	1,650
Cash transferred on conversion		-	207,877
Net cash used in investing activities		(74,426)	(3,792)
Cash flows from financing activities:			
Repayments of borrowings		(1,788)	(893)
Net cash used in financing activities		(1,788)	(893)
Change in cash and cash equivalents in the year		(196,661)	169,460
Cash and cash equivalents brought forward		518,240	348,780
Cash and cash equivalents carried forward		321,579	518,240

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy 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.

Stranton Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

STRANTON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

STRANTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Directors 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

1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful life on the following basis:

Computer software	- 3 years straight line
-------------------	-------------------------

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	- 125 years straight line
Leasehold improvements	- 20 years straight line
Plant and equipment	- 5 years straight line
Computer equipment	- 3 years straight line

STRANTON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

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

1.9 Stocks

Stocks are valued cost and are goods purchased in the summer term for use in the 2018-19 year and IT equipment which falls below the capitalisation threshold.

1.10 Taxation

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 note 17. 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 costs as detailed in notes 18 and 19. 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 instruments.

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities incorporating income and expenditure account 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.

STRANTON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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.

2. COMPANY STATUS

The academy is a company limited by guarantee and registered in England and Wales. The members of the company are named on page . In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

The registered office address is:

Stranton Academy
Southburn Terrace
Hartlepool
TS25 1SQ

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Funds transferred from local authority on conversion	-	-	-	-	6,489,266
Donations	28,759	-	123,223	151,982	26,165
Capital Grants	-	-	183,997	183,997	220,463
Income from trips and visits	30,632	-	-	30,632	20,072
Subtotal	59,391	-	307,220	366,611	266,700
	59,391	-	307,220	366,611	6,755,966
Total 2017	193,741	(454,627)	7,016,852	6,755,966	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Catering	38,586	-	38,586	39,984
Breakfast & after school club	13,876	-	13,876	14,979
Provision of staff	15,618	-	15,618	68,224
Lettings income	32,771	-	32,771	32,167
Staff absence insurance	24,998	-	24,998	24,322
Other fundraising	23,415	-	23,415	12,116
Little Stars	2,640	-	2,640	1,838
	151,904	-	151,904	193,630
Total 2017	193,630	-	193,630	

STRANTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Educational operations	-	5,135,162	5,135,162	4,990,582
Teaching school	-	-	-	52,216
	-	5,135,162	5,135,162	5,042,798
<i>Total 2017</i>	-	5,042,798	5,042,798	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
GAG	-	3,791,045	3,791,045	3,655,157
Pupil premium	-	601,980	601,980	571,203
Universal free school meals	-	72,542	72,542	67,535
Start up grant	-	-	-	25,000
Regional academy growth fund	-	-	-	75,000
	-	4,465,567	4,465,567	4,393,895
Other government grants				
National college school leadership	-	6,000	6,000	6,000
Early years income	-	442,834	442,834	370,423
High needs income	-	161,969	161,969	115,850
Pupil Premium Local authority	-	33,392	33,392	83,664
Apprentice & training grants	-	7,400	7,400	5,000
Refugee funding	-	18,000	18,000	15,750
	-	669,595	669,595	596,687
	-	5,135,162	5,135,162	4,990,582
<i>Total 2017</i>	-	4,990,582	4,990,582	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	-	-	46,452	46,452	70,259
Activities:					
Direct costs	3,445,260	-	347,549	3,792,809	3,729,272
Support costs	779,595	460,299	609,872	1,849,766	1,816,817
	<u>4,224,855</u>	<u>460,299</u>	<u>1,003,873</u>	<u>5,689,027</u>	<u>5,616,348</u>
Total 2017	<u>4,243,178</u>	<u>457,636</u>	<u>915,534</u>	<u>5,616,348</u>	

7. RAISING FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Trips and activities	40,864	-	40,864	36,128
Wages and salaries	5,588	-	5,588	34,131
	<u>46,452</u>	<u>-</u>	<u>46,452</u>	<u>70,259</u>
Total 2017	<u>70,259</u>	<u>-</u>	<u>70,259</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. CHARITABLE ACTIVITIES

	Total funds 2018 £	Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,749,271	2,775,347
National insurance	254,650	251,369
Pension cost	441,339	418,612
Educational supplies	156,514	146,251
Training	36,309	40,546
Insurance	26,189	16,903
Other staff costs	85,952	37,204
Educational consultancy	22,034	21,651
HR and professional fees	20,551	21,389
	<u>3,792,809</u>	<u>3,729,272</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	509,976	450,631
National insurance	34,619	34,552
Pension cost	229,412	278,537
Depreciation	181,847	142,747
Catering	238,094	226,073
Postage and telephone	14,133	15,053
Repairs and maintenance	152,360	143,511
Energy	125,143	144,861
Rates and Water	54,617	53,756
Cleaning	100,934	85,999
Travel	30,282	23,394
Printing & stationery	60,657	58,743
Trips & activities	9,580	7,799
Agency supply	4,528	-
Bank charges	3,130	2,332
Amortisation	6,125	6,125
HR and professional fees	21,206	32,030
Pension charge	29,000	36,000
Governance (note 9)	17,131	37,938
Other support costs	26,992	36,736
	<u>1,849,766</u>	<u>1,816,817</u>
	<u><u>5,642,575</u></u>	<u><u>5,546,089</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. GOVERNANCE

	2018 £	2017 £
Auditors' remuneration	8,750	11,145
Auditors' non audit fees	1,990	1,300
Legal and professional fees	6,391	25,493
 Total	 <u>17,131</u>	 <u>37,938</u>

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	181,847	142,746
Amortisation of intangible fixed assets	6,125	6,125
Auditors' remuneration - audit	8,750	11,145
Auditors' remuneration - other services	1,990	1,300

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,170,950	3,211,466
Social security costs	292,125	285,920
Operating costs of defined benefit pension schemes	670,751	697,149
	<u>4,133,826</u>	<u>4,194,535</u>
Supply teacher costs	52,201	48,131
Staff restructuring costs	38,827	512
	<u>4,224,854</u>	<u>4,243,178</u>

b. Non-statutory/non-contractual staff severance payments

Included in restructuring costs are 4 (2017: 1) non-statutory/non-contractual severance payments of £1,000 £3,000 £2,507 and £9,700 (2017: £512).

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	55	64
Administration and support	97	89
Management	3	3
	<u>155</u>	<u>156</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11. STAFF COSTS (continued)

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	52	56
Administration and support	71	73
Management	3	3
	<u>126</u>	<u>132</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £80,001 - £90,000	1	1

The above employees participated in the Teachers' Pension Scheme.

Related Party Transactions - Directors' Remuneration and Expenses

The Executive Head and other staff directors only receive remuneration in respect of services they provide undertaking the roles of Executive Head and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors. The value of directors' remuneration was as follows:

N Nottingham (Executive Head and director):

Remuneration £85,000 - £90,000 (2017: £80,000 - £85,000)

Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017: £1,186) were reimbursed to 0 (2017: 3) directors.

Other related party transactions involving the directors are set out in note 27.

e. Key management personnel

The total remuneration, including pension, paid to key management personnel was £247,296 (2017: £252,810).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. CENTRAL SERVICES

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

- Provision of staff
- IT services

The academy charges for these services on the basis of time spent

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Stranton Primary School	71,836	49,515
Eskdale Primary School	47,168	34,219
Jesmond Gardens Primary School	66,791	47,034
Total	<u>185,795</u>	<u>130,768</u>

13. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The Trust has joined the RPA scheme and so the cost for director and officer insurance is not separable.

14. INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 September 2017 and 31 August 2018	18,375
Amortisation	
At 1 September 2017	7,844
Charge for the year	6,125
At 31 August 2018	13,969
Carrying amount	
At 31 August 2018	4,406
At 31 August 2017	10,531

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Leasehold improvements £	Plant and equipment £	Computer equipment £
Cost or valuation				
At 1 September 2017	9,783,715	729,532	101,648	143,383
Additions	22,934	291,549	12,692	31,537
At 31 August 2018	9,806,649	1,021,081	114,340	174,920
Depreciation				
At 1 September 2017	211,664	38,650	66,018	62,931
Charge for the year	77,770	41,755	22,305	40,017
At 31 August 2018	289,434	80,405	88,323	102,948
Net book value				
At 31 August 2018	9,517,215	940,676	26,017	71,972
At 31 August 2017	9,572,051	690,882	35,630	80,452

	Total £
Cost or valuation	
At 1 September 2017	10,758,278
Additions	358,712
At 31 August 2018	11,116,990
Depreciation	
At 1 September 2017	379,263
Charge for the year	181,847
At 31 August 2018	561,110
Net book value	
At 31 August 2018	10,555,880
At 31 August 2017	10,379,015

The academy continues to occupy the land and buildings which were used by the predecessor schools prior to conversion. These properties were gifted to the academy on conversion on a 125 year lease by Hartlepool Borough Council. The council continue to own the freehold and the academy has the right to occupy the properties for a peppercorn rent. The property is shown above in long term leasehold property and is written off over the life of the lease.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STOCKS

	2018 £	2017 £
School supplies	36,000	36,000

17. DEBTORS

	2018 £	2017 £
Trade debtors	72,895	5,234
VAT	69,218	46,447
Prepayments and accrued income	215,539	227,197
	<u>357,652</u>	<u>278,878</u>

18. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other loans	1,787	1,787
Trade creditors	64,403	72,014
Other creditors	3,223	7,596
Accruals and deferred income	162,304	248,329
	<u>231,717</u>	<u>329,726</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	58,259	30,081
Resources deferred during the year	42,318	58,259
Amounts released from previous years	(58,259)	(30,081)
Deferred income at 31 August 2018	<u>42,318</u>	<u>58,259</u>

At the balance sheet date the academy was holding funds received in advance to fund free school meals in the 2018-2019 academic year.

19. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	9,828	11,616

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. CREDITORS: Amounts falling due after more than one year (continued)

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

	2018	2017
	£	£
Repayable by instalments	2,680	4,468

The loan shown above is payable in bi - annual installments and is not subject to interest.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

20. STATEMENT OF FUNDS

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	321,635	211,295	(240,466)	-	-	292,464
Restricted funds						
General annual grant	118,941	3,791,046	(3,717,963)	(88,435)	-	103,589
Pupil premium	-	635,372	(635,372)	-	-	-
Higher educational needs	-	161,969	(161,969)	-	-	-
Early years and nursery	-	442,833	(442,833)	-	-	-
Universal free school meals	-	72,542	(72,542)	-	-	-
National college of school leadership	-	6,000	(6,000)	-	-	-
Start up grant	10,511	-	(10,511)	-	-	-
Apprentice grant	-	7,400	(7,400)	-	-	-
Refugee funding	-	18,000	(18,000)	-	-	-
Pension reserve	(1,282,000)	-	(188,000)	-	304,000	(1,166,000)
	<u>(1,152,548)</u>	<u>5,135,162</u>	<u>(5,260,590)</u>	<u>(88,435)</u>	<u>304,000</u>	<u>(1,062,411)</u>
Restricted fixed asset funds						
Capital transferred on conversion	9,375,964	-	(99,261)	-	-	9,276,703
Other capital grants	902,217	307,220	(54,706)	-	-	1,154,731
Capital expenditure from GAG	152,054	-	(34,004)	88,435	-	206,485
	<u>10,430,235</u>	<u>307,220</u>	<u>(187,971)</u>	<u>88,435</u>	<u>-</u>	<u>10,637,919</u>
Total restricted funds	<u>9,277,687</u>	<u>5,442,382</u>	<u>(5,448,561)</u>	<u>-</u>	<u>304,000</u>	<u>9,575,508</u>
Total of funds	<u>9,599,322</u>	<u>5,653,677</u>	<u>(5,689,027)</u>	<u>-</u>	<u>304,000</u>	<u>9,867,972</u>

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

General annual grant - this is the money provided to the academy for normal school running costs.
Transfers in the year represent GAG spent on fixed assets.

The pupil premium is paid based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants within classrooms and extra resources.

The funding for higher educational needs has been spent on teaching assistants in class and working one to one with children that have been identified as needing extra support. Some of the funding was

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

spent on resources as well.

The early years and nursery funding has been spent on providing a nursery and 2 year old centre in both schools.

Funding for universal free school meals was spent on providing free school meals to infant pupils.

The teacher training grant was funding from the ESFA for salaried initial teacher training.

National College of School Leadership income was towards the costs of the Executive Head working with other schools.

The Start up grant had a balance brought forward which has been spent in the financial year.

The Apprentice AGE Grant was spent on the salaries of Apprentices.

The Refugee Funding has been spent on additional staffing.

The capital transferred on conversion represents the land and buildings and other assets transferred to the school at nil consideration from Hartlepool Borough Council upon conversion to an Academy. This fund is being depreciated in line with the assets represented.

Other capital grants are government funds received for the purchase of capital equipment and expenditure on repairs projects. The amount carried forward represents assets purchased in the year at their net book value and funding yet to be spent.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Stranton Primary School	56,893	33,165
Eskdale Primary School	92,130	68,921
Jesmond Gardens Primary School	168,172	272,596
Trust	78,858	76,405
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	396,053	451,087
	<hr/>	<hr/>
Restricted fixed asset fund	10,637,919	10,430,235
Pension reserve	(1,166,000)	(1,282,000)
	<hr/>	<hr/>
Total	9,867,972	9,599,322
	<hr/> <hr/>	<hr/> <hr/>

STRANTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Stranton Primary School	1,401,563	288,503	76,613	441,911	2,208,590	2,354,446
Eskdale Primary School	881,538	98,202	32,051	295,483	1,307,274	1,347,300
Jesmond Garden Primary School	1,162,159	187,859	46,753	314,113	1,710,884	1,462,174
Trust	-	205,030	1,096	68,176	274,302	303,559
	<u>3,445,260</u>	<u>779,594</u>	<u>156,513</u>	<u>1,119,683</u>	<u>5,501,050</u>	<u>5,467,479</u>

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

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Resources expended £</i>	<i>Transfers in/out £</i>	<i>Gains/ (losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
General funds	135,954	387,371	(201,690)	-	-	321,635
Restricted funds						
General annual grant	20,123	3,660,605	(3,520,998)	(40,789)	-	118,941
Pupil premium	-	705,792	(705,792)	-	-	-
Higher educational needs	-	115,850	(115,850)	-	-	-
Early years and nursery	-	370,423	(370,423)	-	-	-
Universal free school meals	-	67,535	(67,535)	-	-	-
Teacher training income	-	52,216	(52,216)	-	-	-
National college of school leadership	-	6,000	(6,000)	-	-	-
Start up grant	1,521	25,000	(16,010)	-	-	10,511
Greggs Foundation - Breakfast Club	-	1,500	(1,500)	-	-	-
Henry Smith Foundation	-	2,500	(2,500)	-	-	-
Refugee funding	-	15,750	(15,750)	-	-	-
Regional growth fund	-	75,000	(75,000)	-	-	-
Apprentice AGE grant	-	5,000	(5,000)	-	-	-
Pension reserve	(1,393,000)	(515,000)	(254,000)	-	880,000	(1,282,000)
	<u>(1,371,356)</u>	<u>4,588,171</u>	<u>(5,208,574)</u>	<u>(40,789)</u>	<u>880,000</u>	<u>(1,152,548)</u>
Restricted fixed asset funds						
Capital transferred on conversion	2,672,687	6,796,389	(93,112)	-	-	9,375,964
Other capital grants	769,550	220,463	(87,796)	-	-	902,217
Capital expenditure from GAG	136,441	-	(25,176)	40,789	-	152,054
	<u>3,578,678</u>	<u>7,016,852</u>	<u>(206,084)</u>	<u>40,789</u>	<u>-</u>	<u>10,430,235</u>
Total restricted funds	<u>2,207,322</u>	<u>11,605,023</u>	<u>(5,414,658)</u>	<u>-</u>	<u>880,000</u>	<u>9,277,687</u>
Total of funds	<u>2,343,276</u>	<u>11,992,394</u>	<u>(5,616,348)</u>	<u>-</u>	<u>880,000</u>	<u>9,599,322</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	135,954	387,371	(201,690)	-	-	321,635
	-	211,295	(240,466)	-	-	(29,171)
	<u>135,954</u>	<u>598,666</u>	<u>(442,156)</u>	<u>-</u>	<u>-</u>	<u>292,464</u>
Restricted funds						
General annual grant	20,123	7,451,651	(7,238,961)	(129,224)	-	103,589
Pupil premium	-	1,341,164	(1,341,164)	-	-	-
Higher educational needs	-	277,819	(277,819)	-	-	-
Early years and nursery	-	813,256	(813,256)	-	-	-
Universal free school meals	-	140,077	(140,077)	-	-	-
Teacher training income	-	52,216	(52,216)	-	-	-
National college of school leadership	-	12,000	(12,000)	-	-	-
Start up grant	1,521	25,000	(26,521)	-	-	-
	-	7,400	(7,400)	-	-	-
Greggs Foundation - Breakfast Club	-	1,500	(1,500)	-	-	-
Henry Smith Foundation	-	2,500	(2,500)	-	-	-
Refugee funding	-	33,750	(33,750)	-	-	-
Regional growth fund	-	75,000	(75,000)	-	-	-
Apprentice AGE grant	-	5,000	(5,000)	-	-	-
Pension reserve	(1,393,000)	(515,000)	(442,000)	-	1,184,000	(1,166,000)
	<u>(1,371,356)</u>	<u>9,723,333</u>	<u>(10,469,164)</u>	<u>(129,224)</u>	<u>1,184,000</u>	<u>(1,062,411)</u>
Restricted fixed asset funds						
Capital transferred on conversion	2,672,687	6,796,389	(192,373)	-	-	9,276,703
Other capital grants	769,550	527,683	(142,502)	-	-	1,154,731
Capital expenditure from GAG	136,441	-	(59,180)	129,224	-	206,485
	<u>3,578,678</u>	<u>7,324,072</u>	<u>(394,055)</u>	<u>129,224</u>	<u>-</u>	<u>10,637,919</u>
	<u>2,207,322</u>	<u>17,047,405</u>	<u>(10,863,219)</u>	<u>-</u>	<u>1,184,000</u>	<u>9,575,508</u>
Total of funds	<u>2,343,276</u>	<u>17,646,071</u>	<u>(11,305,375)</u>	<u>-</u>	<u>1,184,000</u>	<u>9,867,972</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	4,406	4,406
Tangible fixed assets	-	-	10,555,880	10,555,880
Current assets	480,071	145,907	89,253	715,231
Creditors due within one year	(187,607)	(42,318)	(1,792)	(231,717)
Creditors due in more than one year	-	-	(9,828)	(9,828)
Provisions for liabilities and charges	-	(1,166,000)	-	(1,166,000)
	<u>292,464</u>	<u>(1,062,411)</u>	<u>10,637,919</u>	<u>9,867,972</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	10,531	10,531
Tangible fixed assets	-	-	10,379,015	10,379,015
Current assets	321,635	366,004	145,479	833,118
Creditors due within one year	-	(224,936)	(104,790)	(329,726)
Creditors due in more than one year	-	(11,616)	-	(11,616)
Provisions for liabilities and charges	-	(1,282,000)	-	(1,282,000)
	<u>321,635</u>	<u>(1,152,548)</u>	<u>10,430,235</u>	<u>9,599,322</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(35,350)	6,376,046
Adjustment for:		
Depreciation and amortisation charges	187,972	148,872
Increase in stocks	-	(10,000)
Increase in debtors	(55,840)	(88,928)
(Decrease)/increase in creditors	(98,009)	203,884
Capital grants from DfE and other capital income	(183,997)	(220,463)
Defined benefit pension scheme obligation inherited	-	515,000
Defined benefit pension scheme cost less contributions payable	188,000	254,000
Net (profit) on assets and liabilities from local authority on conversion	-	(7,004,266)
Third party funding of new car park	(123,223)	-
Net cash (used in)/provided by operating activities	(120,447)	174,145

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	321,579	518,240
Total	321,579	518,240

24. CAPITAL COMMITMENTS

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	40,000	23,000

25. PENSION COMMITMENTS

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

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

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

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25. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £312,684 (2017 - £322,890).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £257,000 (2017 - £202,000), of

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25. PENSION COMMITMENTS (continued)

which employer's contributions totalled £188,000 (2017 - £156,000) and employees' contributions totalled £69,000 (2017 - £49,000). The agreed contribution rates for future years are 14.6% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.00 %	2.90 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %

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

	2018	2017
Retiring today		
Males	22.9	22.8
Females	25.0	24.9
Retiring in 20 years		
Males	25.1	25.0
Females	27.3	27.2

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	(115,100)	(107,000)
Discount rate -0.1%	118,100	110,000
Mortality assumption - 1 year increase	(126,200)	(120,000)
Mortality assumption - 1 year decrease	126,200	121,000
CPI rate +0.1%	84,100	70,000
CPI rate -0.1%	(74,100)	(68,000)

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25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	2,315,560	2,208,472
Cash and other liquid assets	570,960	357,376
Corporate bonds	-	2,792
Property	244,244	178,688
Other	41,236	44,672
Total market value of assets	<u><u>3,172,000</u></u>	<u><u>2,792,000</u></u>

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	<i>2017 £</i>
Current service cost	(347,000)	(371,000)
Interest cost	(29,000)	(36,000)
Total	<u><u>(376,000)</u></u>	<u><u>(407,000)</u></u>
Actual return on scheme assets	<u><u>158,000</u></u>	<u><u>393,000</u></u>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	4,074,000	2,995,000
Upon conversion	-	1,269,000
Current service cost	347,000	371,000
Interest cost	102,000	82,000
Employee contributions	69,000	59,000
Actuarial gains	(219,000)	(533,000)
Benefits paid	(35,000)	(169,000)
Closing defined benefit obligation	<u><u>4,338,000</u></u>	<u><u>4,074,000</u></u>

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25. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,792,000	1,602,000
Upon conversion	-	754,000
Interest income	73,000	46,000
Actuarial gains	85,000	347,000
Employer contributions	188,000	153,000
Employee contributions	69,000	59,000
Benefits paid	(35,000)	(169,000)
	<u>3,172,000</u>	<u>2,792,000</u>
Closing fair value of scheme assets	<u>3,172,000</u>	<u>2,792,000</u>

26. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	12,599	11,859
Between 1 and 5 years	9,482	10,994
Total	<u>22,081</u>	<u>22,853</u>

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note .

F Nottingham, the wife of a director, is employed within the academy trust as a teacher. F Nottingham's appointment was made in open competition and the director was not involved in the decision making process regarding appointment. F Nottingham is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a director.

The Trust purchased services to the value of £900 from Golden Tree Wellbeing CIC a business in which one of the directors holds an interest.