

THE SHOTTON HALL LEARNING TRUST

(a company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 August 2015



THE SHOTTON HALL LEARNING TRUST
FINANCIAL STATEMENTS
Year ended 31 August 2015

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THE SHOTTON HALL LEARNING TRUST

COMPANY INFORMATION

Year ended 31 August 2015

Governors (Trustees)

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

General Governors

Mr Roy Simpson (Chair) Trust Member
Mrs Diane Nicholson Trust Member
Mr Jake Cameron Trust Member
Mrs Susan McDonnell Trust Member
Mrs Margaret Saxton Trust Member
Mrs Sandra Mason
Mr Brian Burlinson Trust Member (appointed)
Ms Notene Stevens (appointed)

Executive Principal

Mrs Lesley Powell

Company Secretary

Mr Lee Alexander

Senior Management Team:

Head of School

Vice Principal

Assistant Principals

Mr Brian Burlinson

Miss Alex Hook

Mrs Valerie Bell

Mr Bryan Stephenson

Mr Rodger Davies

Mrs Shelley Heseltine

Mrs Angie Mein

Mr Steve Taylor

Mr Ash Patel

Mrs Jo McShane

Mrs Catherine Harris

Mr Lee Alexander

Mrs Debra Livingston

Miss Alix Borthwick

Mrs Ros Hutchison

Head of Financial Services

Head of Administrative Services

Head of Communications

Head of School (Browney)

THE SHOTTON HALL LEARNING TRUST
COMPANY INFORMATION (continued)
Year ended 31 August 2015

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

THE SHOTTON HALL LEARNING TRUST

GOVERNORS' REPORT

Year ended 31 August 2015

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The 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. The Shotton Hall Learning Trust is a multi-academy trust consisting of The Academy at Shotton Hall and Browney Primary Academy.

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 Trust 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 Trust 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 Trust 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. The Parent Governors are elected by parents of registered pupils at the Trust. 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 2015

Policies and procedures adopted for the induction and training of governors

The Trust 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

Governors

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

The day to day operations of the Trust are delegated to the Executive principal (Accounting Officer) and head of each school. Strategic matters are reserved for trustee members, with delegated responsibilities and oversight of management at school level. Each school has certain delegated powers and has its own sub-committee's for Parental Engagement, Achievement, Quality of Teaching, Pupil Discipline and Appeals.

Trust Committee Structure

Shotton Hall Learning Trust - Leadership

Terms of Reference

- Performance Management policies
- Review and monitoring of all Teaching School activities, including financial position.
- 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 Trust'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/Headteacher 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.
- Oversight of external audit
- Agree internal assurance work programme and review internal assurance work
- Circulation of members' business interests.
- Monitor and determine spending patterns and consider spending proposals from other committees
- Consider and promote income generation

Risk management

The Trust has produced a risk register in order to formally identify the major risks to which the Trust 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.

THE SHOTTON HALL LEARNING TRUST

GOVERNORS' REPORT

Year ended 31 August 2015

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 Trust objectives.

The Trust is working in partnership with East Durham College as joint sponsors of The Apollo Studio Schools Trust, a separate entity that does not form part of the Shotton Hall Learning Trust. All trading transactions are at cost.

Objectives, strategies and activities

The principal object and activity of the charitable trust is the operation of Browney Primary Academy and The Academy at Shotton Hall to provide education for pupils between the ages 4-10 and 11-16 respectively.

Each schools admissions code has governor approval and is published on the website www.shottonhallacademy.co.uk or www.browneyprimaryacademy.co.uk. The Trust has a rolling programme of self-evaluation and this is summarised in each Academy's 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

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 Trust 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.

The Academy at Shotton Hall

Students enter the Academy at Shotton Hall with attainment that places them to be average compared to all students nationally. 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 48% 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.

THE SHOTTON HALL LEARNING TRUST

GOVERNORS' REPORT

Year ended 31 August 2015

In 2015 we significantly exceeded all targets with 78% of students achieving A*-C grades in both English and Maths with 76% achieving 5+A*-C 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, Maths and Science results were significantly above national averages by around 35%, 25% and 35% respectively. 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.

Brownney Primary Academy

In 2015 we have seen significant improvement in outcomes at Brownney with a rise of 21% in the number of students achieving Level 4 in Reading, Writing and Mathematics (the national bench). Overall 94% of students achieved this key stage measure (73% 2014), which is above national and based on an intake that was significantly below average on entry at key stage 2.

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.

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

GCSE Results	2015	2014
Students achieving 5+ A* to C grades	85%	97%
Students achieving 8+ A* to C grades	60%	64%
Students achieving 5+ A* to C grades incl. English & Maths	76%	78%
Expenditure ratios		
Total staff costs/GAG income	70%	73%
Teaching staff costs/GAG income	61%	65%
Support staff costs/GAG income	9%	8%
PFI costs/GAG income	13%	5%
Liquidity ratio		
Current assets/current liabilities	2.3	2.3

Financial Review and Strategic Report

During the year ending 31st August 2015 total expenditure of £8,792k (2014: £7,648k) 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 £616k which has contributed to the closing fund balance of £2,658k (2014: £2,046k). This surplus largely reflects the receipt of capital grants of £456k to the fixed asset reserve.

THE SHOTTON HALL LEARNING TRUST
GOVERNORS' REPORT
Year ended 31 August 2015

The Academy at Shotton Hall

The Academy was awarded £427k from the EFA Academies Capital Improvement Fund (CIF) for the development of a new teaching facility, to provide additional classrooms and a School Centred Initial Teacher Training (SCITT) facility. The Academy recognised the full grant within the period upon completion of the new building in August 2015.

Browney Primary Academy

During the year a staff restructuring exercise was undertaken as a result of the medium term plan which indicated significant funding reductions due to less than expected pupil number growth. This has effectively reduced staffing by two full time equivalents of which one statutory redundancy payment was made (see note 10).

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 31st August 2015.

The second cohort of School Centred Initial Teacher Training (SCITT) commenced September 2014 which generated additional income of £410k and impressive outcomes for the first year as 75% of student teachers were judged to be outstanding, 98% were judged to be good or better and 34 out of 46 were in fulltime employment upon completion of the course.

During the year the Trust has further developed Teaching School activity providing additional income of £502k comprising of £79k restricted grants, £410k SCITT fees and £13k unrestricted self-generated funds through Continuous Professional Development (CPD) workshops and Specialist Leaders of Education (SLE) deployment.

The Trust received contributions from the DfE as part of GAG funding of £547k to bridge the "Affordability Gap" in the LA Private Finance Initiative for the building of the school premises.

The Trust 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 tendering and procurement procedures ensuring the manual reflects the operational needs of the Trust.

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 most significant areas of concern arise from ongoing national changes to school funding as all schools are unclear as to how this would impact financially in future years and availability of condition improvement funds to ensure school buildings are improved.

Reserves policy

It is intended that the Governors will review the reserve levels of the Trust 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 intends to invest in further facilities for dining, physical education and provide transport for out of school hours activities.

The Trustees have also agreed an investment policy which will aim to earn interest on cash deposits.

A long term pension deficit exists at 31 August 2015 of £1,319k (2014: £1,262k)

The level of free reserves at the year ended 31 August 2015 was £1,225k (2014: £1,117k).

THE SHOTTON HALL LEARNING TRUST

GOVERNORS' REPORT

Year ended 31 August 2015

Investment policy

The investment policy aims to manage cash balances to provide daily working capital requirements. In addition, the Trust aims to invest surplus cash funds to optimise returns, while 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 commitments, however Trustees have now requested an investment proposal to be drafted for approval.

Plans for Future Periods

The Trust is committed to the continual improvement of teaching and learning raising standards in conjunction with DfE and the Ofsted framework, but ultimately is focused on the best possible for our children. The Trustees are committed to raising the profile and standards of Browney Primary Academy in order to increase pupil numbers and improve the key stage 2 outcomes. The Trust intends to continually grow the teaching school activities and is dedicated to providing high quality training for future SCITT cohort's with an aim of securing an outstanding judgement.

The Trust includes further challenges regarding building condition and sport facilities and is actively working to secure additional funding and improve available facilities.

Auditors

RSM UK Audit LLP (formerly 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 14 December 2015 and signed on its behalf by:



Roy Simpson
Chair

THE SHOTTON HALL LEARNING TRUST

GOVERNANCE STATEMENT

Year ended 31 August 2015

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 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 5 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings Attended	Out of a Possible
Mr J. Cameron	5	5
Mrs M. Saxton	4	5
Ms S. McDonnell	3	4
Mrs D. Nicholson	1	4
Mrs L. Powell, Principal	4	4
Mr R. Simpson, Chair	5	5
Mrs D. Facey	1	2

Review of value for Money

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

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

An extensive benchmark exercise in relation to stationery supplies was conducted during the year on behalf of the Trust, which concluded one approved supplier for stationary, based upon best price and quality of service received.

The Trust has developed its own student exercise books at the slightly reduced cost of buying standard exercise books and additional labels. The most significant efficiency saving is labour as a considerable amount of time was spent adding learning content to standard books. The academy is currently investigating the potential new income stream and is intending to market these exercise books nationally.

As the Trust continues to grow the importance of greater efficiency and economies of scale is paramount. The Finance has developed a centralised go to document which allows all staff across the trust to access procedures and forms for resources. This includes requests for goods, services, training, petty cash, payroll, absence, H&S, IT helpdesk, school visits, approved suppliers etc. It is expected that this will reduce wasted time and effort where staff do not know what to do when resources are required, it will ensure the correct paperwork is adopted across the trust and acts as a reminder of the do's and don'ts to all staff before they proceed with any request. As well as the electronic document posters of the document have been placed in all staff rooms to promote the new go to document and to ensure best practice is instilled in the normal working day.

THE SHOTTON HALL LEARNING TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2015

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 The Shotton Hall Learning 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 2015 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 Shotton Hall Learning 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 Shotton Hall Learning Trust significant risks that has been in place for the year ending 31 August 2015 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 Shotton Hall Learning Trust 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 Governing Body has considered the need for a specific internal audit function and has decided to engage RSM to provide separate assurance engagements throughout the year to complete a range of checks on the Academy Trust's financial systems. Internal assurance reports will be reported to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of effectiveness

As Accounting Officer, 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:

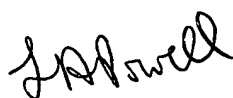
- The work of the Responsible Officer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the Head of Finance within the Academy Trust who has responsibility for the development and maintenance of the internal control framework

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 14 December 2015 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 2015

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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Mrs Lesley Powell
Accounting officer

14 December 2015

THE SHOTTON HALL LEARNING TRUST
STATEMENT OF GOVERNORS' RESPONSIBILITIES
Year ended 31 August 2015

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 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:

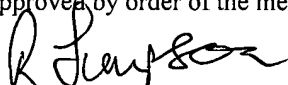
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 14 December 2015 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 for the year ended 31 August 2015 on pages 16 to 37. 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 2014 to 2015 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 14, 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/auditscopeukprivate>

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 2015 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 2014 to 2015 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 and the incorporated Strategic Report for the financial period 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.

RSM UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

16/12/15

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 2015

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2015	Total 2014
	Note	£'000	£'000	£'000	£'000	£'000
Incoming resources						
Incoming resources from generated funds						
- Voluntary income	4	94	58	456	608	303
- Voluntary income from local authority upon conversion	27					296
- Activities for generating funds	5	394	-	-	394	387
Investment income	6	3	-	-	3	3
Incoming resources from charitable activities						
- Funding of the Academy trust's educational operations	2	-	8,402	-	8,402	7,518
Total incoming resources		<u>491</u>	<u>8,460</u>	<u>456</u>	<u>9,407</u>	<u>8,507</u>
Resources expended						
Costs of Generating Funds						
- Costs of generating voluntary income	7	1	54	-	55	39
- Costs of activities for generating funds	7	351	6	-	357	314
Charitable activities						
- Academy trust's educational operations	8	32	8,056	126	8,215	7,223
Governance costs	9	-	165	-	165	72
Total resources expended		<u>384</u>	<u>8,281</u>	<u>126</u>	<u>8,792</u>	<u>7,648</u>
Net incoming resources before other recognised gains and losses and transfers		<u>107</u>	<u>179</u>	<u>330</u>	<u>616</u>	<u>859</u>
Gross transfers between funds	18	-	(126)	126	-	-
Actuarial gains on defined benefit pension schemes	28	-	(5)	-	(5)	296
Net movement in funds		<u>107</u>	<u>48</u>	<u>456</u>	<u>611</u>	<u>1,155</u>
Fund Balance brought forward at 1 September 2014	18	<u>1,117</u>	<u>(694)</u>	<u>1,623</u>	<u>2,046</u>	<u>891</u>
Fund balances carried forward as at 31 August 2015	18	<u>1,225</u>	<u>(645)</u>	<u>2,078</u>	<u>2,658</u>	<u>2,046</u>

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 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	14	1,915	1,118
Current assets			
Stock	15	4	5
Debtors	16	923	823
Cash at bank and in hand		2,584	3,084
		3,511	3,912
Creditors: amounts falling due within one year	17	(1,448)	(1,722)
Net current assets		2,063	2,190
Net assets (excluding pension scheme liability)		3,977	3,308
Pension scheme liability	28	(1,319)	(1,262)
Net assets (including pension scheme liability)		2,658	2,046
Total funds of charity			
Restricted funds			
Fixed Asset fund	18	2,078	1,623
General fund	18	674	568
Pension reserve	28	(1,319)	(1,262)
	18	1,433	929
Unrestricted fund			
General fund	18	1,225	1,117
Total funds	18	2,658	2,046

The financial statements on pages 16 to 37 were approved by the Governors and authorised for issue on 14 December 2015 and signed on their behalf by:


Roy Simpson
Chair

THE SHOTTON HALL LEARNING TRUST
CASHFLOW STATEMENT
for the year ended 31 August 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	26	<u>6</u>	<u>1,153</u>
Returns on investments and servicing of finance		3	3
Capital income/(expenditure)			
- Capital grant from DFE		307	-
- Purchase of tangible fixed assets		<u>(817)</u>	<u>(100)</u>
		(510)	(100)
Cash balance transferred on conversion	27	<u>-</u>	<u>75</u>
Net (decrease)/increase in cash		<u>(500)</u>	<u>1,131</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		<u>3,084</u>	<u>1,953</u>
Net funds at 31 August 2015		<u>2,584</u>	<u>3,084</u>
	At 1 September 2014 £'000	Cash Flows £'000	At 31 August 2015 £'000
Cash at bank and in hand	<u>3,084</u>	<u>(500)</u>	<u>2,584</u>

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

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 2014/15 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.

Interest receivable

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

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

1 ACCOUNTING POLICIES (continued)

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 2015

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 dependant on the type of asset.

• Freehold buildings & Leasehold improvements	10 years
• Fixtures, fittings and equipment	7 years
• ICT Software	5 years
• Motor vehicles	5 years

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 2015

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 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 28, 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 2015

2 FUNDING OF THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2015 Total £'000	2014 Total £'000
DfE/EFA REVENUE GRANTS	-				
General annual grant (GAG) (note 3)	-	7,223	-	7,223	6,378
Other DfE/EFA grants	-	590	-	590	553
	-	7,813	-	7,813	6,931
OTHER GOVERNMENT GRANTS					
Teaching School	-	480	-	480	441
Other grants	-	109	-	109	146
	-	589	-	589	587
	-	8,402	-	8,402	7,518

3 GENERAL ANNUAL GRANT (GAG)

The funding agreement for both The Academy at Shotton Hall and Browney Primary Academy have no restriction on GAG carry forward. During the year GAG funding included £547k to bridge the "Affordability Gap" in the LA Private Finance Initiative for the building of the school premises. Previously this has not been treated as GAG income but PFI costs have been shown net of this contribution in note 8.

4 VOLUNTARY INCOME

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2015 Total £'000	2014 Total £'000
Other income	90	58	-	148	142
DfE/EFA capital grant	-	-	456	456	158
Donations	4	-	-	4	3
	94	58	456	608	303

5 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Catering income	335	-	335	297
School trips	35	-	35	56
Income from lettings	7	-	7	9
Sale of merchandise	4	-	4	7
Teaching school income	13	-	13	18
	394	-	394	387

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

6 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Bank interest	3	-	-	3
	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>

7 RESOURCES EXPENDED

	Staff Costs £'000	Depreciation £'000	Other £'000	Total 2015 £'000	Total 2014 £'000
Costs of generating voluntary income	-	-	55	55	39
Cost of activities for generating funds	-	-	357	357	314
Academy's Educational Operations					
Direct costs	5,132	126	566	5,824	5,483
Allocated support costs	577	-	1,814	2,391	1,740
Governance including allocated support	-	-	165	165	72
	<u>5,709</u>	<u>126</u>	<u>2,957</u>	<u>8,792</u>	<u>7,648</u>

Net incoming resources for the year are stated after:

2015
£'000 2014
£'000

Fees payable to RSM UK Audit LLP and its associates for:

- audit	11	13
- other services	5	6
PFI costs	963	359

Funding received as PFI "affordability gap" funding of £547k for 2014 was offset against the PFI charge of £930k. PFI funding is now part of GAG funding and therefore affordability gap income is included note 2 and current year PFI costs are shown at the full cost of £963k.

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

8 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	Total 2015 £'000	Total 2014 £'000
Direct costs		
Teaching and Education Support Staff	5,132	4,884
Technology	180	-
Depreciation	126	93
Books, apparatus & stationery	148	235
Examination fees	74	98
Staff development	123	137
Education consultancy	41	36
Total direct costs	5,824	5,483
Allocated support costs		
Personnel Costs		
Support staff costs	577	602
Maintenance of premises & equipment	176	179
PFI costs	963	359
Rates	42	43
Insurance	28	25
Security & Transport	-	-
Recruitment & support	9	6
Bank interest & charges (incl. FRS 17)	25	50
Cleaning costs	4	6
Staff Insurance	25	22
Travel & Subsistence	40	31
Transport	15	10
Work Related	92	54
Subscriptions	24	17
Printing/Photocopying	25	26
Service Contracts	206	85
Other support costs	140	225
Total allocated support costs	2,391	1,740
Total costs	8,215	7,223

Technology costs of £120k previously disclosed under Maintenance of premises and equipment for 2014 relate to technology costs. PFI costs are now shown at full cost of £963k as the affordability gap funding is now treated as GAG funding.

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

9 GOVERNANCE COSTS

	2015	2014
	£'000	£'000
Audit fees	11	13
Accountancy fees	5	6
Legal and professional	148	53
Governors expenses	-	-
	<u>165</u>	<u>72</u>

During the year one off legal and professional fees incurred in relation to the new building project of £118k included legal fees and costs associated with the PFI change process.

10 STAFF COSTS

	2015	2014
	£'000	£'000
Staff costs during the period were:		
Wages and salaries	4,628	4,460
Social security costs	369	567
Pension costs (including FRS 17 charge of £30,000: 2014:£ 42,000)	661	412
	<u>5,658</u>	<u>5,439</u>
Supply teacher costs	41	39
Staff restructuring costs	9	8
	<u>5,708</u>	<u>5,486</u>

One severance payment of £9,420 was made in the year.

The average number of persons (including senior management team) employed by the Academy Trust during the year ended 31 August 2015 was as follows:

	2015	2014
	No.	No.
Teachers	92	84
Administration and support	61	45
Management	8	8
	<u>161</u>	<u>137</u>

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

	2015	2014
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1

During the year ended 31 August 2015, pension contributions for the above staff amounted to £49,366 (2014: £56,529).

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

11 CENTRAL SERVICES

No central services were provided by the Trust to its academies during the period and no central charges arose.

12 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff 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 £128,164 (2014: £122,455) and pension contributions paid in the year was £17,944 (2014: £16,920). The annual salaries of staff governors' was £123,307 excluding pension costs (2014: £119,788 including pension costs).

During the year ended 31 August 2015 the governors received no reimbursement relating to travel and subsistence expenses (2014: £nil).

Related party transactions involving the trustees are set out in note 23.

13 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.

14 TANGIBLE FIXED ASSETS

	Freehold Buildings & Leasehold Improvements £'000	Equipment Fixtures & Fittings £'000	IT Software £'000	Vehicles £'000	Total £'000
Cost					
Opening	963	140	201	-	1304
Additions	808	42	22	52	924
At 31 August 2015	<u>1,771</u>	<u>182</u>	<u>223</u>	<u>52</u>	<u>2,228</u>
Depreciation					
Opening	(89)	(49)	(48)	-	(186)
Charge in Period	(59)	(25)	(39)	(3)	(126)
At 31 August 2015	<u>(148)</u>	<u>(74)</u>	<u>(87)</u>	<u>(3)</u>	<u>(312)</u>
Net book value					
At 31 August 2014	<u>874</u>	<u>91</u>	<u>153</u>	<u>-</u>	<u>1,118</u>
At 31 August 2015	<u>1,623</u>	<u>107</u>	<u>137</u>	<u>49</u>	<u>1,915</u>

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

15 STOCK

	2015	2014
	£'000	£'000
Catering	4	5
	<u>4</u>	<u>5</u>

16 DEBTORS

	2015	2014
	£'000	£'000
Trade debtors	37	20
Prepayments and accrued income	729	735
Other debtors	157	68
	<u>923</u>	<u>823</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000	£'000
Trade creditors	1,107	882
Accruals and deferred income	232	733
Tax & social security	109	107
Other creditors	-	-
	<u>1,448</u>	<u>1,722</u>

	2015	2014
	£'000	£'000
Accruals and deferred income comprises:		
Brought forward deferred income	363	78
Deferred income released in the period	(358)	(73)
Incoming resources deferred in the period	30	358
	<u>35</u>	<u>363</u>
Deferred income at 31 August 2015		
	<u>35</u>	<u>363</u>
Accruals	<u>197</u>	<u>370</u>
Total accruals and deferred income	<u>232</u>	<u>733</u>

Deferred income includes £21k teaching school income whereby SORP income recognition criteria is not met at 31 August 2015.

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

18 FUNDS

	Balance at 1 September 2014 £'000	Incoming Resources £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2015 £'000
Restricted General Fund					
General Annual Grant (GAG)	301	7,223	(7,125)	(126)	273
Pension reserve	(1,262)	-	(52)	(5)	(1,319)
	<u>(961)</u>	<u>7223</u>	<u>(7,177)</u>	<u>(131)</u>	<u>(1,046)</u>
DfE Revenue	163	591	(467)	-	286
DfE Capital	23	-	(23)	-	-
Other Income	-	58	(58)	-	-
Other Government	49	109	(109)	-	49
Other Teaching School activity	32	480	(446)	-	66
	<u>(694)</u>	<u>8,460</u>	<u>(8,280)</u>	<u>(131)</u>	<u>(645)</u>
Restricted General Funds					
Restricted Fixed Asset Fund					
Land & Buildings from LA	425	-	-	-	425
DfE capital grants	205	456	-	-	661
Capital expenditure from GAG	968	-	(127)	126	967
Capital funding on conversion - BPA	25				25
	<u>1,623</u>	<u>456</u>	<u>(127)</u>	<u>126</u>	<u>2,078</u>
Restricted Fixed asset Funds					
Total Restricted Funds	<u>929</u>	<u>8,916</u>	<u>(8,406)</u>	<u>(5)</u>	<u>1,433</u>
Unrestricted Funds	1,117	492	(384)	-	1,225
Total Funds	<u>2,046</u>	<u>9,407</u>	<u>(8,791)</u>	<u>(5)</u>	<u>2,658</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.

Restricted fixed asset funds represent the valuation of Browney Primary Academy upon conversion less accumulated depreciation £383k, DfE capital funding £686k mainly from the ACMF fund and GAG transfers to capital. During the year GAG fund transfers of £126k (as above) were made matching against capital expenditure incurred.

Remaining restricted funding noted above is to be retained for future capital developments.

Unrestricted income mainly relates to the initial carry forward received from the Local Authority at conversion, this fund is expected to be retained to meet the future needs of the school.

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

18 FUNDS (continued)

Analysis of academies by fund balance

Fund Balance as at 31 August 2015 were allocated as follows:

	2015	2014
	£'000	£'000
The Academy at Shotton Hall	1,766	1,553
Browney Primary Academy	133	132
Total before fixed assets and pension reserve	<u>1,899</u>	<u>1,685</u>
Restricted fixed asset fund	2,078	1,623
Pension reserve	(1,319)	(1,262)
Total	<u>2,658</u>	<u>2,046</u>

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding depreciation) £'000	Total £'000
The Academy at Shotton Hall	4,896	412	379	2,580	8,267
Browney Primary Academy	236	165	30	93	524
The Trust	<u>5,132</u>	<u>577</u>	<u>409</u>	<u>2,673</u>	<u>8,791</u>

THE SHOTTON HALL LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted General Fund £'000	Restricted Fixed Asset Fund £'000	Total 2015 £'000
Tangible fixed assets	-	-	1,915	1,915
Current assets	1,225	2,261	163	3,649
Current liabilities	-	(1,586)	-	(1,586)
Pension liability	-	(1,319)	-	(1,319)
Total net assets	1,225	(645)	2,078	2,658

20 CAPITAL COMMITMENTS

	Total 2015 £'000	Total 2014 £'000
Contracted for but not provided for in the financial statements	19	1,492
	19	1,492

Capital commitments relate to contracts entered into to develop the new building at The Academy at Shotton Hall.

21 OPERATING LEASES

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

	2015 £'000	2014 £'000
Land and buildings:		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	420	420
	420	420

22 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 2015

23 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.

	2015	2014
	£'000	£'000
Apollo Studio Academy	67	56

During the year the Trust provided teaching staff, finance and IT services to Apollo totalling £67k. Staff recharges are charged at cost and all other costs are as per agreed service level agreements. At the year-end accrued income of £10k represented service level agreement costs and will be recovered in 2015/16.

24 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.

25 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.

26 RECONCILIATION OF NET INCOME TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£'000	£'000
Net income	616	859
Cash impact of transfer on conversion	-	(75)
Depreciation	126	93
Interest receivable	(3)	(3)
Capital grants from DfE	(456)	(158)
Transfer of tangible fixed assets from conversion	-	(425)
FRS 17 pension finance cost	30	42
FRS 17 pension cost less contributions payable	22	49
FRS 17 pension deficit on Browney conversion	-	204
Increase/(Decrease) in stocks	(1)	-
Increase/(Decrease) in debtors	(100)	(87)
(Decrease)/Increase in creditors	(228)	654
	<u>6</u>	<u>1,153</u>
CASH TRANSFERRED ON CONVERSION TO ACADEMY		
Cash balance transferred on conversion (note 27)	<u>-</u>	<u>75</u>

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27 CONVERSION TO ACADEMY TRUST

On 1 March 2014 Browney Primary School converted to Academy status and joined the Shotton Hall Learning Trust under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Shotton Hall Learning Trust from the Durham Local Authority for £nil consideration.

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Voluntary income analysis:

	TOTAL	Unrestricted	Restated Restricted General	Restricted
	£	Funds	Fund	Fixed Asset
		£	£	Funds
				£
Tangible fixed assets				
- Leasehold land & Buildings	425,000	-	-	425,000
School budget surplus from Durham LA	50,125	50,125	-	-
Unspent devolved formula capital	25,121	-	-	25,121
LGPS pension deficit	(204,000)	-	(204,000)	-
Net liabilities	<u>296,246</u>	<u>50,125</u>	<u>(204,000)</u>	<u>450,121</u>

The above net liabilities include £75,246 that was transferred as cash which includes £26,164 in respect of refunded equal pay provision.

28 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 2012 and of the LGPS 31 March 2013.

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

THE SHOTTON HALL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

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28 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

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. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, and along with employers, contributions are credited to the Exchequer.

Valuation of the Teachers' Pensions Scheme

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

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

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

The pension costs paid to TPS in the year amounted to £491k (2014: £463k). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

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 2015 was £168k of which employer's contributions totalled £108k and employee's contributions totalled £60k. 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.

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29 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions

	2015	2014
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment	2.1%	2.1%
Discount rate	3.8%	3.7%
Inflation (CPI)	2.1%	2.1%

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

	2015	2014
Retiring today:		
Males	22.6	22.5
Females	24.8	25.0
Retiring in 20 years:		
Males	25.1	24.7
Females	27.4	27.3

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

	Fair value at 31 August 2015 £'000	Expected return at 31 August 2015	Fair Value at 31 August 2014 £'000
Equities	754	7.9%	514
Property	94	7.4%	67
Government bonds	435	3.4%	270
Corporate bonds	137	4.1%	91
Cash	116	0.9%	22
TOTAL MARKET VALUE OF ASSETS	<u>1,536</u>		<u>964</u>
 Present value of scheme liabilities	 (2,855)		 (2,227)
 DEFICIT IN THE SCHEME	 <u>(1,319)</u>		 <u>(1,263)</u>

The actual loss on scheme assets was (£1,000) 2014: £98,000.

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28 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	171	159
Total operating charge	171	159
Expected return on pension scheme assets	(78)	(65)
Interest on pension liabilities	100	114
Pension finance costs	22	49

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 £103k gain (2013: £193k loss).

Movements in the present value of defined benefit obligations were as follows:	2015 £'000	2014 £'000
At 1 September	2,605	2,227
Current service cost	171	159
Interest cost	100	114
Employee contributions	60	50
Actuarial (gain)	(78)	(263)
Net increase in liabilities from Browney conversion	-	323
Benefits paid	(3)	(5)
At 31 August	2,855	2,605
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September	1,343	964
Expected return on assets	53	65
Actuarial (loss)/gain	(54)	33
Employer contributions	141	117
Employee contributions	60	50
Net increase in assets from Browney conversion		119
Benefits paid	(7)	(5)
At 31 August	1,536	1,343

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29 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Employer contributions throughout the year remained at 11.4%.

The history of experience adjustments is as follows:

	2015 £	2014 £	2013 £	2012 £
Present value of defined benefit obligations	(2,855)	(2,605)	(2,227)	(1,945)
Fair value of share of scheme assets	1,536	1,343	964	746
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficit in the scheme	(1,319)	(1,262)	(1,263)	(1,199)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Experience adjustments on share of scheme assets				
Amount	(83)	33	33	16
Experience adjustments on scheme liabilities:				
Amount	3	124	-	-