

**THE SHOTTON HALL LEARNING TRUST LIMITED**

(a company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 August 2013**

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**THE SHOTTON HALL LEARNING TRUST**  
**FINANCIAL STATEMENTS**  
**Year ended 31 August 2013**

**Contents**

	<b>Page</b>
Company information	3 – 4
Governors' report	5 – 11
Governance Statement	12 – 14
Statement of Regularity, Propriety and Compliance	15
Statement of Governors Responsibilities	16
Auditors' report	17
Statement of financial activities	18
Balance sheet	19
Cashflow statement	20
Notes to the financial statements	21 – 41

# THE SHOTTON HALL LEARNING TRUST

## COMPANY INFORMATION

Year ended 31 August 2013

### Governors (Trustees)

*(NB all governors are directors of The Shotton Hall Learning Trust)*

\* Finance/Premises & Grounds Committee Members

### General Governors

Mr Roy Simpson (Chair) Trust Member  
Mrs Diane Nicholson\* Trust Member  
Mr Jake Cameron\* Trust Member  
Mrs Susan McDonnell\* Trust Member  
Mrs Sandra Mason\*

### Local Authority Governor

Mr Dennis Coates\*(Chair Finance)

### Parent Governors

Mr Paul Smith  
Mr Aiden James McKenzie (Term of office ended 25/1/13)  
Mr John Clipperton\* (resigned 31/12/12)  
Mrs Katherine Hardman  
Mr John Park\*  
Mrs Amanda Moon\*  
Mrs Fay Talbot\*

### Staff Governors

Mrs Sarah Crowdy  
Mr Ashok Patel  
Mrs Dawn Bell

### Principal

Mrs Lesley Powell

### Company Secretary

Mr Lee Alexander

### Senior Management Team:

Vice Principal

Senior Assistant Principals

Mr Brian Burlinson

Mrs Valerie Bell

Mr Bryan Stephenson

Miss Alex Hook

Mr Rodger Davies

Mrs Christine Wolfendale

Miss Shelley Pallister

Miss Angie Favaro

Mr Steve Taylor

Mr Ash Patel

Mr Lee Alexander

Mrs Debra Livingston

Miss Alix Borthwick

Head of Finance

Head of Administrative Services

Head of Communications

**THE SHOTTON HALL LEARNING TRUST**  
**COMPANY INFORMATION (continued)**  
**Year ended 31 August 2013**

<b>Principal and Registered Office</b>	The Shotton Hall Learning Trust Passfield Way Peterlee Co Durham SR8 1AU
<b>Company Registration Number</b>	07492165
<b>Independent Auditor</b>	Baker Tilly UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
<b>Bankers</b>	Lloyds TSB PO Box 1000 Andover BX1 1LT
<b>Solicitors</b>	Ward Hadaway Law Firm Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

## THE SHOTTON HALL LEARNING TRUST

### GOVERNORS' REPORT

Year ended 31 August 2013

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013

#### Structure, Governance and Management

##### Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The governors act as trustees for charitable activities of The Shotton Hall Learning Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Shotton Hall Learning Trust.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

##### 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.

##### Principal activities

The Academy's object ("the Object") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The Academy Trust shall ensure that the broad and balanced curriculum includes English, Mathematics and Science and shall make provision for the teaching of religious education. The Academy Trust shall ensure that the Academy complies with any guidance issued by the Secretary of State from time to time to ensure that pupils take part in assessments and in teacher assessments of pupils' performance as they apply to maintained schools. In respect of all key stages the Academy Trust will submit the Academy to monitoring and moderation of its assessment arrangements as prescribed by the Secretary of State.

##### Method of recruitment and appointment or election of governors

The Members of the Academy comprise of the three signatories to the Memorandum and one other person who was appointed under Article 16 of the Memorandum and Articles of Association. Details of the governing body are shown in the Reference and Administration details. The members may appoint Staff governors through such process as they may determine, provided that the total number of Governors including the Principal who are employees of the Academy Trust does not exceed one third of the total number of Governors. Durham County Council has appointed the Local Authority (LA) Governor. The Parent Governors are elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when they are elected and the governing body make all necessary arrangements for elections. If the number of Parent Governors standing for election is less than the number of vacancies then the Governing Body can appoint the parent Governors. The Governors may appoint up to 3 Co-opted Governors. A Co-opted Governor, means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Secretary of State may appoint such Additional Governors as he thinks fit under Article 62, 62A, 62C or 68A. The term of office for any Governor shall be 4 years. At the Governors first meeting each school year they will elect a chairman and vice-chairman.

## THE SHOTTON HALL LEARNING TRUST

### GOVERNORS' REPORT

Year ended 31 August 2013

#### Policies and procedures adopted for the induction and training of governors

The Academy provides both individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. Governors also have access to the website and a Governor Information File to assist in their induction. Governors receive a copy of the termly magazine 'School Governor' also. We also hold a Governors' day where governors can select various topics to access training. The governors were also issued with a CPD audit to assess their needs.

#### Organisational structure

An Academy Trust Annual General Meeting – must be held every year and be called as such, not more than 15 months shall elapse between the date of one AGM and that of the next. The Academy Trust Members also hold termly meetings or as and when required.

#### Governors

A meeting of Full Governors takes place termly. In accordance with the School Staffing Regulations the current committee arrangements, including membership and remits together with remuneration and expenditure limits and delegation of staff functions will be considered at the first meeting on an annual basis.

#### **Committee Structure**

##### **Behaviour and Safety – School lead V. Bell**

##### **Parental engagement**

##### **Terms of Reference**

- Behaviour, including data analysis by subgroup etc
- Exclusions
- Attitudes to Learning, climate for learning
- Safety
- Safeguarding (L & M judgement)
- Attendance and Punctuality
- Bullying in all its forms- effectiveness of school strategies to prevent this
- SMSC
- Punctuality
- Stakeholder views
- Risk attendance

*Meetings Termly plus as and when necessary*

##### **Leadership – School lead L. Powell/L. Alexander-**

##### **Terms of Reference**

- School Evaluation Form and School Improvement Plan
- Performance Management policies
- Initial Teacher Training, Non-Qualified Teachers
- Teaching School
- Finance
- To consider all matters received relating to the financial aspects of the Academy including
- Approval of internal financial procedures, financial regulations manual, purchasing procurement, including limits for tendering, Payroll, including arrangements for making PAYE deductions and completing tax forms for HMRC, receipt of gift and hospitality
- Approval of the academy's budget and associated procedures including nomination of a governor to have responsibility for monitoring of the Development Plan, establishment of procedure and timetable for regular reporting of financial progress against budget to both the Principal (accounting officer and the governing body)
- Setting approval of delegated authority levels and signatories for cheques, bank forms and DfE returns
- Delegation of appropriate powers and functions to the Principal including responsibility for the internal organisation and control of the academy, the implementation of all policies approved by the governing body and the direction of teaching and the curriculum
- Nomination and appointment of a governor to act as 'responsible officer' for the purposes of making periodic checks on the academy's systems, controls and financial transactions (The RO cannot be the chairman or member of finance sub committee)

**THE SHOTTON HALL LEARNING TRUST**  
**GOVERNORS' REPORT (CONTINUED)**

**Year ended 31 August 2013**

- Oversight of Audit
- Approval of arrangements for recording assets
- Circulation of members' business interests
- Approval of insurance arrangements e.g. to cover governors (indemnity), public liability, employers' liability and to safeguard assets
- Receive budget and agree a budget plan
- Monitor and determine spending patterns and consider spending proposals from other committees
- Decide virement
- Consider and promote income generation
- Check the annual accounts of all voluntary funds held by the school
- Health and Safety issues
- PFI Monitoring
- Equalities

*Meetings Termly or each half term when required*

**Achievement – School Lead Brian Burlinson**

**Terms of Reference**

- Attainment and progress across year group/subgroups against targets/national benchmarks
- Use of pupil premium and impact on closing gaps
- Curriculum (L & M)
- Partnerships

*Meetings Termly*

**Quality of Teaching – School Lead A. Hook**

**Terms of Reference**

- Data relating to quality of teaching and activities to improve this including monitoring data and Teaching and Learning action plan/approach
- Literacy and numeracy across the curriculum
- SEND provision and additional intervention strategies e.g. Boys, FSM, G&T, Link etc
- Marking and feedback

*Meetings As and When required*

**Pupil Discipline**

**Terms of Reference**

- To deal with Fixed term exclusions over 15 days
- Permanent exclusions

*Meetings Termly if necessary Disqualifications conflict of interest*

**Personnel Committee**

**Terms of Reference**

- Staff appointments (up to Assistant Principal delegated to Principal) (Principal and Vice Principal appointments will be subject to consideration by the full governing Body)
- Temporary appointments (delegated to principal)
- To check staff appraisal arrangements are in place and being developed
- Consider leave of absence (delegated to Principal)
- Staffing Structure (any budgetary implications submitted to Finance Committee)

*Meetings when required Disqualifications School staff, Pecuniary interest*

**Appeals Committee**

**Terms of Reference**

- To consist of all members of the Governing Body not involved or invited to the Committee making the initial decision on matters relating to pay, discipline and staff reduction (excluding member of staff employed at the school)

*Meeting As and when required Must have no fewer members than the hearing*

*Disqualifications Principal, any governor who was involved in the original hearing, spouse/partner*

## THE SHOTTON HALL LEARNING TRUST

### GOVERNORS' REPORT

Year ended 31 August 2013

#### **Pay Review Committee**

##### Terms of Reference

To Act in accordance with the School Pay policy to include matters relating to the determination of additional responsibility points, regradings, recruitment and reallocation points and the annual review including the Principal and Deputy Principal review/targets

Staff disciplinary and grievance matters

Staff reductions

Ill health absence

*Meetings – Autumn term plus as and when necessary Disqualifications – school staff*

#### Teaching Staff Capability Committee

##### Capability Committee

Hearings up to and including dismissal (dependent upon the level of delegation to the Principal e.g. if the Principal has delegated powers up to and including First Written Warning, the committee deals with all other stages up to and including dismissal)

*Disqualifications Principal*

##### Capability First Appeal Committee

To hear appeals against decisions taken by the Principal and/or the Capability Committee (up to and including Final Written Warning)

*Disqualifications Principal, Chairperson if prior knowledge*

##### Capability Final Appeal

To hear appeals against dismissal (from this capability process only)

Vacancy x 7

The Steering Group consists of the Principal, Vice Principal, and four Assistant Principals. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Management are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Leadership team comprises of the Steering Group, four Associate Assistant principals, The Head of Financial Services and Head of Administrative Services who are responsible for the day to day operation of the Academy including organising the teaching staff, facilities and students.

#### **Risk management**

The Academy has produced a risk register in order to formally identify the major risks to which the Academy is exposed. A number of systems to assess risks that the school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and educational visits) have already been introduced and furthermore, appropriate arrangements (e.g. a regular and thorough lesson observation programme, safer recruitment, vetting of visitors and staff supervision procedures) are firmly in place to minimise risk. This includes an effective system of internal financial controls. Where significant financial risk remains, adequate insurance cover is in place.

#### **Connected organisations, including related party relationships**

The Academy does not work in federation with any other organisation. However, informal relationships with local schools, universities, Teaching School alliance schools and businesses exist where these partnerships assist in the achievement of Academy objectives.

The Academy is working partnership with East Durham College to establish a new Studio School. The Apollo Studio Academy is independent from the The Shotton Hall Learning Trust, however the success of the trust has been instrumental in creating this exciting opportunity for children and young adults between fourteen and nineteen from the East Durham area.

#### **Objectives, strategies and activities**

The principal object and activity of the charitable trust is the operation of the Academy at Shotton Hall to provide education for pupils between the ages of 11 and 16.

The Academy's admissions code has governor approval and is published on the website [www.shottonhallschool.co.uk](http://www.shottonhallschool.co.uk). The Academy has a rolling programme of self evaluation and this is summarised



## THE SHOTTON HALL LEARNING TRUST

### GOVERNORS' REPORT

Year ended 31 August 2013

in the Academy Self Evaluation Form (SEF) Action points from the evaluation are then developed in the Academy development plan in the following key areas -

- Leadership and management of the academy
- Achievement of pupils at the Academy
- The quality of teaching
- Behaviour and safety of pupils
- Leadership and management of the academy

*The Academy development plan is available on the Academy website*

#### **Public Benefit**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

#### **Achievements and Performance**

The Academy at Shotton Hall has joined an exclusive group of schools after recently being awarded a second outstanding judgement from school inspectors Ofsted. The double award has been achieved by very few secondary schools in England and is testament to the excellent and sustained achievements of our school over the past three years.

Students enter the Academy at Shotton Hall with attainment that places them slightly below average. In particular, literacy and numeracy skills are low and approximately half of each year group require intervention in these areas to support their learning. The Academy scores highly in the indices of multiple deprivation with 42.4% of students eligible for the pupil premium.

According to the IDACI index more than 50% of our students live in the lowest 30% areas of deprivation in the country. Students leave the academy with results that are significantly above average as far as attainment is concerned (raw results compared to national averages) and this means that learning and progress are outstanding. This picture has been strengthened and consolidated over a period of time, with value added (an educational measure of overall performance) showing that our students leave the Academy with achievements in terms of exam performance statistically significantly higher than would be expected.

In 2013 we significantly exceeded all targets with 99% of students achieving 5+ A\*-C grades and 95% achieving 8+ A\*-C grades.

99.5% of students achieved at least 3 A\*-C grades and 79% achieved 5+ A\*-C grades including English and Maths.

Most subjects, produced results significantly above national average at A\*-C and the majority were above national averages at A\*-A grades.

Individually, English and Maths results were significantly above national averages by around 20%, Science more than 35% above national averages. These figures continue to show significant improvement on previous years and continue to place us in the outstanding category for Achievement (the sum of attainment and progress). Attendance and P.A. data were also outstanding.

#### **Going concern**

Taking into account consideration of all relevant facts and circumstances and after making appropriate enquiries the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern. For this reason it adopts the going concern basis in preparing the financial statements.

**THE SHOTTON HALL LEARNING TRUST**  
**GOVERNORS' REPORT**  
**Year ended 31 August 2013**

**Financial and risk management objectives and policies**

The Academy manages its risks appropriately. We consider that risks such as the uncertainty over the LGPS deficit and future recurrent funding provision possibly due to the introduction of a national funding formula will feature in the financial risk register as the main areas of concern.

**Key Performance Indicators**

<b><i>GCSE Results</i></b>	<b>2013</b>	<b>2012</b>
Students achieving 5+ A* to C grades	99%	96%
Students achieving 8+ A* to C grades	95%	97%
Students achieving 5+ A* to C grades incl English & Maths	79%	67%
<b><i>Expenditure ratios</i></b>		
Total staff costs/GAG income	71%	73%
Teaching staff costs/GAG income	62%	66%
Support staff costs/GAG income	9%	7%
PFI costs/GAG income	5%	6%
<b><i>Liquidity ratio</i></b>		
Current assets/current liabilities	2.5	1.6

**Financial Review**

During the year ending 31<sup>st</sup> August 2013 total expenditure of £7,074k (2012 £6,577k) was more than covered by recurrent DfE grant funding together with other incoming resources. The net incoming resources before recognised gains and losses and transfers were £556k which has contributed to the closing fund balance of £891k (2012 £299k). This surplus is intended to be utilised during 2013/14 to address site capacity and facility issues.

The majority of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the year ended 31<sup>st</sup> August 2013.

During the year the Academy has developed Teaching School activity providing additional income of £190k comprising of £144k restricted set up grants and £45k unrestricted self generated funds through Continuous Professional Development (CPD) workshops and Specialist Leaders of Education (SLE) deployment. This area will continue to be developed along with School Centred Initial Teacher Training during 2013/14.

The Academy received contributions from the DfE of £334,810 to bridge the "Affordability Gap" in the LA Private Finance Initiative for the building of the school premises. Private Finance Initiative (PFI) costs are shown net of this contribution in note 9.

Capital expenditure of £128k which provided additional car parking space, improved teaching facilities and additional IT equipment, was funded by GAG transfers.

The Academy's Finance Manual sets out the key financial responsibilities and policies including delegation of spending, capitalisation limit, purchasing procedures including procurement regulations and systems of internal control. During the year minor changes have been made with regards to the expenditure limits and the capitalisation limit for certain asset types.

All expenditure of the Academy Trust is made in line with this manual as and such, supports the provision of Education of all pupils on role.

**Principal risks and uncertainties**

The Principal risks and uncertainties continue to arise from the rapid pace of change in the educational landscapes arising from the change in government and the development of the Academies framework. In curricular terms we have adopted a working brief and are ensuring we respond quickly and flexibly. The largest

## THE SHOTTON HALL LEARNING TRUST

### GOVERNORS' REPORT

Year ended 31 August 2013

concern arises from ongoing changes to the national funding formula as all schools are unclear as to how this would impact financially in future years. So far the Academy has not been significantly adversely affected by 2013/14 funding review, although increased pupil numbers and pupil premium have provided some protection along with the minimum funding guarantee. The LGPS pension liability remains a concern due to the uncertainty of future contribution rates and deficit payments as a result of an error identified with the actuarial review data, however the triennial review of the LGPS is currently taking place and we await the outcome with interest.

#### Reserves policy

It is intended that the Governors will review the reserve levels of the Academy annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Academy looked to secure additional funding via the ACMF 2013/14 capital round to supplement academy funds for the procurement of new facilities and classrooms. Unfortunately this bid was unsuccessful and therefore the allocated funds have not been utilised during this financial year. The Academy is actively developing a long-term strategy regarding capacity which includes a bid for capital funding to deliver additional teaching, sport and communal space to meet the Academy needs. The Academy intends to utilise a significant amount of reserves as part of this strategy during the 2013/14.

A long term pension deficit exists at 31 August 2013 of £1,263k (2012 £1,199k)

The level of free reserves at the year ended 31 August 2013 was £933k (2012 £857k)

#### Investment policy

The investment policy aims to manage cash balances to provide daily working capital requirements. 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. No cash deposits have been made during the period partly due to the uncertainty over capital commitment and confidence over short term deposits which do not attract significant interest levels.

#### Plans for Future Periods

These are included in detail within the Academy development plan which is available on the Academy's website.

#### Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

#### Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Board at its meeting on 4.12.13 and signed on its behalf by



Roy Simpson  
Chair

**THE SHOTTON HALL LEARNING TRUST**  
**GOVERNANCE STATEMENT**  
**Year ended 31 August 2013**

**Scope of responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Shotton Hall Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the governors' Report and in the Statement of Governors' responsibilities. The governing body has formally met 3 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs D Bell	1	3
Mr J Cameron	3	3
Mr J Clipperton	0	3
Mrs S Crowdy	1	3
Mr D Coates	2	3
Mrs K Hardman	2	3
Mrs S Mason	1	3
Ms S McDonnell	2	3
Mr A McKenzie	0	3
Mrs A Moon	3	3
Mrs D Nicholson	3	3
Mr J Park	3	3
Mr A Patel	2	3
Mrs L Powell, Principal	3	3
Mr R Simpson, Chair	3	3
Mr P Smith	1	3
Mrs F Talbot	1	3

During the year Mr Clipperton resigned from the Governing body due to work commitments. Mr Aiden Mackenzie's term of office came to an end also.

The Finance and General Purposes Committee was renamed and is now the Leadership Committee and is a sub-committee of the main governing body. Its purpose is to consider all financial matters of the Academy including agreement and monitoring of internal controls. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Mr J Cameron	3	4
Mr J Clipperton	0	4
Mr D Coates	3	4
Mrs S Mason	1	4
Ms S McDonnell	3	4
Mrs A Moon	4	4
Mrs D Nicholson	3	4
Mr J Park	2	4
Mrs L Powell, Principal	4	4
Mrs F Talbot	1	4

## **THE SHOTTON HALL LEARNING TRUST**

### **GOVERNANCE STATEMENT**

**Year ended 31 August 2013**

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Shotton Hall Learning Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Governing Body reviews the key risks of the Academy Trust on an on-going basis to minimise any potential risk together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **The risk and control framework**

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

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

## THE SHOTTON HALL LEARNING TRUST

### GOVERNANCE STATEMENT

Year ended 31 August 2013

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Amanda Moon, a governor, as Responsible Officer ('RO'). The RO's role includes agreeing the internal audit work scope which allows appointed auditors to complete a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. To date the RO has performed 3 termly checks and has reported to the Governors accordingly.

#### Review of effectiveness

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

- The work of the Responsible Officer
- The work of the external auditor
- The financial management and governance self assessment process
- The work of the Head of Finance within the Academy Trust who has responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Governing Body on 4.12.13 and signed on its behalf by



Roy Simpson  
Chair



Lesley Powell  
Accounting Officer

**THE SHOTTON HALL LEARNING TRUST**  
**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**  
**Year ended 31 August 2013**

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

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

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



**Mrs Lesley Powell**  
Accounting officer

4/12/13

**THE SHOTTON HALL LEARNING TRUST**  
**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

**Year ended 31 August 2013**

The governors (who act as trustees for charitable activities of The Shotton Hall Learning Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to

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

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

The governors 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 governing body on **4.12.13** and signed on its behalf by

**Roy Simpson**  
Chair





## REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF THE SHOTTON HALL LEARNING TRUST

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

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

### Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 16, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

### Opinion on financial statements

In our opinion the financial statements

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

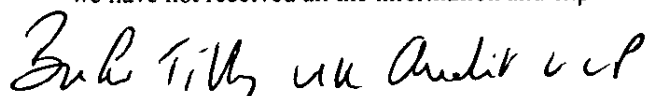
### Opinion on other requirement of the Companies Act 2006

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

### Matters on which we are required to report by exception

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

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



CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

20 December 2013

**THE SHOTTON HALL LEARNING TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(including income and expenditure account and statement of total recognised gains and losses)  
for the year ended 31 August 2013

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>Incoming resources</b>						
Incoming resources from generated funds						
- Voluntary income	4	51	31	24	106	133
- Activities for generating funds	5	419	-	-	419	355
Investment income	6	2	-	-	2	2
Incoming resources from charitable activities						
- Funding of the Academy trust's educational operations	2	-	7,103	-	7,103	6,479
<b>Total incoming resources</b>		<b>472</b>	<b>7,134</b>	<b>24</b>	<b>7,630</b>	<b>6,969</b>
<b>Resources expended</b>						
Costs of Generating Funds						
- Costs of generating voluntary income	8	19	31	-	50	26
- Costs of activities for generating funds	8	343	2	-	345	289
Charitable activities						
- Academy's educational operations	9	34	6,547	70	6,651	6,235
Governance costs	10	-	28	-	28	26
<b>Total resources expended</b>		<b>396</b>	<b>6,608</b>	<b>70</b>	<b>7,074</b>	<b>6,576</b>
<b>Net incoming/(outgoing) resources before other recognised gains and losses and transfers</b>		<b>76</b>	<b>526</b>	<b>46</b>	<b>556</b>	<b>393</b>
Gross transfers between funds		-	(128)	128	-	-
Actuarial gains on defined benefit pension schemes	16		36	-	36	(244)
<b>Net movement in funds</b>		<b>76</b>	<b>434</b>	<b>82</b>	<b>592</b>	<b>149</b>
<b>Fund Balance brought forward at 1 September 2012</b>		<b>857</b>	<b>(1,052)</b>	<b>494</b>	<b>299</b>	<b>150</b>
<b>Fund balances carried forward as at 31 August 2013</b>		<b>933</b>	<b>(618)</b>	<b>576</b>	<b>891</b>	<b>299</b>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods. A statement of total recognised gains and losses is not required as all gains and losses are included in the Statement of Financial Activities.

**THE SHOTTON HALL LEARNING TRUST**

(Company Number: 07492165)

**BALANCE SHEET**  
at 31 August 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	12	528	471
<b>Current assets</b>			
Stock	13	5	6
Debtors	14	736	1,104
Cash at bank and in hand		1,953	1,634
		2,694	2,744
Creditors amounts falling due within one year	15	(1,068)	(1,717)
<b>Net current assets</b>		1,626	1,027
<b>Net assets (excluding pension scheme liability)</b>		2,154	1,498
<b>Pension scheme liability</b>	16	(1,263)	(1,199)
<b>Net assets (including pension scheme liability)</b>		891	299
<b>Total funds of charity</b>			
<b>Restricted funds</b>			
Fixed Asset fund	17	576	494
General fund	17	645	147
Pension reserve	16	(1,263)	(1,199)
	17	(42)	(558)
<b>Unrestricted fund</b>			
General fund	18	933	857
<b>Total funds</b>	18	891	299

The financial statements on pages 18 to 39 were approved by the Governors and authorised for issue on 4/12/13 and signed on their behalf by

Roy Simpson  
Chair



**THE SHOTTON HALL LEARNING TRUST**  
**CASHFLOW STATEMENT**  
for the year ended 31 August 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	24a	<u>421</u>	<u>1,195</u>
Returns on investments and servicing of finance		2	2
Capital expenditure		<u>(104)</u>	<u>(471)</u>
Net increase in cash		<u>319</u>	<u>726</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2012		<u>1,634</u>	<u>908</u>
Net funds at 31 August 2013		<u>1,953</u>	<u>1,634</u>
	At 1 September 2012 £'000	Cash Flows £'000	At 31 August 2013 £'000
Cash at bank and in hand	<u>1,634</u>	<u>319</u>	<u>1,953</u>

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**1 ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the period are

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going Concern**

After reviewing financial and other information available, the governors consider 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.

**Incoming resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

**Donations**

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

**Other income**

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

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**1 ACCOUNTING POLICIES (continued)**

**Interest receivable**

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits

**Resources expended**

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

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

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

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

**Fund accounting**

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the EFA/DfE.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the EFA, where the asset acquired or created is held for a specific purpose.

**Building Schools for the Future**

The Academy occupies buildings which have been procured by Durham Local Authority under the BSF programme as a PFI project. The Academy pays revenue contributions in respect of Facilities Management. The BSF contract will expire in 2036. The Academy does not have any rights or obligations of ownership in respect of these assets, and therefore they are not included on the Academy's balance sheet. The revenue payment for service (net of affordability gap contribution) is recognised in the SOFA.

When the Academy procures and pays for additional furniture or equipment, or changes to the building, the costs are capitalised and depreciated in accordance with the Tangible Fixed Asset policy below.

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**1 ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

Tangible fixed assets costing £5,000 or more are capitalised at cost 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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, on a straight-line basis over its expected useful life between 5 and 10 years dependant on the type of asset.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**Stock**

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

**Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

**Leased assets**

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

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**1 ACCOUNTING POLICIES (continued)**

**Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 15, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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



**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**2 FUNDING OF THE ACADEMIES EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2013 Total £'000	2012 Total £'000
<b>DfE/EFA REVENUE GRANTS</b>					
General annual grant (GAG)	-	6,269	-	6,269	6,178
Other DfE/EFA grants	-	449	-	449	152
	<u>-</u>	<u>6,718</u>	<u>-</u>	<u>6,718</u>	<u>6,330</u>
<b>OTHER GOVERNMENT GRANTS</b>					
Teaching School grants	-	144	-	144	-
Other grants	-	241	-	241	149
	<u>-</u>	<u>385</u>	<u>-</u>	<u>385</u>	<u>149</u>
	<u>-</u>	<u>7,103</u>	<u>-</u>	<u>7,103</u>	<u>6,479</u>

**3 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of state, the academy trust was subject to a limit at 31 August 2012 on the amount of GAG that could be carried forward one year to the next. The funding agreement has been amended and no longer contains limits on the GAG available to carry forward.

**4 VOLUNTARY INCOME**

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2013 Total £'000	2012 Total £'000
Other income	48	31	-	79	104
DfE/EFA capital grant	-	-	24	24	23
Donations	3	-	-	3	6
	<u>51</u>	<u>31</u>	<u>24</u>	<u>106</u>	<u>133</u>

**5 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Catering income	286	-	286	263
School trips	73	-	73	78
Income from lettings	12	-	12	12
Sale of merchandise	2	-	2	2
Teaching school income	46	-	46	-
	<u>419</u>	<u>-</u>	<u>419</u>	<u>355</u>

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**6 INVESTMENT INCOME**

	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Bank interest	2	-	2	2
	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>

**7 RESOURCES EXPENDED**

	Staff Costs £'000	Premises Costs £'000	Other £'000	Total 2013 £'000	Total 2012 £'000
Costs of generating voluntary income	-	-	50	50	26
Cost of activities for generating funds	-	-	345	345	289
Academy's Educational Operations					
Direct costs	4,433	70	363	4,866	4,822
Allocated support costs	635	-	1,150	1,785	1,413
Governance including allocated support	-	-	28	28	26
	<u>5,068</u>	<u>70</u>	<u>1,936</u>	<u>7,074</u>	<u>6,576</u>

Net incoming resources for the year are stated after:

	2013 £'000	2012 £'000
Fees payable to Baker Tilly UK Audit LLP and its associates for		
- audit	10	9
- other services	-	2
PFI costs	387	357

**8 COST OF GENERATING FUNDS**

	Unrestricted Funds £'000	Restricted General Funds £'000	Total 2013 £'000	Total 2012 £'000
Cost of generating voluntary income				
Marketing	19	31	50	26
Cost of activities for generating funds				
Catering expenditure	229	2	231	204
School Trips	80	-	80	85
Teaching School	34	-	34	-
	<u>343</u>	<u>2</u>	<u>345</u>	<u>289</u>

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**9 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2013 £'000	Total 2012 £'000
<b>Direct costs</b>					
Teaching and education support staff costs	-	4,433	-	4,433	4,267
Depreciation	-	-	70	70	23
Books, apparatus & stationery	17	128	-	144	285
Examination fees	-	91	-	91	134
Staff development	-	78	-	78	80
Education consultancy	-	49	-	49	32
<b>Total direct costs</b>	<b>17</b>	<b>4,779</b>	<b>70</b>	<b>4,866</b>	<b>4,822</b>
<b>Allocated support costs</b>					
<b>Personnel Costs</b>					
Support staff costs	-	635	-	635	438
Maintenance of premises & equipment	-	314	-	314	302
PFI costs	-	387	-	387	357
Rates	-	26	-	26	39
Insurance	-	47	-	47	58
Security & Transport	-	-	-	-	-
Recruitment & support	-	14	-	14	7
Bank interest & charges (incl FRS 17)	-	43	-	43	45
Cleaning costs	-	7	-	7	2
Other support costs	17	295	-	312	165
<b>Total allocated support costs</b>	<b>17</b>	<b>1,768</b>	<b>-</b>	<b>1,785</b>	<b>1,413</b>
<b>Total costs</b>	<b>34</b>	<b>6,547</b>	<b>70</b>	<b>6,651</b>	<b>6,235</b>

2012 staff costs split between direct and support costs have been reallocated to aid consistency

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**10 GOVERNANCE COSTS**

	2013 £'000	2012 £'000
Audit fees	10	9
Accountancy fees	3	3
Legal and professional	15	14
Governors expenses	-	-
	<u>28</u>	<u>26</u>

**11 STAFF COSTS**

	2013 £'000	2012 £'000
Staff costs during the period were		
Wages and salaries	4,148	3,885
Social security costs	329	307
Pension costs (including FRS 17 charge of £56,000 £ 2012 £31,000)	579	504
	<u>5,056</u>	<u>4,696</u>
Supply teacher costs	4	1
Compensation payments	8	8
	<u>5,068</u>	<u>4,705</u>

One severance payment was made in the year over £5,000

The average number of persons (including senior management team) employed by the Academy Trust during the year ended 31 August 2013 was as follows

	2013 No	2012 No.
Teachers	73	68
Administration and support	53	57
Management	8	8
	<u>134</u>	<u>133</u>

The number of employees whose annual emoluments excluding pension contributions fell within the following bands was

	2013 No.	2012 No.
£60,001 - £70,000	2	3
£70,001 - £80,000	2	1
£90,001 - £110,000	1	1

During the year ended 31 August 2013, pension contributions for the above staff amounted to £52,558 (2012 £50,662)

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**11 STAFF COSTS (continued)**

**GOVERNORS' REMUNERATION AND EXPENSES**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff governors and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. The annual amount of Principal's remuneration was £107,975 (2012 £97,811) and pension contributions paid in the year was £14,819 (2012 £13,425). The annual salaries of staff governors' was £141,815 (2012 £114,373).

During the year ended 31 August 2013 the governors received no reimbursement relating to travel and subsistence expenses.

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

**GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

**12 TANGIBLE FIXED ASSETS**

	Land & Buildings £'000	Equipment Fixtures & Fittings £'000	IT Software £'000	Total £'000
<b>Cost</b>				
Opening	332	113	49	494
Additions	52	15	61	128
At 31 August 2013	<u>384</u>	<u>128</u>	<u>110</u>	<u>622</u>
<b>Depreciation</b>				
Opening	(13)	(6)	(4)	(23)
Charge in Period	(37)	(19)	(15)	(71)
At 31 August 2013	<u>(50)</u>	<u>(25)</u>	<u>(19)</u>	<u>(94)</u>
<b>Net book value</b>				
At 31 August 2013	<u>334</u>	<u>103</u>	<u>91</u>	<u>528</u>
At 31 August 2012	<u>319</u>	<u>107</u>	<u>45</u>	<u>471</u>

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**13 STOCK**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Catering	5	6
	<u>5</u>	<u>6</u>

**14 DEBTORS**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	14	7
Prepayments and accrued income	645	657
Other debtors	77	440
	<u>736</u>	<u>1,104</u>

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	742	970
Accruals and deferred income	155	581
Tax & social security	171	165
Other creditors	-	1
	<u>1,068</u>	<u>1,717</u>

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Accruals and deferred income comprises:</b>		
Brought forward deferred income	409	256
Deferred income released in the period	(409)	(256)
Incoming resources deferred in the period	78	409
	<u>78</u>	<u>409</u>
Deferred income at 31 August 2013		
	<u>78</u>	<u>409</u>
Accruals	<u>77</u>	<u>172</u>
Total accruals and deferred income	<u>155</u>	<u>581</u>

£53k of the deferred income relates to teaching school activities to be utilised in 2013/14 whereby SORP income recognition criteria not met at 31 August 2013

**THE SHOTTON HALL LEARNING TRUST  
NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 August 2013**

**16 PENSIONS AND SIMILAR OBLIGATIONS**

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

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

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

**Teachers' Pension Scheme**

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

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

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS 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 Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Teachers' Pension Scheme (continued)**

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the year amounted to £401k (2012: £424k).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2013 was £128,100, of which employer's contributions totalled £85,100. The agreed rates for future years are 11.9% per cent for employers with additional contributions to fund the scheme deficit of £17,200.

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**

	2013	2012
Rate of increase in salaries	4.7%	4.7%
Rate of increase for pensions in payment	2.8%	2.2%
Discount rate	4.5%	4.2%
Inflation (CPI)	2.8%	2.2%



**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

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

	2013 £	2012 £
Retiring today		
Males	22.1	22.0
Females	24.3	24.1
Retiring in 20 years		
Males	23.9	23.8
Females	26.2	26.1

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012	Fair Value at 31 August 2012 £'000
Equities	7.9%	514	7.5%	386
Property	7.4%	67	7.0%	51
Government bonds	3.4%	270	2.5%	219
Corporate bonds	4.1%	91	3.2%	81
Cash	0.9%	22	1.3%	9
<b>TOTAL MARKET VALUE OF ASSETS</b>		<u>964</u>		<u>746</u>
 Present value of scheme liabilities		 (2,227)		 (1,945)
 <b>DEFICIT IN THE SCHEME</b>		 <u>(1,263)</u>		 <u>(1,199)</u>

The actual return on scheme assets was £42,000 (2012: £36,000)

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

<b>Amounts recognised in the statement of financial activities</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Current service cost (net of employee contributions)	157	117
Employer contributions	(101)	(86)
	<hr/>	<hr/>
Total operating charge	56	31
	<hr/>	<hr/>
Expected return on pension scheme assets	(42)	(36)
Interest on pension liabilities	86	81
	<hr/>	<hr/>
Pension finance costs	44	45
	<hr/>	<hr/>

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

The actuarial gains and losses for the current period are recognised in the SOFA

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £193k loss (2012 £229k loss)

Movements in the present value of defined benefit obligations were as follows	2013 £'000	2012 £'000
At 1 September	1,945	1,447
Current service cost	157	117
Interest cost	86	81
Employee contributions	44	42
Actuarial (gain)/loss	(3)	260
Benefits paid	(2)	(2)
	<hr/>	<hr/>
At 31 August	2,227	1,945
	<hr/>	<hr/>
Movements in the fair value of Academy Trust's share of scheme assets		
At 1 September	746	568
Expected return on assets	42	36
Actuarial gain	33	16
Employer contributions	101	86
Employee contributions	44	42
Benefits paid	(2)	(2)
	<hr/>	<hr/>
At 31 August	964	746
	<hr/>	<hr/>

Employer contributions for the year ended 31 August 2013 have remained constant at 11.9%, changes to future contribution rates are unknown at this time but are expected to increase

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

The history of experience adjustments is as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Present value of defined benefit obligations	(2,227)	(1,945)
Fair value of share of scheme assets	964	746
	<u>          </u>	<u>          </u>
Deficit in the scheme	(1,263)	(1,199)
	<u>          </u>	<u>          </u>
Experience adjustments on share of scheme assets		
Amount	33	16
Experience adjustments on scheme liabilities		
Amount	-	-

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**17 FUNDS**

	Balance at 1 September 2012 £'000	Incoming Resources £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2013 £'000
<b>Restricted General Fund</b>					
General Annual Grant (GAG)	13	6,269	(5,630)	(128)	524
Pension reserve	(1,199)	-	-	(64)	(1,263)
	<u>(1,186)</u>	<u>6,269</u>	<u>(5,630)</u>	<u>(192)</u>	<u>(739)</u>
DfE Revenue	71	449	(462)	-	58
DfE Capital	23	-	-	-	23
Other Income	-	31	(31)	-	-
Other Government	49	241	(241)	-	49
Other Teaching School activity	(9)	144	(144)	-	(9)
	<u>(1,052)</u>	<u>7,134</u>	<u>(6,508)</u>	<u>(192)</u>	<u>(618)</u>
<b>Restricted General Funds</b>					
<b>Restricted Fixed Asset Fund</b>					
DfE capital grants	23	24	-	-	47
Capital expenditure from GAG	471	-	(70)	128	529
	<u>494</u>	<u>24</u>	<u>(70)</u>	<u>128</u>	<u>576</u>
<b>Restricted Fixed asset Funds</b>					
<b>Total Restricted Funds</b>	<u>(558)</u>	<u>7,158</u>	<u>(6,577)</u>	<u>(64)</u>	<u>(42)</u>
<b>Unrestricted Funds</b>	857	472	(396)	-	933
<b>Total Funds</b>	<u>299</u>	<u>7,630</u>	<u>(6,974)</u>	<u>(64)</u>	<u>891</u>

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

General Annual Grant must be used for the normal running costs of the Academy and the intention is to utilise remaining GAG for planned capital projects of which the Academy is currently in the process of completing the ACMF 2014/15 capital funding bid

Restricted fixed asset funds are mainly funded by transfers from restricted GAG funds of £128k made during the year matching against capital expenditure incurred. Also during the year DfE capital grants of £23,524 have been received and are expected to fund additional site car parking

Remaining restricted funding noted above is to be utilised in the year to 31 August 2013

Unrestricted income mainly relates to the initial carry forward received from the Local Authority at conversion, this fund is expected to be retained

Under the funding agreement with the Secretary of state, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2013

**THE SHOTTON HALL LEARNING TRUST  
NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 August 2013

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted General Fund £'000	Restricted Fixed Asset Fund £'000	Total 2013 £'000
Tangible fixed assets	-	-	528	528
Current assets	933	1,713	48	2,694
Current liabilities	-	(1,068)	-	(1,068)
Pension liability	-	(1,263)	-	(1,263)
<b>Total net assets</b>	<b>933</b>	<b>(618)</b>	<b>576</b>	<b>891</b>

**19 CAPITAL COMMITMENTS**

	Total 2013 £'000	Total 2012 £'000
Contracted for but not provided for in the financial statements	-	-
	-	-

**20 OPERATING LEASES**

At 31 August the Academy Trust had annual commitments under non-cancellable operating leases as follows

	2013 £'000	2012 £'000
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	410	371
	410	371

**21 ULTIMATE CONTROLLING PARTY**

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members

**THE SHOTTON HALL LEARNING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**22 RELATED PARTY TRANSACTIONS**

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

**23 CONTINGENT LIABILITIES**

In the event that during the period of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes.

**24 MEMBERS LIABILITY**

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

**24a RECONCILIATION OF NET INCOME TO NET CASHFLOW FROM OPERATING ACTIVITIES**

	2013 £'000	2012 £'000
Net income	556	393
Depreciation	70	23
Interest receivable	(2)	(2)
Capital grants from DfE	(24)	(23)
FRS 17 pension finance cost	56	31
FRS 17 pension cost less contributions payable	44	45
Increase/(Decrease) in stocks	1	8
Increase/(Decrease) in debtors	368	(58)
(Decrease)/Increase in creditors	(648)	778
	<u>421</u>	<u>1,195</u>